



# GRANT RECIPIENTS



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# About our mini-guides

These mini-guides are written with you in mind if you are:

- a grant manager or administration at a funding body;
- a fundraiser or grant applicant;
- a manager running a grant funded project; or
- an internal or external auditor, or an accountant reporting on claims.

These advise you of what you should consider at each stage of the grants 'lifecycle' and outline the benefits for you when:

1. A new programme or project is proposed.
2. Applications are invited and grant offers made.
3. Projects are managed and delivered, with progress reported and payments made.
4. Activity is evaluated and good practice disseminated. Successful projects may become normal activities while other projects end, maybe with grant recovered.

Here are our mini-guides:

- Funders – programme planning and preparation
- Funders – management of active grants
- Applicants – fundraising and grant applications
- Recipients – management of active grants
- Auditors and Reporting Accountants – risk and reporting

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# Grant Recipients

This mini-guide aims to help you manage your grants once you've received an award and start delivering your project.

It complements our other guide for applicants which covers the earlier stages of fundraising, project development and grant applications.

These guides lead you through a series of questions intended to help you think about what you might need to do at every stage of the grants lifecycle.

Grants are usually time-limited and conditional offers of financial assistance from an external body, often a public sector funder, a Lottery distributor or a philanthropic trust. Grants can vary enormously in size, complexity and risk. In each case, however, the grant funder will expect you to manage and spend the money you receive in accordance with the terms and conditions of their award.

Getting your arrangements right and compliant will also let you show how you have delivered your agreed outcomes and met delivery targets. It will help you avoid problems which might lead to your funder suspending or recovering its grant.

By the way, we have other guides for grant funders and for auditors and reporting accountants. Do take a look at those as well.

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# Stage 1. Managing your resources and delivery

Firstly, plan your arrangements to meet your obligations under the funder's terms and conditions and any applicable laws and regulations. Consider how you will identify, assess and manage risks. What records will you need to keep for making claims and reporting your progress towards achievement of your agreed outcomes?

## 1.1 How will you manage your project – including its budget?

The terms and conditions may prescribe particular procedures for you. In any case, you should consider issues such as:

- rules for regularity and propriety;
- claims, returns and reports;
- administrative support;
- financial management and project budgeting;
- communications (internal and external);
- partnership governance and management;
- record keeping;
- procurement;
- performance monitoring and recording outcomes;
- assets, stocks and inventories; and
- health and safety, safeguarding, equalities, the Welsh language and sustainability.

Again, for partnership grants, the partnership agreement will normally set out the procedures which all should follow.

To enable claims to be prepared quickly and accurately – and ensure that no expenses are forgotten – your project should have a specific and exclusive accounting code and this should be explained to everyone who will deal with the grant. This will include the finance staff who will need to recognise and account for the grant receipts paid over by the funder.

## 1.2 How will you identify and manage risks?

Grant funding presents a number of risks – especially when other partners are involved in project delivery. You need to identify, understand and manage your risks.

Getting anything seriously wrong may carry a major reputational risk, especially if there has been a suspected theft, fraud or misuse of money or if the funder suspends, terminates or recovers your grant. There can be adverse publicity and any other funders will be concerned.

Operational delivery risks include mobilisation and capacity issues, especially for any ‘new work’. There may be a late or slow start while project staff are recruited, premises obtained and beneficiaries engaged. With capital projects, there can be delays in obtaining planning consents and to have supporting infrastructure in place and operational. Later on, key staff may be absent for a long period. They may find other employment as funding draws to a close.

Your activity level may be less than planned, especially if you lack effective referral routes and good working relationships with other organisations. Other delivery risks may be around the quality of your work. Outcomes may take longer than expected to achieve and the differences you make may only be modest if you are addressing complex problems. You may find that your planned activities are not the best means of realizing your outcomes.

Budgets and cash-flows need monitoring. If your project also relies on income, then are you meeting your targets, especially if it has a ‘commercial’ nature with a business plan? Is the grant award still sufficient to meet the amount of your expenses and their timing?

Compliance risks relate to the need to comply with the funder’s requirements as well as your everyday observance of laws and regulations around public money, taxes, health and safety, equalities, the Welsh language and your organisation’s policies for procurement and safeguarding.

Reliable record-keeping is essential, as you can be held responsible for what you spend and what you deliver. You need to keep track of your progress towards your agreed outcomes, firstly for timely project reporting and then for evaluation. When European funding is involved, the retention period can be very long, well after funding has ended.

Ethical risks come from any failure to follow the standards of behavior in public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

## 1.3 How will you ensure proper purchasing procedures are followed?

The funder's terms and conditions may specify particular purchasing arrangements which you – and your partners – must follow. Your organisation may also have defined procedures such as Standing Orders and Financial Regulations.

You should also consider sustainability, community benefits and the local economy in procurement options.

Time pressures to spend grants within tight deadlines and before year-ends can mean the purchases may be made unwisely or without proper attention to accountability and value for money. Tendering procedures can be very complex and lengthy, particularly for public bodies which have to comply with European Commission rules – if this does apply to you, try and issue a 'prior information notice' as that will save you some time at the later stages of your procurement process.

You should spend grant monies as wisely as you would your own resources.

Remember that auditors will pay close attention to contracts and major purchases, so you need to keep all documents and evidence of appropriate authorisation, receipt and payment.

## 1.4 How will you monitor other aspects of compliance?

Check that you – and any partners – are able to comply with the terms and conditions of grant, including any requirements for auditor certification or an accountant's report, before you accept your award letter. Read the terms very carefully: if you cannot comply then do not accept, as grant may be reclaimed if you do not meet the conditions.

