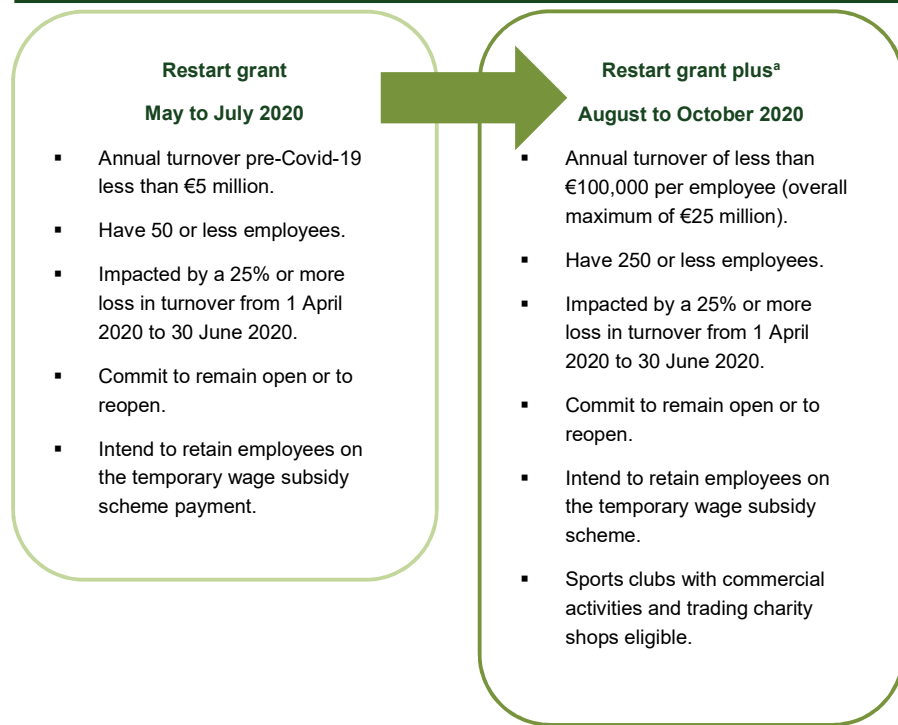


## 6 Covid-19 restart grant schemes

- 6.1** A number of restart grant schemes were established to provide financial assistance to small and medium businesses affected by Covid-19 related interruptions to trading in 2020. The schemes were approved by Government during the different phases of local and national public health restrictions (see Annex 6A).
- 6.2** A total of €652 million was allocated to the schemes — €250 million for the restart grant, €300 million for the restart grant plus and €102 million for various restart grant top-ups. The schemes were operated and funded by the Department of Enterprise, Trade and Employment (the Department), with the payments being made by the relevant local authorities.<sup>1</sup> The funding was routed to the local authorities via Enterprise Ireland. Annex 6B provides further information on the respective responsibilities of the bodies.
- 6.3** In order to qualify for a grant, businesses were required to be commercial entities and operate from a premises liable to local authority commercial rates. The grant was intended as a contribution towards the costs associated with re-opening, ongoing fixed costs such as utilities, insurance, refurbishment or for measures to ensure employee and customer safety. Due to the urgent cash flow needs of businesses, vouching of the spending was not required, but certain qualifying criteria for the grants were set (see Figure 6.1).

**Figure 6.1 Qualifying criteria for the restart grant schemes**



<sup>1</sup> A small scheme to assist non-rateable trading 'bed and breakfast' (B&B) enterprises, at a total cost of around €7.6 million, was administered on behalf of the Department by Fáilte Ireland. This is not included in the scope of this examination.

Source: Department of Enterprise, Trade and Employment

Note: a Between August and October 2020, various grant top ups for counties and wet pubs were approved by Government as public health restrictions were introduced nationally and at an individual county level. Top up grants were automatically applied if the business had already qualified for a restart or restart plus grant.

