



Gurkhas Living with Dignity

FRAMEWORK FOR THE MOD GIA

FRAMEWORK DOCUMENT
for the GRANT IN AID to
THE GURKHA WELFARE TRUST

INTRODUCTION

1. This Framework sets out an arrangement between the Ministry of Defence (MOD) and The Gurkha Welfare Trust (GWT) of PO Box 2170, Salisbury, SP2 2EX on the conditions governing payment and expenditure of the Grant in Aid (GiA) made by the MOD to the GWT. The dates will cover 1 July 2021 to 30 June 2024.
2. The GWT is a charitable company limited by guarantee and not having a share capital established by the provisions of its Articles of Association (Appendix 3) under the Companies Acts (No. 5098581). The objects of the GWT are as contained in the Articles of Association. The GWT is also a registered charity (No. 1103669) and regulated by the Charities Act 2011.
3. This Framework shall be reviewed jointly by the MOD and GWT at 3-yearly intervals, when the GWT appoints a new Chief Executive, or earlier if necessary. Amendments may be proposed for mutual consideration whenever either party considers this necessary.
4. For the purposes of day-to-day dealings, all reference in this document to MOD may be taken as referring to D Pers, Army HQ. Payment of the GiA is subject to the MOD being satisfied that the conditions set out in this document are being reasonably met, except where some variation in these has been agreed between the parties in writing.

DURATION

5. This framework will remain in effect from the date of signature until 30 June 2024 unless a new CEO GWT is appointed or either party requests termination or amendment before that date. The agreement may be terminated by either party following 12 months' notice, unless both parties agree to a shorter time scale. Amendments may be proposed by either party at any time, but amendments may be implemented only by agreement.
6. This memorandum shall automatically be reviewed when the Body appoints a new CEO as Accounting Officer or the Sponsor appoints a new Director Resources, Army Headquarters.

OBJECTIVE OF THE GRANT IN AID

7. A GiA is provided to the GWT to cover two distinct areas of activity:
 - a. **Support:** The GiA is provided as a contribution towards the costs of administering the activities of the Gurkha Welfare Trust (Nepal) (GWT(N)) carried out in India and Nepal in support of Gurkha ex-service personnel who have been in the service with the British Crown and their eligible dependants. Appendix 1 contains the serials against which expenditure can be committed. The GiA may include

expenditure on capital works where facilities are directly associated with the delivery of welfare or medical support to beneficiaries.

b. **Medical:** The GiA is provided to the GWT as a contribution towards the costs of delivering medical services by GWT(N) carried out in India and Nepal in support of Gurkha Service Pensioners (those in receipt of an MOD pension from the UK Government) who have been in the service with the British Crown, and their eligible dependants. Appendix 2 contains the serials against which expenditure can be committed. The GiA may include expenditure on capital works where facilities are directly associated with the delivery of medical support to service pensioners and their dependents.

8. The GWT is not to make any long-term financial commitments involving public funds on the GiA that could not be easily contractually unwound, or where it commits to having to service liabilities in years beyond the period for which GiA funds have been agreed and allocated. The GWT will provide an annual report of related liabilities, if appropriate.

9. The GWT, or the GWT(N), will not accept any gift if it is aware that, in relation to the GiA, such acceptance would result in either the MOD incurring an associated cost or a conflict of interest between the GWT and MOD, without the prior written consent of the MOD.

10. In the event of the GWT being subject to administration, merger, cessation of 'trading' or other events all publicly funded liabilities under the GiA, with the exception of capital items, will be funded by the MOD. The GWT will be responsible for all non-publicly funded liabilities.

PAYMENT AND ACCOUNTING ARRANGEMENTS

11. The GiA will be paid annually in a single instalment. Any GiA already issued but not spent by the GWT may be carried over to the next financial year's GiA, where appropriate and reasonable as agreed by Army HQ CA.

12. The accounts shall be produced in accordance with the current SORP. The GWT is also to provide an annual end of year audited financial report, to show the breakdown of the GiA expenditure. The GWT is to indicate to the MOD what percentage of its total annual expenditure the GiA accounts for.

