

## **DPER Circular 13/2014 - Management of and Accountability for Grants from Exchequer Funds**

### **Guidance Note and Reporting Requirements<sup>1</sup>.**

This guidance note sets out the reporting requirements to be followed by grantors (**Part A**) and grantees (**Part B**) in the management of grant funding provided from public money. The guidance should be read in conjunction with DPER Circular 13/2014 (<http://circulars.gov.ie/pdf/circular/per/2014/13.pdf>.)

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.

The provisions of DPER Circular 13/2014 apply to the movement of funds (Grants) from a Vote to an outside body, and to any/all onward movements of that funding. The Circular is effective from 1st January 2015.

All Grants should be paid on the basis of vouched expenditure, unless,

- (i) Specific sanction is provided by the Department of Public Expenditure and Reform (DPER Vote Section) for pre-funding or the retention of end year balances.
- (ii) Requests for sanction to DPER are made via the Grantor, i.e. from the line Department to DPER, or if an onward funding arrangement is involved then from the Body in question to the parent Department and then on to DPER. DPER sanction must be sought by the grantee for the onward transmission of these funds.

#### **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.

#### **Grantor**

A grantor is the entity that issues/pays the grant funding to the grantee.

#### **Grantee**

A grantee is the entity that receives the grant funding from the grantor in order to provide the activities or services appropriate to the grant scheme.

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<sup>1</sup> This list of requirements is not exhaustive. Grantors/Grantees should consider operating a comprehensive checklist (with reference to Circular 13/2014) relevant for the grant funding they manage/receive for which they are accountable.

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

**1) Objective (Circular 13/2014 Section 3, subsection 11 (a))**

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

**2) Terms and Conditions (Circular 13/2014 Section 3, subsection 11 (b))**

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 Circular 13/2014.

**3) Service Level Agreement (SLA) (Circular 13/2014 Section 3, subsection 11 (c))**

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.

**4) Monitoring and Reporting (Circular 13/2014 Section 3, subsection 11 (d))**

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:

- a) expenditure profiles,
- b) cash profiles,
- c) regular management accounts, and
- d) annual audited financial statements, 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.

**5) Inspection (Circular 13/2014 Section 3, subsection 11 (e))**

Grantors should also ensure that the grantee is informed that:

- a) 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,
- b) Grantors have the right to inspect the grantee's records.

**6) Payment (Circular 13/2014 Section 3, subsection 11 (f))**

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

- a) the invoices used to support their claims relate to activities and services appropriate to the grant scheme objectives,
- b) the amounts invoiced have been paid, and

- c) 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).

**7) Advance payment (Circular 13/2014 Section 3, subsection 11 (g))**

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.

**8) No automatic payment (Circular 13/2014 Section 3, subsection 11 (h))**

With due regard to the provisions in paragraph (10) below, payments should only be made to a grantee when they are due (matured liability), in line with the relevant terms and conditions/SLA. If there is an overpayment of a grant, a refund should be obtained.

**9) Matured Liabilities (Circular 13/2014 Section 4, subsection 17)**

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.

**10) Retention of end-year balances (Circular 13/2014 Section 3, subsection 11 (i))**

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.

**11) Multiple Funding (Circular 13/2014 Section 3, subsection 11 (l))**

Where a grantee receives funds from more than one grant making agency, 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.

**12) Onward payment of grants (Circular 13/2014 Section 3, subsection 11 (m))**

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. DPER sanction must be sought by the grantee for the onward transmission of these funds.

**13) Protecting State Investment (Circular 13/2014 Section 3, subsection 11 (n))**

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.

Grantees should submit their audited financial statements to the grantor without delay after the end of the financial year.

Grantees must report in their financial statements;

**1) Name of Grantor (Circular 13/2014 Section 5, subsection 21 (a))**

The name of the grantor, specifying (e.g. Department of Environment, Community & Local Government). Where the grant making agency is not a Government Department e.g. Pobal, the sponsoring Government Department must also be recorded.

**2) Name of Grant (Circular 13/2014 Section 5, subsection 21 (b))**

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

**3) Purpose of Grant (Circular 13/2014 Section 5, subsection 21 (c))**

The purpose for which the funds are applied under the following headings:

- a) Pay and general administration
- b) Service provision / charitable activity
- c) specified others, including such expenditure as advertising, consultancy etc.

**4) Accounting for Grants (Circular 13/2014 Section 5, subsection 21 (d)) :**

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

**5) Capital Grants (Circular 13/2014 Section 5, subsection 21 (e))**

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.

**6) Employees (Circular 13/2014 Section 5, subsection 21 (f))**

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).

**7) Restrictions (Circular 13/2014 Section 5, subsection 21 (g))**

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)

**8) Tax Clearance (Circular 13/2014 Section 5, subsection 21 (h))**

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



### Statement of Principles for Grantees

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

**This Statement outlines the 4 principles which apply in the case of bodies in receipt of grant funding provided directly or indirectly from Exchequer sources.**

Clarity

Governance

Value for  
Money

Fairness

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

**If you are in receipt of Public Funding you should**

<p style="text-align: center;"><b>Clarity</b></p> <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 style="text-align: center;"><b>Governance</b></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>
<p style="text-align: center;"><b>Value for Money</b></p> <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 style="text-align: center;"><b>Fairness</b></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>