- 6.4** The value of the grant was equivalent to the rates assessment on the business for 2019, subject to minimum and maximum amounts. Over the life of the schemes, the minimum varied between €2,000 and €4,000 with the maximum ranging between €10,000 and €25,000, plus adjustments as the scheme evolved, including county, sectoral and national top-up payments.
- 6.5** The Department has stated that the highest level of payment available under the scheme conditions was likely to have been for a pub business located in Dublin City (where rates liabilities are highest). For example, if the rates assessment on a pub was €25,000, and the business only claimed the restart plus grant, it was eligible to receive a grant of €25,000, plus a lockdown top-up total of 50% and a 'wet pub' top-up of 40%, giving a total potential grant of €47,500.<sup>1</sup>
- 6.6** The rates system was used as a means of identifying legitimate businesses. Therefore, a business was eligible for the grant regardless of whether
- it had paid its local authority rates for 2019
  - the local authority rates were in arrears
  - the premises had not been rate assessed in 2019.<sup>2</sup>
- 6.7** The restart plus scheme closed to new local authority applicants on 31 October 2020, but grants continued to be paid until mid-June 2021. The Department has stated that while it was the intention to finalise payments under the scheme by end 2020, a small number of local authorities were unable to do so due to delays experienced in processing some applications.
- 6.8** The restart grant schemes have been succeeded by the Covid-19 Restrictions Support Scheme which is operated by the Office of the Revenue Commissioners and commenced in October 2020.

## Management and accountability arrangements

- 6.9** In general, grants involve the transfer of public funding for a specific purpose to be used in accordance with a set of terms and conditions. Public financial procedures require that Government departments and agencies disbursing grants should have appropriate arrangements in place to ensure that public funds provided are properly administered and used for the purposes intended. The key components of effective grant-funding administration and oversight are set out in Annex 6C.<sup>3</sup>
- 6.10** Due to the urgent nature of the restart grant scheme, applicants signed a declaration confirming that they met the qualifying conditions of the scheme. Service level agreements were put in place between the various public bodies setting out the governance and oversight arrangements to be put in place in relation to the schemes.
- 6.11** This examination was undertaken to review the Department's oversight arrangements for the restart grant schemes. The examination did not include a review of the control systems operated by the local authorities over the grant payments, because the local authorities are outside the remit of the Comptroller and Auditor General. The examination also did not examine the procedures operated in Enterprise Ireland, which acted as a conduit for transmitting funding to the local authorities.

<sup>1</sup> Details of individual payees are held at local authority level.

<sup>2</sup> In this case, the local authority estimated what the rates for 2019 would have been.

<sup>3</sup> Department of Public Expenditure and Reform circular 13/2014 *Management and Accountability for Grants from Exchequer Funds*.

## Scheme outturn

- 6.12** The Department estimated that the initial restart scheme would attract up to 80,000 applications. Ultimately, just over 57,500 applications were received. Following the introduction of the restart grant plus scheme, almost 66,000 applications were received, including those who had already applied under the initial scheme. As shown in Figure 6.2, by mid-June 2021, restart grants totalling €633 million had been paid by the local authorities.

**Figure 6.2 Restart grants paid by local authorities to week ending 18 June 2021**

Type	Number of applications		Total grants paid €m
	submitted	approved	
Restart grant	57,531	49,265	195
Restart grant plus	65,849	59,369	438
<b>Total</b>			<b>633<sup>a,b</sup></b>

Source: Department of Enterprise, Trade and Employment

- Notes:
- a Includes around €1.1 million in relation to payments that were withheld by the local authorities pending receipt of tax clearance certification from the business.
  - b Excludes an additional €167,479 provided to the local authorities in respect of IT development costs for administration of the scheme.

## Funding controls

- 6.13** The Department's service level agreements with the local authorities provided for a review of the restart grant scheme when grant approvals across the 31 local authorities reached €200 million. The review was intended to examine the effectiveness, demand levels and related funding of the scheme. Around two months after the introduction of the restart scheme, it was replaced by the restart grant plus scheme, negating the requirement to complete this review.<sup>1</sup>
- 6.14** In the case of the restart grant plus scheme, the service level agreements with the local authorities provided for a review when approvals reached €250 million. It was stated that the review would examine the administration of the scheme at local authority level, the adequacy and distribution of the funding and the levels of demand.
- 6.15** No formal review along the lines envisaged was completed. The Department has stated that the weekly returns from the local authorities gave sufficient information on demand and spending to enable the effective management of ongoing demand for additional allocations, both nationally and by local authority.

