

## 5 Management of Government Grants

- 5.1 Government grants are one of the mechanisms that are used to provide funding to support particular organisations and activities. A grant can be defined as a transfer of public funding for a specific purpose to be used in accordance with a set of terms and conditions.
- 5.2 The circumstances in which grant funding is provided and the objectives which that funding is intended to meet vary considerably. The funding includes grants provided to State bodies to allow them to undertake their functions and grant schemes operated by Government departments or other bodies in receipt of Exchequer funding. In 2014, 22 Government departments and offices paid over €11 billion in grants.
- 5.3 Grants enable Government departments to provide support to a wide range of activities without having to directly manage those activities. Providing grants to the organisation with the most appropriate powers and skills can be an efficient way to deliver on policy objectives. However, because the delivery of the services or activities being funded is at a remove from the provider of that funding, there can be an increased risk around the management of and accountability for the public money involved. It is important therefore that the funding body has appropriate arrangements in place to ensure that the public funds provided are properly administered and used for the purposes intended.
- 5.4 The main elements of a sound control system for grant funding can be categorised as set out in Figure 5.1. The nature and extent of the controls under each category will depend on
- the purpose for which the funding is provided
  - the basis on which that funding is provided
  - the type of grantee
  - the scale of the grant involved.

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**Figure 5.1 Grant funding control process**

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## Revised Control and Accountability Arrangements

- 5.5** Previous reports on the accounts of the public services raised specific issues in relation to the control and management of grants, including
- grant-funded assets being used, without the grant-funder's permission, as collateral for borrowings for commercial developments
  - use of grant funding for purposes other than those intended
  - issue of funding in excess of needs resulting in a build up of excessive cash balances.
- 5.6** The 2013 special report on the examination of the administration of the National Health and Local Authority Levy Fund highlighted a number of issues of general concern in relation to the administration of grant funding by public bodies.<sup>1</sup> That report made a number of recommendations to the Department of Public Expenditure and Reform aimed at improving the control and accountability arrangements for grants.
- 5.7** In September 2014, the Department of Public Expenditure and Reform issued a circular (13/2014) setting out a comprehensive revised framework for the management of and accountability arrangements for grants from Exchequer funds. The effective date for the commencement of the provisions of the circular was 1 January 2015. A copy of the circular is at Annex A, for reference.
- 5.8** The circular sets out the public financial management principles, procedures and reporting requirements to be followed in the management of all grant funding provided from public money. The stated overall principle is that there should be transparency and accountability in the management of public money, in line with economy, efficiency and effectiveness.
- 5.9** The circular defines a grant as a financial provision, originating in a vote, for a particular activity or service administered or undertaken by an outside body, including agencies, companies, committees, advisory groups, charities or individuals. It applies to the movement of grant funds from a vote to an outside body, as well as any onward movement of that funding.

## Additional Requirements

- 5.10** The revised grants framework extends requirements which previously only applied to certain types of grants and introduces a number of additional requirements which will impact on both funding bodies and recipient bodies.
- 5.11** The main additional requirements introduced are summarised below, together with a reference to the relevant section of the circular.

### *Principles and Procedures (paragraph 7)*

- 5.12** The circular requires grantors to ensure that the principles and procedures set out in the circular are applied in a meaningful and effective way. Grantors are required to take a proactive approach to ensure the terms and conditions attaching to grants are appropriate to the local conditions in the sector in which the grantee operates while maintaining effective management and accountability of public money.

***Reclassification of Grants-in-Aid (paragraph 4)***

- 5.13** Grants are subject to all the usual requirements pertaining to any other payment from a vote subhead. Any balance held by a recipient of a grant that remains unexpended at the end of the year is required to be surrendered to the funder.
- 5.14** Up to 2014, some transfers of funding from votes to outside bodies were designated as grants-in-aid. Grants-in-aid were mainly used to provide funding to State bodies to meet their running costs or to carry out particular functions. A grant-in-aid differed from a grant in that any unexpended year-end balances of sums issued were not liable for surrender to the vote and ultimately the Exchequer.
- 5.15** One of the most significant changes arising from the new circular is that from 2015 all funding previously provided by way of grant-in-aid will be reclassified as a grant.

