



## Internal Audit Memo Report

### Framlingham Connected Communities' Pilot Grant Claim Form

**Issued to:** Strategic Director (N Khan), Head of Communities (N Rickard), Enabling Communities Business Manager (W Gibson)

**Issued by:** Siobhan Martin, Head of Internal Audit

**Date:** 16 April 2019

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#### Scope and Objective of Review

This review provides consultancy support to the Communities Team, and will be reported as an addition to the 2019/20 risk-based Internal Audit plan, which was approved by the Audit and Governance Committee at Suffolk Coastal District Council (SCDC) on 12 March 2019 and Waveney District Council on 7 March 2019.

The objectives for this review were:

- Business objective: grant claim forms for the Framlingham Connected Communities Pilot contain adequate and appropriate conditions to ensure Council funds are used effectively.
- Audit objective: to evaluate the wording of the grant conditions form and provide advice and guidance on their adequacy.

This review assessed the claim form provided by the Communities Team relating to the 2019/2020 scheme against best practice claim forms and terms and conditions. This scheme is internally funded, and therefore there are no external conditions the Council is required to comply with. This review did not assess the application process, awarding criteria or reporting and monitoring of the scheme.

#### Positive Findings

The grant form supplied by the Communities Team contained the following statements, which are recognised as best practice:

- The amount of grant which has been awarded and who it has been awarded to.
- Conditions of the grant.
- Reporting requirements.

- A Data Protection statement which detailed information retention, data sharing, and reference to the Council's privacy notice.

### Advice for Consideration

The grant form supplied by the Communities Team did not include conditions in the following areas, and consideration should be given to including these within the form, where appropriate. This list should not be considered exhaustive, and where items listed are not applicable should be adapted to the needs of the service.

### Financial Arrangements

- Clarification on grant repayments or clawback, e.g. if the recipient is required to repay any unused funds or repayment criteria if the grant conditions are not met.
- Payment arrangements by the Council, e.g. if the payments will be made in instalments or if it is a one-off payment.
- Confirmation that no additional Council funding will be available in the event of cost overruns.
- Arrangements where grant funding is used to generate income or surpluses, e.g. the income may be payable to the Council.
- Arrangement or restrictions on using funds as capital, and the treatment of any assets created or improved with grant funding including capital receipts.
- Match funding requirements (if applicable).
- Assessment that funding does not constitute State Aid (e.g. under the de minimis of €200k over 3 years).

### Grant Conditions

- Clarification on how the grant can be used (eligible expenditure), for example:
  - The grant can only be used in accordance with the conditions.
  - The types of purchases which are appropriate.
  - Procurement requirements.
  - Funding is net of VAT and the Council is not responsible for paying additional VAT costs.
- Clarification on how the grant cannot be used, for example:
  - To pay members of their governing body, purchase of buildings or land, hire purchase, or to pay arrears, entertainment expenses, fines or penalties.
  - Activities which may bring the Council into disrepute.
- Conflicts or declarations of interest by the recipients, and gifts and hospitality.
- Recipients' responsibilities with regards to insurance arrangements, confidentiality, data protection, safeguarding, health and safety, equalities, value for money, fraud prevention, etc.
- Indemnity and the Council's limitation of liability for the recipient's activities in using the grant.
- The recipient is responsible for ensuring any third parties are suitable. Alternatively, restrictions on the use of third parties.

- Start and end date of the project.
- Copyright and Intellectual Property Rights of any material created using the funding.
- Interpretation of the agreement and conditions to be in accordance with English law.
- Dispute resolution.

### Reporting and Monitoring

- Cooperation and the Council's right to request additional information on how the grant has been spent, i.e. "rights of audit".
- The requirement for recipients to inform the Council of any potential or actual non-compliance with the conditions.
- The requirement for recipients to inform the Council of any suspected fraud, insolvency, financial difficulties, or any other matter that could affect the use of the grant funding.
- Records which need to be maintained by the recipient and the retention period, e.g. invoices and timesheets that demonstrate expenditure of the funding was eligible.
- Reporting requirements at the end of the grant period which confirm if all conditions have been met, and if the project has been successful.
- Termination or variation of the funding agreement and conditions.
- Funding acknowledgement and publicity requirements.
- Acknowledgement of the grant in the recipient's statement of accounts.
- The Council's obligations under Freedom of Information legislation, including the possibility that grant letters may be published.
- Complaint management, where it relates to funding activities.

This review assessed the claim form provided by the Communities Team against good governance and national practices. Enquiries should be made with the Legal Team to ensure any conditions are legally enforceable.

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