## Reporting scheme activity

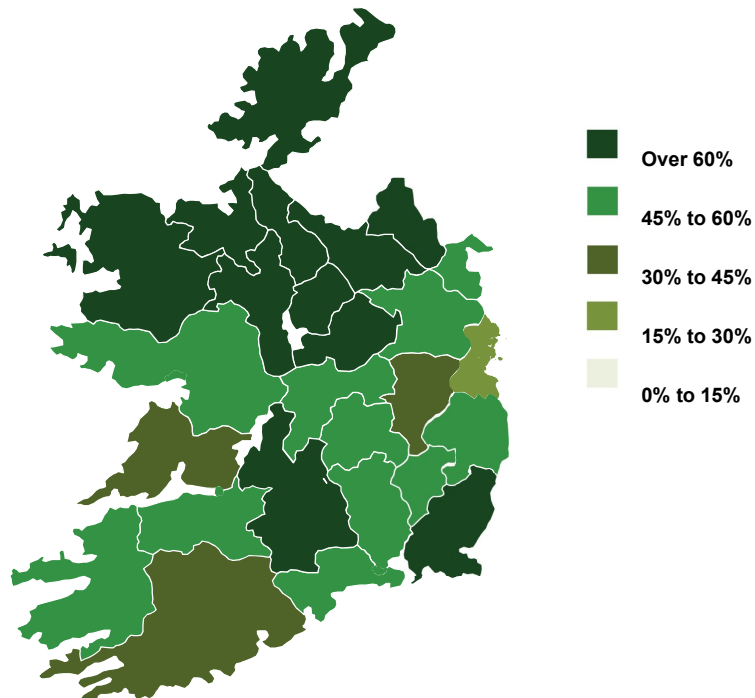
- 6.16** Individual local authorities were required to provide a weekly report to the Department setting out

- the number of applications received, processed, approved and rejected
- the value of applications received and approved
- the balance of funding due to the local authority.

<sup>1</sup> In July 2021, as part of the Government's introduction of a new stimulus package, an enhanced restart scheme was introduced.

- 6.17** Reports provided by the local authorities show that by mid-June 2021, a total of €633 million had been paid in restart grants and top ups. Figure 6.3 shows the local authority restart grants paid as a percentage of commercial rates to be levied from the local authority budget for 2019. In monetary terms, Dublin City Council paid out the largest amount of restart grants (around €98 million) with Leitrim County Council paying out the lowest amount of restart grants (just over €4 million).
- 6.18** Sectoral analysis is not available as this information was not captured in the weekly reports. The Department believes that the vast majority of applications would most likely have been from the retail sector.

**Figure 6.3 Restart grants paid as a percentage of commercial rates, by county**



Source: Analysis by the Office of the Comptroller and Auditor General

### Assurance over payments

- 6.19** Owing to the urgent nature of the scheme, restart grants were paid to businesses on the basis of a declaration by the applicant that they satisfied the scheme criteria. Checks by the local authorities were limited to verifying the application against a rates account, where one existed, verifying the tax clearance status of the applicant and that the application form had been fully completed including the self-declaration. Local authorities were not required to verify any other information included in the application.<sup>1</sup>

<sup>1</sup> Evidence of tax clearance was required where grants totalled €10,000 or more.

<sup>2</sup> Appeals relating to a decision to refuse an application could be made in writing within seven days of receipt of the notification of the decision to the relevant local authority.

- 6.20** Around 88% of applications to the local authorities were approved. According to the Department, applications were rejected because they were either incomplete, incorrectly completed or the information provided on the application demonstrated the business did not satisfy the scheme criteria.<sup>2</sup>

- 6.21** Local authorities determined the grant amount due by reference to each business's commercial rates assessment for 2019. The scheme criteria (for example, level of turnover and involvement in the temporary wage subsidy scheme) were not subject to direct verification by the local authority or the Department prior to the grant payment being made.
- 6.22** Where a scheme relies on self-declaration, there is an increased risk that the grant funding would not be applied for the purposes intended. However, there are a number of mitigating controls that can be put in place. These controls and the extent to which they are in place for the restart scheme are set out in Figure 6.4.

**Figure 6.4 Key controls for grant schemes reliant on self-declaration**

Key control	Controls in place for restart scheme
<b>Grant criteria</b> clearly set out in instructions and guidance to claimants.	Criteria clearly set out in application form and in frequently asked questions (FAQ) document.
<b>Specification of documentation</b> evidencing entitlement either to be submitted with application, or to be retained as evidence for checking at a later date.	Although FAQ specifies that businesses should retain supporting documentation, it does not specify the type of documentation.
<b>Inspection</b> of documentation supporting eligibility.	Claimants were not required to submit documentation with the application.
<b>Post payment checks</b> that claimants satisfied the conditions of the scheme and received a grant amount to which they were entitled.	Service level agreements provided for an independent scheme audit and evaluation of expenditure.  Spot checks of grant recipients to ensure compliance with the scheme.
<b>Arrangement with a relevant State body</b> for access to information in order to verify the accuracy of claims.	Not considered when setting up the restart schemes.