***Award Principles (section 2)***

- 5.16** The circular places emphasis on relating payments to (desired) outcomes. In awarding grants, particularly larger scale grants in personal and social services, applicants providing evidence of best outcomes for end-users should be prioritised. Grants should be allocated on a competitive basis where appropriate with an assessment made of projected outcomes, efficiency of proposed approach and evidence of effectiveness and prior performance of each applicant.

***Funding Arrangements (paragraphs 6, 11 and 19)***

- 5.17** The default position is that grant payments should be on the basis of vouched expenditure already incurred. Claims for grants funded on this basis should be accompanied by a statement that
- the invoices used to support the claims relate to activities and services appropriate to the grant scheme objectives
  - the amounts invoiced have been paid
  - the invoices have not and will not be used to support a claim from any other funder.
- 5.18** Pre-funding of grant recipients may occur in certain circumstances. This involves the provision of the funds to the grantee before expenditure has been incurred.
- 5.19** The prior approval of the Department of Public Expenditure and Reform is required where pre-funding is proposed. Where pre-funding results in the recipient having unexpended balances at the year end, those balances may be retained by the recipient with the approval of the funding department and the Department of Public Expenditure and Reform.
- 5.20** Departments are required to provide a statement to the Department of Public Expenditure and Reform identifying the schemes that are to be pre-funded and declaring that vouched expenditure arrangements apply to all other schemes.

***Service Level Agreements (paragraph 11)***

- 5.21** The Code of Practice for the Governance of State Bodies (2009) requires that the development of service level agreements should form part of the performance management framework for State bodies involved in service provision. Such an agreement is also an important element in the control and management of grants to non-State bodies.<sup>1</sup>
- 5.22** The revised arrangements require grant-giving departments to put a service level agreement in place setting out the resources being provided and the outputs to be achieved by the grant-receiving body. The agreement should also include the arrangements for the drawdown of funding, the nature of the review of performance – including the procedures where outputs are not delivered – and assurance and governance requirements. A service level agreement is stated to be required in each case where grants are provided to an organisation that has been established to carry out specific tasks (e.g. a community or voluntary body established to provide social services to people with disabilities or a statutory body) rather than to an organisation that exists for other purposes (e.g. a for profit company that exists to trade).

***Once-off Grants (paragraph 11)***

- 5.23** Some grant schemes provide financial assistance when certain qualifying criteria are met. To avoid over-subscription, such schemes are now required, in the normal course, to be cash limited. If a cash limit is not imposed, the relevant accounting officer is required to provide justification to the Department of Public Expenditure and Reform as to why a cash limit is not appropriate.

***Statement on Internal Financial Control (paragraph 20)***

- 5.24** From 2015 on, departments are required to reflect the requirements for the management and control of grants in the statement on internal financial control which forms part of the annual appropriation account of each vote.

***Funding Declaration (paragraphs 11 and 22)***

- 5.25** A grant recipient is required to provide an annual declaration to each funding body in a co-funding arrangement. The declaration should set out the source, amount and purpose of all other funding. It should affirm that there will be no duplication of funding for the same activity or project and state whether Exchequer funding from all sources exceeds 50% of total income.

***Statement of Assurance (paragraph 11)***

- 5.26** A signed statement of assurance is required from each recipient body certifying that the funds provided have been used in accordance with the terms and conditions of the grant. Acceptable proof that the funds have been spent appropriately is required to be provided. The frequency of such statements is not stipulated but should be appropriate to the size and nature of the grant.

<sup>1</sup> In May 2015, a revised draft version of the code of practice was circulated to departments and state bodies for observation. The draft provides guidance on the contents of performance delivery agreements.