INSPECTION AND REVIEW

13. The MOD may carry out, such periodic inspections or reviews of the GWT's management or other internal controls, in relation to GiA funds, if it deems it necessary. The GWT will cooperate with such inspections or reviews where such agreement has been given. The MOD will not set any formal structure in place to carry out such periodic inspections but will give the GWT at least four weeks' notice for such an inspection to be carried out.

ACCOUNTABILITY

14. MOD is accountable through its Principal Accounting Officer (the Permanent Secretary) to Parliament for the following;

- a. Determination and payment of the GiA in accordance with the rules of Managing Public Money;
- b. The conditions attaching to the GiA;
- c. Monitoring the GWT's observance of the conditions.

THE PLANNING FRAMEWORK

15. By 31 January each year the GWT will send to MOD a statement of requirement for the GiA. The statement will provide MOD with:

- a. **Support:** The cost of delivering welfare to former members of the Brigade of Gurkhas and their eligible dependants; details of any changes relevant to the extent of the GiA; any key assumptions.
- b. **Medical:** The cost of delivering medical services to Service Pensioners as former members of the Brigade of Gurkhas and their eligible dependants; details of any changes relevant to the extent of the GiA; any key assumptions.

16. The statement of requirement will initially be expressed in Nepalese Rupees (NPR) and subsequently converted and paid in Sterling.

17. At the start of each financial year the MOD will send to the GWT a formal statement of the GiA approved for that financial year and a statement of any planned changes in policies affecting the organisation. The amount notified will be subject to Parliamentary approval and represents a cash limit.

18. By 30 September each year GWT is to submit to MOD an application for an adjustment to the amount of GiA to mitigate against changes to the rate of exchange. In addition, GWT is to send MOD a statement of requirement for the forthcoming year and provide the MOD with an outline projection of the funding likely to be required over a rolling 3 year planning period. The MOD will agree with the GWT a format for the projection which will contain sufficient detail to enable the MOD to fulfil the requirements of public accountability.

19. The MOD and the GWT shall agree appropriate aims, objectives and measurable, performance indicators in respect of the GiA. The GWT's objectives and key targets, to monitor the GWT's performance in their use of GiA funds, will be agreed within a five year planning process.

FINANCIAL CONTROLS AND FINANCIAL AUTHORITIES

20. Reporting performance to the MOD:

- a. The GWT will operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed management plan.
 - b. The GWT will take the initiative in informing MOD of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.
 - c. The GWT's performance will be reported to the MOD on an annual basis by way of its Annual Report and Accounts.
21. Payments and receipts shall be closely monitored by the GWT at all times during the financial year. D Pers Army HQ is to be advised immediately if any underspend of the approved GiA is forecast so that appropriate action can be taken (see Para 11).
22. The GWT will provide D Pers Army HQ with reports highlighting any changes or unusual expenditure.
23. The GWT will provide the MOD with a copy of the audited Annual Report and Accounts by 31 December each year, produced in accordance with the Charity Commission SORP, and such management information as may be necessary to allow the MOD to discharge its responsibilities.
24. In respect of the GiA, the GWT will:
- a. Maintain adequate records, covering the last five financial years, of payments and receipts made against the GiA to meet National Audit Office (NAO) and Defence Internal Audit (DIA) external audit needs;
 - b. Ensure that the GiA is accounted for and managed separately from any other funds managed by the body;
 - c. Maintain the minimum level of cash balances and reserves consistent with the efficient conduct of business.
25. The GWT is to take reasonable steps to ensure that its banking arrangements safeguard the GiA and are carried out efficiently, economically and effectively. The GWT should therefore ensure that:
- a. Banking arrangements conform to the Charity Commission requirements.
 - b. Two signatures are required when authorising expenditure.
 - c. Sufficient information about banking arrangements for the GWT in the UK and for the GWT(N) in Nepal and India is supplied to MOD's Accounting Officer, on request from time to time by that officer, to enable that officer to satisfy his/her responsibilities.

- d. The GWT is not to borrow on the security of the GiA.

