

Version History			
Version	Date	Detail	Author
0.01	3.7.17	First draft	Paul Stone
1.00	5.7.17	Final Draft	Paul Stone
This document has been prepared using the following ISO27001:2013 standard controls as reference:			
ISO Control		Description	
A.8.2		Information classification	
A.7.2.2		Information security awareness, education and training	
A.18.1.1		Identification of applicable legislation and contractual requirements	
A.18.1.3		Protection of records	
A.18.1.4		Privacy and protection of personally identifiable information	

Guidance Note on Grant Claims

Background

As local authorities are encouraged to provide 'seamless' service delivery through working closely with other agencies, voluntary organisations and private sector providers, the scope for grant funding has increased. However such funding is often linked to specific objectives which may not be sufficiently flexible to link with the Council Plan. Therefore funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.

The Council currently receives over £69m each year in specific grants, amounting to 14% of its net revenue expenditure.

It is important that the authority has appropriate systems and controls in place for the administration of these grants particularly where the grant is the subject of a claim which requires certification. The external auditor currently charges the authority approximately £5,000 per annum in fees for the audit of grant claims, this is in the main related to the Teachers Pensions return.

Funds should only be acquired where they can be linked to the priorities of the Council as laid out in the Council Plan or Departmental Service Plan.

This note is aimed at those who are responsible for:

Initiating the grant request)	one of these is likely to be the
Administering the grant)	"responsible officer"
Preparing the grant claim		
Checking the grant claim		

Authorising the grant claim
Providing financial support the “responsible accountant”

The responsible officer is required to:

- Support the Strategic Director in compliance with Financial Regulations by providing plans which demonstrate how the grant funds will be used to support service plan objectives and conditions of the grant;
- Ensure compliance with Financial Regulation which requires that an exit strategy is in place and is implemented on the cessation of the funding;
- Ensure that all required approvals are obtained before funding agreements are entered into;
- Maintain an up-to-date and comprehensive collection of relevant documentation
- Ensure this is available to others who may need to know
- Clarify any uncertainties with the grant-paying body
- Ensure all staff involved in the scheme are aware of their responsibilities
- Ensure that the responsible accountant is nominated at the point a decision is made to apply for the grant and kept up-to-date with the progress of the grant.

The responsible accountant is required to:

- Ensure the Financial Regulations in relation to external funding are adhered to
- Act on behalf of the Director of Finance & ICT in compliance with Financial Regulations by ensuring that all funding is accurately recorded in the financial ledger
- Ensure that all claims for funds are made by their due date
- Investigate ways of maximising grant funding
- Ensure that audit arrangements are met
- Ensure that claims are checked for accuracy by an appropriate member of the finance team
- Provide guidance and support to the responsible officer
- Ensure that details of the grant are kept relevant and up-to-date on the Assurance Packs and ultimately the grant register published on DNet.

Good practice guidance states that claims should be:

- 1) Completed accurately and in accordance with the scheme terms and conditions
 - 2) Supported by systems of internal financial control and internal audit which are both adequate and effective
 - 3) Completed in a timely manner so that deadlines are met
 - 4) Supported by adequate working papers
 - 5) Subject to proper supervision and review
- Each of these elements is considered further below.

Claims should be completed accurately and in accordance with the scheme terms and conditions

- The requirements of grant schemes should be ascertained at an early stage
- The responsible officer should be aware of the proposed exit strategy where the grant is time limited
- Key terms and conditions may include
 - The definition of qualifying expenditure eg the cost of the audit may be eligible expenditure
 - The rate(s) of grant
 - Any requirement for approval of spending plans in advance
 - Limits on entitlement
 - Non-financial information required. Increasingly performance information is necessary and it may be a requirement to provide evidence or certification from third parties where partnerships are involved (see below)
 - The timetable for submission of claims
 - The certification arrangements if any. NB: not all claims require certification by the external auditor!

Claims should be supported by systems of internal financial control which are both adequate and effective

The particular controls will vary from scheme to scheme but should include:

- The costs applicable to each scheme should be readily identifiable from the ledger, ideally with each scheme having its own cost centre, WBS or SIO so that there is a clear trail from the grant claim back to the original transactions
- Procedures to demonstrate that funding passed to third parties has been used for the intended purpose. This may be via a certified statement from the third party, copies of its prime documents or access to its records. The specific arrangements should be agreed at the outset and not left until the grant claim is actually made
- Budget monitoring should be carried out so that grant receipts are compared to expectations and any shortfalls identified and investigated
- Use of internal audit on particular systems

Claims should be completed in a timely manner so that deadlines are met

To avoid loss of grant it is imperative interim and final deadlines are met. Good practice includes:

- Being aware of deadlines for submission

- Ensuring that the responsible accountant has included the most up-to-date information on the assurance packs so that the register of claims on DNet is kept up-to-date each quarter or month
- Having targets for stages in preparation of the claim
- Timetabling the claim preparation so it follows logically from other work associated with the grant
- Allowing adequate time for review of the claim and possible query by grant signatories
- Having systems in place to ensure grant monies are actually received.

Claims should be supported by adequate working papers

These will enable the claimant to prepare the claim and help the auditor certify it in an efficient manner thereby reducing audit costs.

They should allow reviewers to trace any entry on the claim back to the original transactions.

Elements that **should** be included in working papers include:

- Name of the person preparing the working paper who should also sign off the papers
- The date of preparation
- The appropriate cells on the claim to which the paper relates
- Cross reference to the financial system or preferably copies of system print outs
- Copies of the original approval and any subsequent, relevant correspondence with the grant paying body
- A reconciliation of income/expenditure figures in the claim to working papers and the financial ledger

Dependent on the claim the following might also be necessary:

- Details of payments made on account
- Reconciliation of any amounts outstanding at the claim date
- Comparison of expenditure with approvals
- Explanation of variances from forecasts
- Details of journal transfers
- Description of relevant internal controls
- Where work has been carried out by a third party under contract evidence that the contract was let in accordance with standing orders
- Where expenditure was incurred by another body, evidence of the independent review of that expenditure
- How action to address points arising from any previous claim has been taken.

Claims should be subject to proper supervision and review

- Grant paying bodies usually require the authority's certificate to be given by an appropriate senior officer. This is normally one of the approved bank signatories – P Handford, P Stone, J Cooper or W Sutton. However the grant bid may specify who should sign the claim and this should be recorded as part of the scheme conditions.
- The certifying officer must be satisfied that the entries made are correct and this will require the claim to have been completed by an officer with appropriate knowledge of the scheme.
- Requests for certification should be made in advance of the deadline for submission and should be accompanied by the appropriate working papers.
- The working paper should include evidence of an independent check by someone other than the claimant in respect of accuracy, completeness and reasonableness.
- The check should be carried out by someone in the finance team of the department.

If you have any queries on the contents of this note please contact the Technical Section, Finance & ICT Division or your departmental accountancy staff.