### ***Disclosures by Grant Recipients (paragraph 21)***

- 5.27** Since 2011, grant recipient bodies have been required to disclose in their annual financial statements the sources and amounts of each grant. The revised arrangements extend the disclosures in the annual financial statements of recipient bodies to include
- the purposes for which the funds were applied under appropriate headings (for example, pay and general administration, service provision, charitable activity, advertising, consultancy)
  - the number of employees of the body whose total employee benefits fell within each band of €10,000 from €60,000 upwards and the overall total employer pension contributions
  - where the body is in receipt of capital grants, an undertaking that the State's investment is protected and that the asset will not be used as security for any other activity without prior approval
  - a statement as to whether the body is or is not compliant with relevant tax clearance procedures.

### ***Protection of State investment (paragraph 11)***

- 5.28** Grant recipients should not dispose of publicly-funded assets without the prior approval of the relevant department which in turn should have approval for the disposal from the Department of Public Expenditure and Reform.

### ***Confirmation of Financial Control Systems (paragraph 25)***

- 5.29** Recipient bodies are required to confirm that they have financial control systems in place that are adequate to manage the funds provided.

## **Conclusion**

- 5.30** The revised arrangements for the control and accountability of grants introduce a number of additional requirements on both funding bodies and those in receipt of funds. Those measures should increase the transparency and accountability arrangements for grants, and address certain weaknesses in the existing control system which have been previously reported on. Meeting the new or extended requirements may present a significant challenge to both funding bodies and recipient bodies. The exercise of judgement will be required to ensure that the requirements are applied by reference to the size and capacity of the grant recipient, and the scale of the grant involved.
- 5.31** Compliance with the new requirements will be examined during the course of the audits of funding departments as well as the agencies within my audit remit, commencing with the 2015 audits.

## Annex A Department of Public Expenditure and Reform Circular 13/2014

DPE 022/05/2013  
26 September 2014

Circular: 13/2014

**Management of and Accountability for Grants from Exchequer Funds**  
**To: Accounting Officers, Finance Officers and Heads of Internal Audit**

**A Dhuine Uasail,**

1. I am directed by the Minister for Public Expenditure and Reform to refer to expenditure of public funds by way of disbursement of grant funding to all bodies, including agencies, companies, committees, advisory groups, charities, or individuals, whether directly from the Votes of Government Departments/Offices or through an intermediary body or series of bodies.

**This circular supersedes previous Department of Finance Circular 17/2010.**

***Principles and Procedures***

The Circular outlines the public financial management principles, procedures, and additional reporting requirements to be followed in the management of grant funding provided from public money as well as the reclassification of grants and grants-in-aid. The overall principle is that there should be transparency and accountability in the management of public money, in line with economy, efficiency and effectiveness.

***Management of Public Monies***

The provisions of this Circular apply to the movement of funds from a Vote to an outside body, and to any/all onward movements of that funding. The objective is to ensure that all Exchequer funds, regardless of the method of distribution, are accounted for and properly managed.

***Grantors***

All grantors should be proactive in ensuring that these principles and procedures are applied in an appropriate, meaningful and effective manner in respect of any exchequer funded grants managed by the Grantor.

***Grantees***

This Circular includes a new statement of principles for grantees, in respect of clarity, fairness, governance and value for money, in their management of and accountability for public funds.

**Introduction**

2. This Circular, which resulted from a review of the requirements for the management of grants and grants-in-aid, includes the following:

**Section 1 – Reclassification of Grants and Grants-in-aid**

**Section 2 – Award Principles of Grant Funding**

**Section 3 – Management of Grant Funding – General Conditions**

**Section 4 – Management of Grant Funding – Vote Related Issues**

**Section 5 – Grantee Responsibilities**

**Section 1: Reclassification of Grants and Grants-in-aid**

*All funding in the grant and grant-in-aid category will be reclassified as grants, in line with the provisions of this Circular, commencing with the 2015 Estimates.*

### 3. Grants and Grants-in-Aid

The principle distinction in the payment process for grants and grants-in-aid is that grants are required to be paid on the basis of vouched expenditure and any amounts unexpended at year end are surrendered to the Exchequer. In the case of grants-in-aid, pre-funding of a grantee is permitted, on an instalment basis, in line with demonstrated need, and any unexpended end year balance of the sums issued to the grantee, is not subject to surrender.