Source: Office of the Comptroller and Auditor General

### ***Proof of eligibility***

- 6.23** The temporary wage subsidy scheme (TWSS) administered by the Office of the Revenue Commissioners was introduced to support the continuity of employment relationships over the initial period of Covid-19 related disruption. This scheme had similar key eligibility criteria to the restart schemes — expected reduction in turnover of at least 25% and an intention to retain employees on the payroll. Eligibility to that scheme was determined on the basis of self-assessment and a declaration by the employer. Revenue in their guidelines provided illustrative examples of the type of proof that may be sought in the future that would reasonably demonstrate eligibility for the scheme.

**6.24** This has enabled Revenue complete a number of eligibility reviews on employers. By the end of February 2021, Revenue had completed eligibility checks for 95% of employers who registered for and received payments under the scheme.<sup>1</sup>

**6.25** In the case of the restart grant schemes, the Department did not specify the proof that may be required to confirm eligibility to the restart schemes. Therefore, it may be difficult to verify the claims paid. The Department stated that as part of the audit and evaluation of the scheme, issues such as turnover, employment and TWSS status can be verified by the accounts and employment records of the business and through consultation with Revenue.

#### *Third party sources of proof*

**6.26** Information held by other State bodies can also be used to verify claims. For example, information held by Revenue would have assisted the Department in verifying the turnover of the business and its involvement in the temporary wage subsidy scheme.

**6.27** This was not considered when the restart schemes were being set up. The Department has stated that in designing and delivering the schemes, the emphasis was on simplifying the application, verification and grant payment process. The local authority rates system allowed the legitimacy of a business be checked and also provided an efficient mechanism for making the grant payments.

#### *Post-payment checks*

**6.28** The service level agreements with the local authorities provided for the Department to procure an independent scheme audit and evaluation of expenditure of the restart grant plus scheme. The agreements also indicated the Department would arrange for spot checks of grant recipients to verify compliance with the scheme.

**6.29** The scheme audit has been initiated by the Department's Internal Audit. It will be conducted by an external consultant, overseen by a high-level project board within the Department. Terms of reference for the audit were considered and agreed by the Management Board of the Department in May 2021. The request for tender for the external consultant issued on 29 July 2021 and the Department has stated that it expects that the audit will be completed by end 2021.

**6.30** The advertised scope of the scheme audit includes establishing whether

- The funds have been properly managed, reconciled and accounted for at each stage from disbursement by the State to the final recipients.
- The governance and reporting requirements under the service level agreements signed by the parties have been complied with.
- The eligibility criteria have been complied with and that the rejection and appeals process was properly administered. This will entail representative spot checking and receipt of supporting material from the final recipients.

**6.31** The scheme audit is to be informed by a risk based assessment of a representative sample of grants across geographic locations, sectors, disbursing bodies and grant recipients. It will also include a reconciliation of funding provided for the scheme.

<sup>1</sup> The TWSS is examined in more detail in chapter 12 including the outcome of these eligibility reviews.

### **Local Government Audit Service**

- 6.32** The Local Government Audit Service is responsible for carrying out audits of the financial statements of local authorities. The Department of Housing, Local Government and Heritage stated that the restart grant schemes will be examined by the Local Government Audit Service as part of its annual audit of the local authority financial statements.
- 6.33** Any findings from this work which the auditor of a local authority considers should be reported on will be included in the statutory audit report or management letter for the local authority. Separately, the Local Government Audit Service is preparing a report which will provide a factual overview of the restart grant and restart grant plus schemes but will not contain audit findings.

### **Evaluation of the scheme**

- 6.34** The public spending code requires evaluation of programmes of expenditure to determine whether
- expected benefits and outcomes materialised
  - planned outcomes were appropriate responses to public needs
  - appraisal and management procedures were satisfactory.<sup>1</sup>
- 6.35** The Department has advised that an evaluation will be carried out on completion of the scheme audit. This will help to inform the terms of reference for the evaluation. While specific performance metrics were not set for the scheme, the evaluation will be based on the contribution of grants towards preventing permanent business closure and preserving employment.

