

Lead topic: Government Accounting	Sub-topic: Grant Circular 13/2014	Contact: Breda Rafter Ext: 5862
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Chapter 5: Management of Government Grants

- Requirements for the management of grants are on an administrative basis and are reviewed periodically by the Department of Public Expenditure and Reform.
- In September 2014, the Department of Public Expenditure and Reform issued new a circular 13/2014 *Management of and Accountability for Grants from Exchequer Funds* setting out a revised framework for the management and accountability arrangements for grants from the Vote of a Government Department or Body. Provisions of the new circular are effective from 1st January 2015.
- The Circular provides a “Framework” for Government Departments and Grantors to discharge their responsibilities in relation to the disbursement and onward movement of public funds from a Vote of a Government Department or Body.
- The overarching principle is that there should be transparency and accountability in the management of public money.
- With effect from 1st January 2015 all funding in the Grant and Grant in Aid Category is reclassified as Grants. The principal 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 the year end are surrendered to the Exchequer.
- All Departments/Grantors should ensure that the principles and procedures reflected in the new requirements are applied in a meaningful and effective way in respect of any grants under their remit.
- Departments/Grantors are required to take a proactive approach to ensuring that the terms and conditions for grants are appropriate to local conditions in the sector in which they operate, while ensuring effective management and accountability of public money.
- The objective of the circular is to provide a framework of principles and procedures for both Grantors and Grantees which inform the management of Grant funding in an effective, proactive and **proportionate** manner.
- The new measures outlined in circular 13/2014 should increase transparency and accountability in the management of grant funding and address weakness in existing control systems that have previously being reported upon by the C&AG.

- As well as outlining the responsibilities of those issuing grants, the Circular includes a new 'Statement of Principles' for grantees, outlining four principles which apply to those in receipt of grant funding- clarity, fairness, governance and value for money

Background

Previous C&AG reports highlighted issues in relation to the control and management of grants from voted funds, including:

- Grant-funded assets being used, without the funder's permission, as collateral for borrowing for commercial developments;
- Use of grant funding for purposes other than those intended;
- Issue of funding in excess of need resulting in a build-up of excessive cash balances.

Following a review by DPER of the management of grant DPER announced the new arrangements set out in Circular 13/2014 – *Management of and Accountability for Grants from Exchequer Funds*.

Key changes in the new Circular are as follows:

1. **Reclassification of Grants and Grants in Aid** - With effect from 1st January 2015 all funding in the Grant and Grant in Aid Category will be reclassified as Grants.
2. The principal distinction between 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.
3. **Prefunding** - Where Pre-funding is required the prior approval must be sought from the relevant Vote Section of DPER by the Granting Department.
4. Grantors (Departments) should ensure that they have an effective grant-funding **supervision regime** in place.
5. There should be **clarity** regarding the objective of the grant and this should be included in the terms and conditions/grant arrangements.
6. The terms and conditions of the Grant should reflect that it is a condition of funding that "Grantees" comply with the *Statement of Principles for Grantees* set out in Appendix 2 of the Circular.

7. **Financial and Performance Reporting** - Grantors should put arrangements in place for an appropriate type and frequency of financial and performance reporting by Grantees.
8. Grantees are required to report in their Financial Statements details of employee salaries and pensions, including the number of employees, whose total benefits for the reporting period exceed €60,000.
9. Circular applies to the movement of grant funds from a vote to an outside body, as well as any onward movement of that funding.