### 4. Reclassification of Grants and Grants-in-Aid

Taking account of current practices in the management of grants and grants-in-aid, the need for value for money and accountability in the management of public money and the business needs of grantors and grantees, **all grant funding**, regardless of (i) the status of the grantee i.e. state body or otherwise and (ii) of the means of funding i.e. either funding directly from the Vote of a Government Department/Office or on a devolved basis through an intermediary body or bodies, **will be classified as a grant, in line with the provisions of this Circular, commencing with the 2015 Estimates.**

### 5. Definition of a Grant

In the context of this Circular, a grant is a financial provision, originating in a Vote, for a particular activity or service administered or undertaken by an outside body, including agencies, companies, committees, advisory groups, charities or individuals. It ranges from grants to State Bodies to undertake their statutory functions to specific grant schemes operated by government Departments or other Bodies in receipt of exchequer funding.

### 6. Payment Principles

The default position is that grants should be paid on the basis of vouched expenditure. However, where **pre-funding** is required, for example, in the case of grant funding to a public sector Body towards its running costs, prior approval must be sought from the Department of Public Expenditure and Reform (DPER). The rationale for pre-funding should be documented by the grantor and available for audit/inspection, together with the monitoring and control arrangements attaching to the pre-funding. In cases where pre-funding is required on an ongoing basis, these arrangements should be referred to in the Annual Delegated Sanction letter from DPER.

### 7. Principles and Procedures

The requirements relating to the management of and accountability for grants are outlined in **Sections 3 to 5** below. All grantors should ensure that the principles and procedures reflected in these requirements are applied in a meaningful and effective way in respect of any grants under their remit. Grantors are required to take a proactive approach to ensuring that the terms and conditions for grants are appropriate to the local conditions in the sector in which they operate, while ensuring effective management and accountability of public money.

### 8. Intermediary Payments

Certain grants involve the onward movement of funds from the Exchequer to the grantee through an intermediary Body or Bodies. In such cases, the number of intermediaries should be kept to a minimum.

## Section 2: Award Principles of Grant Funding

**9.** The Public Service Reform Plan 2014 – 2016 is committed to the design and delivery of better and more cost effective services using innovative delivery models. The Plan commits to releasing funds for specified outcomes for service users and moving away from the traditional system of block grants. This approach also aligns with the Public Spending Code<sup>1</sup>.

**10.** Public Bodies awarding grants, particularly larger scale grants in personal and social services, should prioritise the award of grants to those applicants that can provide evidence of the best outcomes for the end-users. Grantors are encouraged to seek expressions of interest from service providers for grant allocations, where appropriate. In circumstances where grants are to be allocated competitively, grantors should assess the projected outcomes, efficiency of proposed approach, all evidence of effectiveness and prior performance of each applicant and

<sup>1</sup> <http://publicspendingcode.per.gov.ie/b-01-standard-appraisal-steps/>

make evidence-based decisions to allocate grants. Grantors should keep records of this process.

### Section 3: Management of Grant Funding - General Conditions

11. Grantors should ensure that they have an effective grant-funding supervision regime in place which, in particular, takes account of the following, as appropriate:

**(a) Objective**

There is clarity regarding the objective of the grant, which should be included in the terms and conditions/grant arrangements.

**(b) Terms and Conditions**

The grantor should notify the grantee of the terms and conditions under which the money will issue to ensure that the grantee is fully aware of their responsibilities. The purpose of the funding should be clearly notified to the grantee – salaries, training, research, public relations/advertising, front-line services, etc. These terms and conditions should reflect, as relevant, that it is a condition of funding that grantees comply with the **Statement of Principles for Grantees** – See Appendix 2.

**(c) Service Level Agreement (SLA)**

In the case of grants provided by Departments to Bodies or Agencies which have been set up to carry out specific tasks, an agreement should be put in place between the Department and the Body setting out details of the resources which are being provided by the Department and the outputs to be achieved by the Body<sup>2</sup>. The content and the extent of the agreement is a matter for the Department having regard to the nature of the grant, and agreements will vary depending on the size and complexity of the Body's operations. If deemed appropriate, this model can be used between grantor and grantee at any level of the Exchequer funding chain.

