



GOVERNANCE RISK & OPERATIONS

Grant Acquittal: Spending It Correctly Isn't the Same as Reporting It Correctly

A whole-organisation financial statement isn't an acceptable substitute for a grant-specific acquittal report

Securing a grant and correctly acquitting it are different compliance obligations, connecting directly to the grant compliance discipline discussed earlier in this series. Acquittal, the formal process of reporting back exactly how the funds were spent, carries its own specific requirements, and a common mistake trips up otherwise well-managed associations.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Common Mistake Worth Naming Directly

A financial acquittal report must relate specifically to the grant funding itself, not the association's overall financial position. An income and expenditure statement covering the whole organisation is generally not an acceptable substitute for a grant-specific report, and where an association holds multiple grants simultaneously, income and expenditure for each grant must be clearly separated and reported individually. An association submitting its standard organisational financial statement in place of a proper grant-specific acquittal has not actually met the requirement, regardless of how accurate that broader statement is.

The Tiered Assurance Levels Worth Understanding

Acquittal reports come in different levels of assurance, connecting directly to the financial reporting tiers discussed earlier in this series. A simple financial declaration requires the least scrutiny. A non-audited financial acquittal requires an income and expenditure statement certified by the board, chief executive, or another authorised officer. An audited acquittal requires independent verification, and some programs require certification by a qualified auditor, rather than an internal officer alone, above a set amount (for example, \$50,000 in some Commonwealth programs). The trigger, and who counts as a qualified auditor, is set by your grant agreement, so check it rather than assuming a threshold. The specific level required is set out in the grant agreement itself, and confirming this precisely before reporting time arrives avoids a scramble. An association that has correctly spent every dollar of a grant on exactly the intended purpose can still fail its acquittal obligation entirely, simply by submitting the wrong kind of report, at the wrong level of assurance, or covering the wrong scope of the organisation's finances.

The Escalating Consequences Of Getting This Wrong

Failing to properly acquit a grant carries real, escalating consequences: cessation of any remaining payments, an obligation under most grant agreements to repay unspent or misapplied funds, and exclusion from future funding rounds. In serious cases involving misuse of funds, the funder may investigate or refer the matter to police, and the ACNC (for a registered charity) or the state or territory incorporation regulator may also take an interest. Beyond the formal consequences, a poor acquittal record can affect future applications, since many funders ask about past grant performance and some share information across programs.

- Confirm the specific type and level of assurance your acquittal report requires, financial declaration, non-audited, or audited, directly from the grant agreement rather than assuming.
- Prepare grant-specific financial reporting from the outset, separating income and expenditure by individual grant where multiple grants are held simultaneously, rather than relying on whole-organisation financial statements, and keep the source records, such as invoices and payroll allocations, that support each figure.
- Confirm whether your grant agreement requires an audited acquittal and, if so, from what amount and by which type of qualified auditor, and engage the auditor early if it does.
- Treat grant management and acquittal status as a standing agenda item for board or finance committee oversight, connecting directly to the budgeting discipline discussed earlier in this series, rather than an activity addressed only at project completion.
- Contact the funding body proactively the moment an acquittal deadline cannot be met, since early communication is usually treated more favourably than a late or missing report discovered only after the due date has passed.

Grant acquittal is not an administrative afterthought once the funded project itself is complete. It is an ongoing accountability obligation with its own specific requirements, and an association that treats it with the same rigour applied to securing the grant in the first place protects both its current funding relationship and its credibility with every funder it hopes to work with next.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

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Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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