AUDIT

26. The GWT's accounts shall be audited by an independent auditor appointed by the Trustees. The annual audited accounts will be signed by the Chairman or a Director after acceptance by the Board. The GWT will adhere to the appropriate procedures and rules to apply in the auditing process as set out in the GWT's Articles of Association (Appendix 3).

27. The GWT's appointed auditor should, when performing his/her duties ensure that the application of the GiA funding and the procedures adopted therein comply with the principles of Managing Public money and fraud prevention.

28. Defence Internal Audit may also examine any or all of these same aspects, in relation to GiA funds, at the request of the MOD or the GWT. The GWT accepts this requirement for access as a condition of GiA payment.

29. The GWT should comply with Government Internal Audit Standards (GIAS) in order that the Departmental Accounting Officer may receive an annual assurance on risk management, governance and control. This assurance can be provided by the Director of DIA or alternatively by an external organisation. If an external organisation is chosen, the Accounting Officer requires DIA to ensure periodically that the service provided meets the requirements of GIAS. The GWT accepts this requirement for access as a condition of GiA payment.

THE ROLE AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER, GWT

30. The CEO GWT is responsible to the Board of Trustees for the proper conduct of the GWT's business in accordance with its Articles of Association and accounting for all the funds of the charity in accordance with the Charity Commission Statement of Recommended Practice (SORP). The CEO GWT, as Accounting Officer appointed by the MOD AO, is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for day-to-day operations and management of the GWT. In addition, he or she should ensure that the GWT as a whole is run on the basis of the standard, in terms of governance, decision making and financial management that are set out in Box 3.1 to Managing Public Money. The accountability includes:

- a. Personal responsibilities for ensuring propriety and regularity in the handling of those public funds and for day-to-day operations and management of the GWT.
- b. The administration of and proper accounting for the GiA, so that all resources are used economically, efficiently and effectively.
- c. The maintenance of adequate internal expenditure controls in relation to GiA funds.

- d. The provision of advice to the Board so that financial issues affecting GiA are considered fully at all stages in framing and reaching decisions and in their execution.
- e. Observance of the conditions attaching to the GiA.
- f. The maintenance of adequate systems of financial control to prevent theft or fraud in relation to GiA funds.
- g. Assuring the signature of the accounts and ensuring that proper records are kept relating to the accounts.
- h. Write-off of losses from GiA funds, in accordance with the delegation at Appendix 4.
- i. Ensuring that the GiA is used only for the purposes detailed in this agreement and is not used for investment or speculation with the intent of generating additional income.

31. In the event that the CEO GWT receives instructions which he/she regards as conflicting with this framework, in relation to the GiA, he/she should make appropriate written representation to the Chairman of Trustees (with a copy to the MOD).

32. The CEO GWT may delegate day-to-day duties (with the exception of his/her personal authority to write off losses) to Field Director GWT(N) or equivalent.

33. The responsibilities of the Accounting Officer are detailed in Chapter 3 of Managing Public Money (attached at Appendix 5).

INSURANCE

34. The GWT is responsible for its own insurance. The GWT carries all of the risk in respect of its past and present employees, for its assets, and for the liabilities of its trustees. The GWT is required to have appropriate Employer's Liability and Public Liability insurance cover (and certificates as appropriate) to cover the organisation's legal liability from accidents arising from non-public funded activities. The GWT may use the GiA (Support) to fund GWT insurance for public liability; Directors' and Officers' liability; vehicles and buildings whose maintenance is funded by the GiA. The GWT may use the GiA (Medical) to fund GWT insurance for medical professional indemnity.