### **Conclusions and recommendations**

- 6.36** Between 2020 and 2021, small to medium businesses received around €633 million in restart grants towards the costs of re-opening. The amount of the grant paid was calculated by reference to the business's rates assessment for 2019.
- 6.37** Eligibility was determined on the basis of a declaration by the business that it satisfied the scheme criteria — 25% or more loss in turnover; an intention to retain staff on the TWSS; and a commitment to remain open for business or to reopen. This was not subject to verification by the local authority or the Department prior to the grant being paid. However, local authorities did check that businesses were registered for commercial rates and verified their tax clearance status which provides some level of assurance that only legitimate businesses received the grant payment.
- 6.38** The conditions of the scheme were such that a significant number of businesses were likely to qualify for the financial assistance available. However, as reviews of eligibility have not yet been completed there is no assurance that all payees met the prescribed criteria or that they received the level of payments to which they were entitled.
- 6.39** The Department is currently in the process of procuring an independent audit of the scheme. This will include examining whether the eligibility criteria have been complied with by seeking proof of eligibility from a sample of grant recipients. However, this may be difficult given that the Department did not specify the type of proof that may be sought from the claimant.

<sup>1</sup> *Public Spending Code A Guide to Evaluating, Planning and Managing Current Expenditure*, Department of Public Expenditure and Reform.

**Recommendation 6.1**

In commissioning the scheme audit, the Department should aim to establish whether there is evidence of a material level of ineligible access to the scheme or where businesses received more than their entitlement. This should be based on testing of a sufficient representative sample of cases.

**Accounting Officer's response**

Agreed.

This will be implemented in Q4 2021.

- 6.40** An evaluation of the scheme will be carried out by the Department upon completion of the scheme audit. It will include examining the extent to which the financial assistance available prevented permanent business closure and preserved employment.

**Recommendation 6.2**

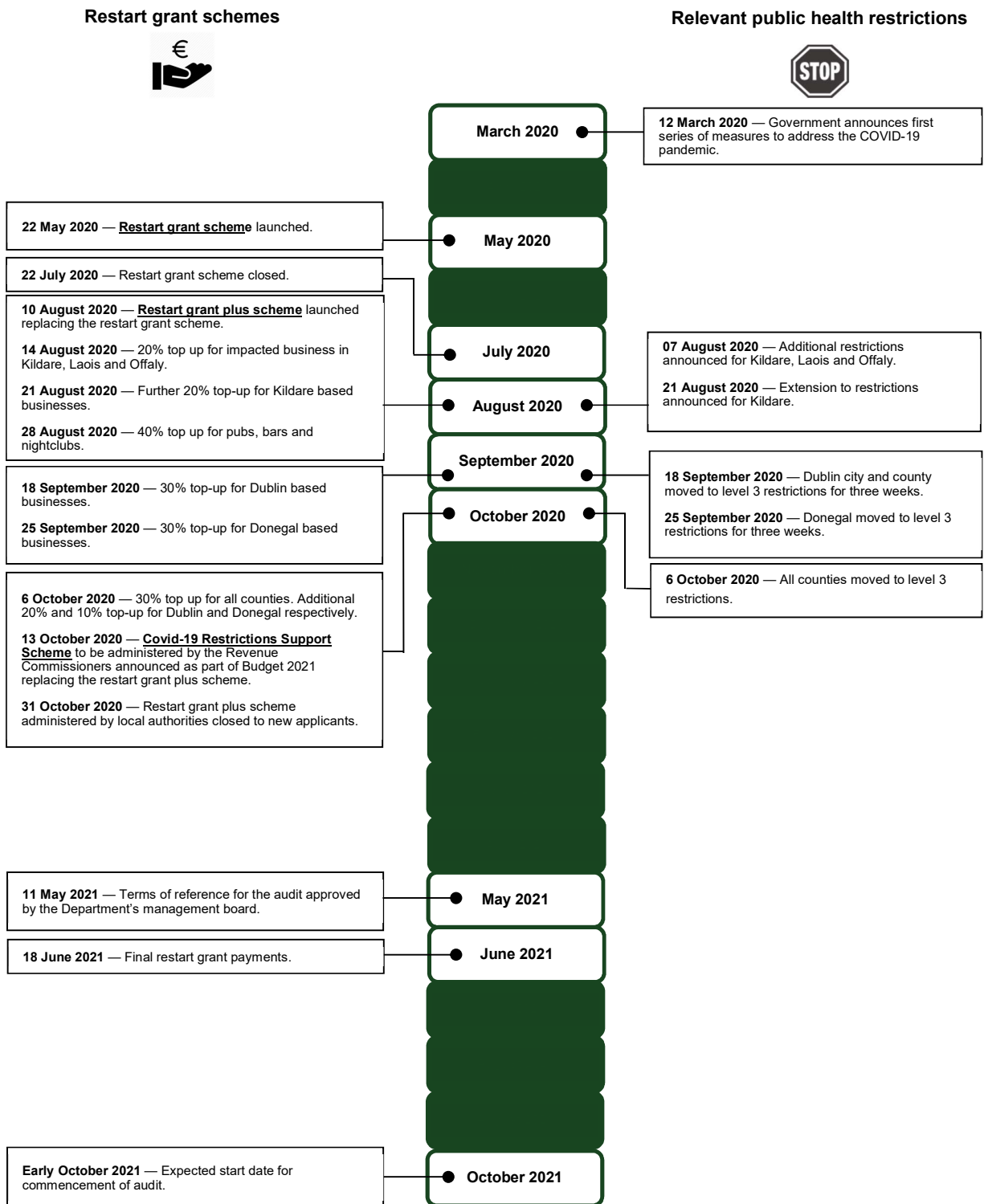
The scheme evaluation should also aim to identify lessons for how any similar business assistance schemes could be better designed and administered in the event of a future emergency.