In the case where a Department/Office is involved in a multi-donor arrangement, e.g. where the Department/Office is not the supervisory authority, it may not be feasible to insist on a service level agreement, but the Department/Office should be satisfied that there are appropriate monitoring and control arrangements in place.

The general parameters for a service level agreement include:

1. **Roles:** specify the roles of Department/Office and Body;
2. **Outputs:** identify the services to be delivered – there should be clear measurable outputs specified and the desired outcome should be stated;
3. **Funding:** identify the funding arrangements, including the process for the drawdown of funding;
4. **Review:** establish the timing and methodology of review of performance against outputs and outcomes specified in the agreement;
5. **Failure to Deliver:** identify the procedures to be adopted where the Body has not delivered on the outputs specified in the agreement, including claw-back of grant or offset against future allocation;
6. **Assurance Requirements:** Identify assurance requirements, e.g. audited annual accounts or annual declaration confirming that all conditions have been met and the required service/outputs delivered. Assurance requirements should take account of relevant governance requirements, for example, the Code of Practice for the Governance of State Bodies and compliance with public procurement policy and pay policy.

<sup>2</sup> It is recognised that where money is being contributed to a body or project under a multi-donor arrangement, assessed contributions, intergovernmental agreements or other funding mechanisms where the donating Vote is not the supervisory authority it is not feasible for that Vote to insist on a SLA. Accounting for this type of funding is governed by global governance structures and other arrangements and these should be relied upon in lieu of service level agreements. These should include the Supervisory Vote copying their SLA to other funding Votes.

**(d) Monitoring and Reporting**

Grantors should put arrangements in place for an appropriate type and frequency of financial and performance reporting, with access to relevant records kept by the grantee including expenditure profiles, cash profiles, regular management accounts and annual audited accounts, as appropriate. These reports should be accompanied by a certificate of assurance signed at management level, (in general by two responsible persons for example at management or board level), certifying that the public money granted was used in accordance with the terms and conditions of the grant. In small organisations, with a single manager, a single management signature is acceptable. The grantee can sign off on the funding with the grantor, having provided acceptable proof that the funds have been spent as appropriate.

**(e) Inspection**

Grantors should also ensure that the grantee is informed that:

- They have an obligation to make books and accounts available to the Comptroller and Auditor General, where 50 per cent or more of their total income is sourced from Exchequer Funds,
- Grantors have the right to inspect the grantee's records.

**(f) Payment**

The default position is that grants should be paid on the basis of **vouched expenditure**. Grantees making claims for grant funding on the basis of vouched expenditure are required to state to their grantors that:

- the invoices used to support their claims relate to activities and services appropriate to the grant scheme objectives,
- the amounts invoiced have been paid,
- the invoices have not and will not be used in support of another claim for reimbursement from any other funder(s) (except as provided for in agreed joint-funding arrangements).

**(g) Advance Payment**

Sanction from DPER is required for pre-funded grant schemes and sanction requests should include the rationale and monitoring arrangements, for example, in the case of grant funding to a Body towards its running costs, grantors should document the rationale for pre-funding and have it available for inspection/audit, together with the monitoring and control arrangements attaching to the pre-funding. Payments should be aligned with the grantee's cash needs and on costs incurred.

**(h) No Automatic Payment**

With due regard to the provisions in paragraph (i) below, payments should only be made to a grantee when they are due, in line with the relevant terms and conditions/SLA. If there is an overpayment of a grant, a refund should be obtained.

**(i) Retention of end-year balances**

Pre-funding may lead to unexpended balances of grant money at year's end. With grantor approval (on foot of DPER sanction), these balances, or a portion thereof, may be retained by the grantee if deemed necessary to meet outstanding financial requirements. Such balances should be kept to a minimum and taken into account when considering the following year's grant.

**(j) Once-off Grants**

Organisations, community groups, charities, companies and individuals can obtain once-off financial assistance under some grant schemes once they satisfy qualifying criteria before funding is provided. Such schemes should be cash limited to avoid over-subscription, unless the Accounting Officer of the relevant Vote can supply justification as to why a cash limit is not appropriate.