35. The GWT is responsible for all other insurances including the activities of Trustees of the GWT.

LIST OF APPENDICES

Appendix 1 - GiA Areas of Expenditure – Support

Appendix 2 - GiA Areas of Expenditure – Medical

Appendix 3 - GWT [Companies House Filing - Articles of Association](#)

Appendix 4 - GiA Delegations

Appendix 5 - [Managing Public Money](#) Chapter 3

MOD Signatures

Signed:



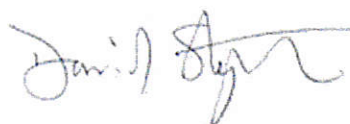
Maj Gen P R Griffiths

Director Personnel, Army HQ

Date: 6 Sep 21

(On behalf of MOD)

Signed:



David Stephens

Director Resources, Army HQ

Date: 11 Aug 21

(On behalf of MOD)

GWT Signatures

Signed:



Stephen Cooper

Chairman, Audit Committee

Date: 15 SEPT 21

(On Behalf of The Gurkha Welfare Trust)

Signed:



Al Howard

CEO

Date: 14 SEPT 21

(On Behalf of The Gurkha Welfare Trust)

PART 1- MOD Grant in Aid Framework (Support)

The GiA will fund the cost of delivering welfare to Gurkha ex-service personnel and their dependants in Nepal and India. The costs are confined to the Trust's Area Welfare Centres and their associated staff, plus the cost of headquarters staff employed directly in support of delivering welfare, but also include some costs associated with medical delivery, including the Medical Advice Cell.

Within the current accounting structure, the means of delivery costs are all included under the heading 'Support' and include the following:

Support Staff Costs including:	Salary Long Service Performance Awards Difficult Post Allowance Provident Fund Contributions Social Security Fund Payments Gratuity Payments Dashain Bonus
Allowances including:	Education Allowance Medical Claims – self and dependants Clothing TA/DSA Casual Wages Training
Travel/Transport including:	Driver DSA Visitors Fuel & Lubricants Vehicle Maintenance
Maintenance including:	Cleaning Routine and major maintenance Furniture and equipment Repairs
Equipment including:	Vehicles Equipment IT Equipment and software Medical equipment
Utilities including:	Rent Water Electricity Telephone/fax/email
Insurance including:	Transit/fidelity Personal Accident Building Vehicles Equipment
General Administration including:	Bank Charges TA/DSA IT Support and maintenance Postage & Postal Services Stationery & printing Photocopying & photography Conferences

MOD Grant in Aid Framework (Medical)

The GinA will fund the cost of delivering medical services to Gurkha Service Pensioners (personnel in receipt of a military pension from the UK Government) and their dependants in Nepal and India. The costs are confined to the provision of Primary Medical Care through the Trust's Area Welfare Centre Medical Clinics, including medical staff, and the reimbursement of the cost of Secondary Medical Care referrals and Dental treatment.

Within the current accounting structure, the costs are all included under the heading 'Medical' and include the following:

Primary Medical Care including: (costs apportioned based on percentage of Service Pensioners registered on MEDIS)	Medicines Clinical Consumables Primary Medical Diagnostics Minor Equipment (Consumed)
Secondary Medical Claims including:	Secondary Medical Claims within cap Medical Board approved cases
Medical Staff Costs including: (costs apportioned based on percentage of Service Pensioners registered on MEDIS)	Salaries Dashain Bonus Gratuity Payments Provident Fund Payments Social Security Fund Payments Leave Encashment Casual Wages
Medical Rehabilitation Services (costs apportioned based on percentage of Service Pensioners registered on MEDIS)	Equipment Medical Consumables Salaries Dashain Bonus Gratuity Payments Provident Fund Payments Social Security Fund Payments Leave Encashment Casual Wages
Medical Training	Course costs
Medical Services Darjeeling (costs apportioned based on percentage of Service Pensioners in Darjeeling registered on MEDIS)	Medical services, including pharmaceuticals, provided under contract by ISOS Medical Centre Rent

GRANT IN AID DELEGATIONS:

DELEGATIONS IN RESPECT OF DEFINED LOSSES AND SPECIAL PAYMENTS

The GWT will maintain details of, and record in its accounts, any “Losses and Special Payments” as prescribed in [Managing Public Money](#) (Annex 4.10).

The GWT has full delegated authority to write-off such Defined Losses and make Special Payments, but any case involving a sum over £2,000 (£500 if fraud suspected) shall be reported immediately to Army HQ.

All cases of suspected fraud by staff shall be investigated immediately.