**Accounting Officer's response**

Agreed.

This will be implemented in the first half of 2022.

## Annex 6A Timeline of the restart grant schemes and public health restrictions



## Annex 6B Restart grant schemes responsibilities

State body	Responsibilities
<b>The Department of Enterprise, Trade and Employment</b>	<ul style="list-style-type: none"> <li>▪ Oversight of the schemes in accordance with the Government decision.</li> <li>▪ Allocation of funding for the schemes to the local authorities via Enterprise Ireland.</li> <li>▪ Ongoing review of the schemes.</li> <li>▪ Audit and evaluation of expenditure under the restart plus scheme and arrange for spot checks of grant recipients to ensure compliance with the scheme.</li> </ul>
<b>Enterprise Ireland</b>	<ul style="list-style-type: none"> <li>▪ Approval and payment of scheme funding to the local authorities.</li> <li>▪ Accounting for the funding in accordance with the payment instructions provided by the Department of Enterprise Trade and Employment.</li> </ul>
<b>31 local authorities<sup>a</sup></b>	<ul style="list-style-type: none"> <li>▪ Manage within the local authority area the processing of applications and payments in accordance with the criteria for the schemes.</li> <li>▪ Provide reports via the Local Government Management Agency to enable oversight and review of the scheme by the Department of Enterprise, Trade and Employment.</li> </ul>
<b>Department of Housing, Planning and Heritage<sup>b</sup></b>	<ul style="list-style-type: none"> <li>▪ Oversight of the local authorities activity and funding.</li> </ul>

Source: Service level agreements for the restart grant schemes

Notes: a The local authorities are not subject to audit by the Comptroller and Auditor General.

b The Department of Housing, Planning and Heritage were not party to the restart grant plus scheme.

## Annex 6C Effective grant funding supervision framework

Component	Requirement
<b>Objective</b>	Clear objectives and purpose of grant.
<b>Terms and conditions</b>	Purpose of funding clearly notified to the grantee.
<b>Service level agreement (SLA)</b>	Agreement on resources being provided by the Department and outputs to be achieved by the Body.
<b>Monitoring and reporting</b>	Arrangements for appropriate financial and performance reporting, with access to relevant records kept by the grantee.
<b>Inspection</b>	Grantee informed of Comptroller and Auditor General inspection rights.
<b>Payment on basis of vouched expenditure</b>	Declaration by grantee in relation to invoices supporting claim.
<b>Advance payment</b>	Documented rationale for pre-funding and monitoring and control arrangements attached to the advanced payment.
<b>No automatic payment</b>	Payments should only be made when required.
<b>Matured liabilities</b>	Matured liabilities (due payments) should be settled before year end.
<b>Retention of end-year balances</b>	Any balances retained by a grantee, subject to grantor approval, should be kept to a minimum.
<b>Multiple funding</b>	Declaration by grantee that no duplication of funding for same activity/project.
<b>Onward payment of grants</b>	Details of any onward grant payments should be provided to grantor.
<b>Protecting state investment</b>	Disposal of publicly funded assets requires approval from the grantor.

Source: Circular 13/14 — Management of and Accountability for Grants from Exchequer Funds, Department of Public Expenditure and Reform