**(k) Administrative and Control Requirements**

The grantor should be satisfied that the accounting system and organisational arrangements of the grantee are adequate, taking account of the level of the grant payment, to ensure the proper administration of the money.

**(l) Multiple Funding**

Where funding is being provided as part of a co-funding arrangement, grantees are required to provide annually to each grantor, as a condition of grant, a declaration as to the source, amount and purpose of all other funding they receive and a declaration that there will be no duplication of funding for the same activity/project. This declaration should also state if the Exchequer funding from all sources exceeds 50% of total income.

**(m) Onward payments of grants**

If it is the intention of the grantee to make onward grants from the funding received from their own grantor, details of these onward grants and their recipients/proposed recipients must be provided to the grantor, along with details of the terms and conditions applying to these onward payments.

**(n) Protecting State investment**

Grantees should not dispose of publicly funded assets without the prior approval of the relevant Government Department/Office on foot of sanction of the relevant Vote Section in DPER.

#### Section 4: Management of Grant Funding - Vote Related Issues

***All grants originate directly from the Vote of a government Department or Office and as such raise issues for Vote Management and the Appropriation Accounts.***

**12. Vote Ambit**

Where a Vote includes a grant, this should be indicated in the ambit of the Vote – for example,

*Estimate of the amount required in the year ending 31 December 2015 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants.*

If the Vote includes **cash limited** grants, this should also be stated in the ambit. [The term 'cash limited' means that the funds available for a particular scheme for the year will be limited to the cash amount specified in the Estimates allocation and so entitlement to payment under the scheme will be contingent on the availability of funds]:

*Estimate of the amount required in the year ending 31 December 2015 for the salaries and expenses of the Office of the Minister for Public Expenditure and Reform, for certain services administered by the Office of the Minister and for payment of certain grants including grants under cash limited schemes.*

**13. Virement**

The use of savings on one subhead to increase expenditure on another subhead, by way of Virement, should not be taken as a matter of course. Virement requires the prior approval of DPER.

**14. Subhead**

There should be an appropriate Programme and Subhead in the Vote.

**15. Multiple Grantees**

Where payments from a grant to a number of different agencies/bodies are involved, the grant may be payable to a named account administered by the Department concerned from which payments are made in due course. The purpose of this account should always be stated in, and account details appended to, the Appropriation Account of the relevant Vote.

**16. Audit**

Where the creation of a new grant is being proposed by a Department and the Comptroller and Auditor General is not the auditor, that Department should, when submitting the proposal to DPER, give the reasons why this is the case.

**17. Matured Liabilities**

Government accounting rules on matured liabilities apply to all voted monies, including payments from grant subheads. In the case of grant funding, payment is due when the grant

payment is fully approved and processed in accordance with the particular agreement or grant scheme's terms and conditions and when the grantee has fulfilled all conditions.

To ensure the integrity of the Appropriation Account, all due payments (i.e. matured liabilities) should be settled with the grantee at year-end and payments to grantees which are not matured (i.e. are not due to be paid under the grant funding arrangements or terms and conditions of a grant scheme) should not be brought forward into the current accounting period. Please also note that matured liabilities must be met even at the risk of incurring an excess vote.

### **18. Operating Budgets**

As a prelude to formulating estimates demands each year, operating budgets for all State Bodies under a Department's aegis, covering their main activities, should be published in the Revised Estimates Volume as an Agency Statement.

### **19. DPER Sanctions**

Pre-funded schemes must have the prior approval of the Department of Public Expenditure and Reform. As a prelude to funding and in a statement to DPER, Departments and Offices should identify schemes which are to be pre-funded and have a statement that vouched expenditure arrangements apply to all other schemes. These arrangements should be reflected in the Annual Delegated Sanction from DPER.

### **20. Statement of Internal Financial Control**

The requirements of this Circular should be reflected, as appropriate, in the systems of internal financial control, administrative and management reporting and internal audit covered by the Statement of Internal Financial Control.

## **Section 5: Grantee Responsibilities**

### **21. Reporting:**

The following provisions

- i. apply in full to grantees who return annual report and accounts
- ii. apply insofar as possible (and in advance) in the case of once-off grants mentioned in Section 3, paragraph 11(j) as reporting requirements are required in the application process;
- iii. apply insofar as possible to other grantees<sup>3</sup>

### **Financial Statements**

Grantees should submit their audited accounts to the grantor without delay after the end of the financial year. Where an Accounting Officer is satisfied, suitable financial statements are acceptable as an alternative (e.g. where audited accounts are not prepared). An Accounting Officer must, in this case, prepare a statement of such bodies outlining their level of expenditure, the rationale for not auditing accounts and seek DPER sanction. In the case of State Agencies, see the Code of Practice for the Governance of State Bodies for timing and other rules regarding submission of accounts.

### **Grantees must report in their financial statements;**

#### **(a) Name of Grantor**

The name of the grantor, specifying the exact title to be used in the report (e.g. Department of Environment, Community & Local Government, Health Service Executive etc.). Where the grant making agency is not a Government Department e.g. Pobal, the sponsoring Government Department must also be recorded.

#### **(b) Name of Grant**

The actual name of the grant programme e.g. Rural Water Development Programme.

#### **(c) Purpose of Grant**

With reference to Section 3, paragraph 11 above, the purpose for which the funds are applied under the following headings:

- Pay and general administration

<sup>3</sup> This acknowledges that small community and voluntary groups will only have basic financial statements and receipts available as a basis for reporting

- Service provision / charitable activity
- specified others, including such expenditure as advertising, consultancy

**(d) Accounting for Grants:**

- i. The amount and term of the total grant awarded;
- ii. The amount of the grant taken to income in the current financial statements;
- iii. Where (ii) above differs from the cash received in the relevant financial period, a table showing:
  - a. The grant taken to income in the period
  - b. The cash received in the period, and
  - c. Any grant amounts deferred or due at the period end.

**(e) Capital Grants**

The amount of money provided and the conditions/milestones being used in relation to current and future instalments. Grantees should also provide an undertaking that the State's investment is protected and will not be used as security for any other activity without prior consultation with the parent Department and sanction of DPER.

**(f) Employees**

In a table accompanying the report, the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards and an overall figure for total employer pension contributions. (This applies even if salaries are not being funded by the Exchequer).

**(g) Restrictions**

Whether and how the use of the grant is restricted (i.e. is it for a particular project, or for the delivery of a service)

**(h) Tax Clearance**

Whether compliant with relevant Circulars, including Circular 44/2006 "Tax Clearance Procedures Grants, Subsidies and Similar Type Payments".

**22. Multiple Funding Sources**

Where a grantee receives funds from more than one grant making agency, please see Section 3, paragraph 11(l) above re reporting requirements.

**23. State Bodies**

Where a service level agreement as cited above, and in the Code of Practice for the Governance of State Bodies, is in place between a Department and a Body, adherence to the terms of that agreement must be confirmed by that Body to the Grantor.

**24. Vouched Expenditure**

Grantees making claims for grant funding on the basis of vouched expenditure are required to state formally to their funders that:

- the invoices used to support their claims relate to activities and services appropriate to the grant scheme objectives,
- the amounts invoiced have been paid, and
- the invoices have not and will not be used in support of another claim for reimbursement from any other funder(s) (except as provided for in agreed joint-funding arrangements)

**25. Financial Control**

Grantees should be able to confirm that they have adequate financial control systems in place to manage granted funds.

**26. Sectoral Compliance**

The requirements of this Circular do not override existing Statutory or sectoral requirements.

**Mise le meas,**

**David Moloney,**

**Assistant Secretary,**

**Department of Public Expenditure and Reform.**

**Appendix 1a: Illustrative checklist for Grantors. This checklist is not exhaustive. Managers of grants should consider operating a comprehensive checklist relevant for the grant funding they manage.**

<b>Grantor Checklist</b>			
<i>Circular 13/2014</i>	<b>Y / N N/A</b>	<b>Action Required?</b>	<b>Ref.</b>
<p><b>Administrative responsibilities</b></p> <p>Will the grant be pre-funded or based on vouched expenditure and has sanction been issued for pre-funded schemes?</p> <p>Has the grantor documented cases where there are several levels of intermediary funding?</p> <p>Is the ambit of the Vote correct?</p> <p>Is the grant cash-limited?</p> <p>Are proper procedures in place for the management of the account to pay multiple grantees?</p> <p>If Auditor is not C&amp;AG, is there a note appended to the Vote?</p>			<p>6, 11(f)-(i), 19, 24</p> <p>8</p> <p>12</p> <p>12</p> <p>15</p> <p>16</p>
<p><b>Supervision</b></p> <p>Is there clear agreement with the grantee re the grant's objective?</p> <p>Is grantee aware of terms under which money is issued?</p> <p>Is there a service delivery/level agreement in place with grantee where appropriate?</p> <p>Is there an appropriate reporting regime in place?</p> <p>Is grantee aware that their records can be inspected by the grantor?</p> <p>Are all appropriate matured liabilities paid?</p>			<p>11(a)</p> <p>11(b) - 11(n)</p> <p>11(c)</p> <p>11(d), 11(k)</p> <p>11(e)</p> <p>17</p>

**Appendix 1b: Illustrative checklist for Grantees - This checklist is not exhaustive.**

**Recipients of grants should consider operating a comprehensive checklist relevant for the grant funding for which they are accountable.**

<b>Grantee Checklist</b>			
<i>Circular13/2014</i>	<b>Y / N N/A</b>	<b>Action Required?</b>	<b>Ref</b>
<b>Annual Estimates</b> Have annual operating budgets for State Agencies been submitted?			18
<b>Annual Reports</b> Have end of year accounts or financial statements as appropriate been submitted to each grantor?  Has the grantee, if involved in a multiple co-funding arrangement, informed all grantors if exchequer funding exceeds 50% of income?			21  22
<b>Compliance</b> Is all funding being used for the purpose intended?  Is a current Tax Clearance certificate in place where appropriate?  For State Agencies, is confirmation of adherence to any service level agreement included with reports?  Is there compliance requirements in relation to vouched expenditure?  Is there an adequate financial control system in place?  Is there confirmation that other sector-specific guidelines / legislation have been adhered to?			21(g)  21(h)  23  24  25  26

**Appendix 2 Statement of Principles for Grantees**

**Are you in receipt of public funding?**

**This statement outlines the four principles which apply in the case of bodies in receipt of grant funding provided directly or indirectly from Exchequer sources.**

<b>Clarity</b>	<b>Governance</b>
<b>Value for Money</b>	<b>Fairness</b>

***This statement should be brought to the attention of every grant receiving body***

**If you are in receipt of public funding you should**

<b>Clarity</b>	<b>Governance</b>
<p>Understand the purpose and conditions of the funding and the outputs required</p> <p>Apply funding only for the business purposes for which they were provided</p> <p>Apply for funding drawdown only when required for business purposes</p> <p>Seek clarification from the grantor where necessary – on use of funds, governance and accountability arrangements.</p>	<p><i>Ensure appropriate governance arrangements are in place for:</i></p> <p>oversight and administration of funding</p> <p>control and safeguarding of funds from misuse, misappropriation and fraud</p> <p>accounting records which can provide, at any time, reliable financial information on the purpose, application and balance remaining of the public funding</p> <p>accounting for the amount and source of the funding, its application and outputs/outcomes.</p>
<b>Value for Money</b>	<b>Fairness</b>
<p><i>Be in a position to provide evidence on:</i></p> <p>effective use of funds</p> <p>value achieved in the application of funds</p> <p>avoidance of waste and extravagance</p>	<p>Manage public funds with the highest degree of honesty and integrity</p> <p>Act in a manner which complies with relevant laws and obligations (e.g. tax, minimum wages)</p> <p>Procure goods and services in a fair and transparent manner</p> <p>Act fairly, responsibly and openly in your dealings with your Grantor</p>