Those responsible for incurring eligible expenditure and preparing claims must ensure that you keep within the award's rules. This is aided by:

- identifying the key terms and conditions at an early stage, particularly where rules are complex; and
- ensuring that information about the award is kept up to date and revised promptly for any changes to the rules.

The key terms and conditions to note are:

- the definitions of eligible activities and expenditure;
- whether different types of expenditure attract grant at different rates;
- whether the paying body must approve your spending and delivery plans in advance;
- any limits or caps on entitlement;
- the financial and non-financial information to be collected to evidence entitlement, project delivery and the achievement of outcomes;
- the possibility that errors/omissions and late submissions might result in loss of entitlement; and
- any requirements concerning publicity.

If necessary, seek early clarification from the funder of policy statements, scheme conditions and definitions of eligible activities and expenditure. Where there is any uncertainty, obtain written confirmation.

Each project should have a responsible Manager who:

- keeps comprehensive records of relevant documents;
- prepares bulletins and briefing notes on scheme developments for colleagues;
- secures written advice from the paying body where there is any area of uncertainty; and
- arranges for any training that might be needed to operate the scheme effectively.

Ascertain the deadlines for claim submission and certification or reporting and record these on a grants database to ensure that all staff are aware of their responsibilities and the consequences of failing to meet them.

Lastly, pay attention to publicity requirements regarding explanations and information which must be given to project beneficiaries and any promotional documents or materials. Keep copies of leaflets and brochures, press releases and details of events such as openings and launches as evidence of your compliance as the funder may withdraw or clawback grant if you are unable to show this.

## 1.5 Do you have a Funding Manager and Team/Working Group?

Monitoring helps you see whether your project is making satisfactory progress against its milestones towards your eventual outcomes. It will also provide you with assurance about how public funds are being used, as propriety and regularity are key concerns. View it as a management tool rather than an imposition placed by the funder – as it will show you when and what interventions are needed to keep everything on track and to learn from what you are doing and improve your services and activities. Your funder will usually require regular progress reports alongside your claims for grant.

Monitoring means regularly and routinely gathering information and recording it systematically. The information you collect might include the number and profile of project beneficiaries; feedback from them and other key stakeholders; inputs such as staff and volunteer time, money and any contributions-in-kind; and delivery outputs such as the number of activities carried out and the level of beneficiary participation. The most valuable information will be around the outcomes and impact you achieve. Outcomes are the changes, benefits, learning or other effects that happen as a direct result of your activities with your project's timescale. They can be wanted or unwanted, expected or unexpected. Outcome measures can be quantitative (for matters which can be counted) or qualitative (such as people's perceptions and experiences). Impact is the effect of your project at a higher or broader level – often on a wider community – in the longer-term, after your outcomes have been achieved.

The data collection methods you use need to be appropriate to your project and its beneficiaries. Traditional methods include questionnaires, interviews, surveys, case studies and observation.

The frequency and extent of monitoring should always comply with the terms and conditions of the grant: this should normally be commensurate with the scale and nature of your project. Make sure that members of your delivery team are clear about how and when information will be collected, by whom, and how records will be kept (monitoring information is a useful resource for later evaluation). Participants' informed consent will need to be obtained for personal information which must also be kept secure and confidential.

## 1.6 How will you monitor delivery partners?

Sometimes claims or reports will include transactions and delivery detail for which the supporting information is held by another body. Often grant funding will be passed on to

third parties, such as other public bodies or community groups, in order to meet the project objectives. Where such partnership arrangements exist, one body submits a claim or report

to the funder on behalf of the partnership, based on the transactions of everyone.

The lead body has a responsibility to support the entries it wishes to include in the claim or report and to secure the necessary assurance from its partners before completing its own certificate on the claim or report. You may obtain assurance by, for example:

- obtaining an independently certified statement for each contracted out activity or service or for each partner, in sufficient detail to support the eligibility of transactions included in the claim or the information within the return; or
- operating a monitoring system during the year, supplemented by a system of spot checks, which enables you to test and confirm the eligibility of partners' transactions and the completeness and accuracy of their delivery data.

By having such procedures and controls in place, information will be readily available to auditors and accountants and assist in the certification or reporting process.

## 1.7 How will you obtain agreement for variations and changes?

If you would like the funder to amend anything in its original award letter, refer to the terms and conditions which will set out how changes may be negotiated and permitted. You may need to give them early notice and secure prior agreement before any change is made.

Ask for all changes to be confirmed in writing.

## 1.8 How will your record keeping and accounting systems show entitlement?

Sound record keeping is essential, particularly if a grant has its own specific requirements

for document retention (such as some European-funded schemes). As the recipient, you are expected to retain all of the documents that show your entitlement and eligibility to the grant you received. These documents will be required by the auditor (or reporting accountant) when the claim is certified, and should (as a minimum) include:

- grant application (and any appropriate costings);
- grant offer letter (and any subsequent variations);
- remittance advices showing grant to be received;
- interim claims or returns (where appropriate);
- financial ledger information showing grant received and expenditure incurred;
- other prime documents (such as invoices, payroll records and calculations showing apportioned costs); and
- any contracts awarded (and evidence of the tendering process).

Having these documents readily available will make the certification process easier as well as help you answer any queries raised by the funder. Keep these supporting documents safe and accessible until at least such time as the claim certification process is completed and funder has paid you your entitlement.

Check that your partners are keeping to procedures set out in the partnership agreement.

## Stage 2. Making claims

Claims may have to be made at regular intervals while your project is underway, as well as at final completion. This makes it vital to meet deadlines, keep supporting documents and produce good-quality working papers.

### 2.1 When will you make claims?

Knowing the submission dates for your grant claims and progress reports is essential.

Where an auditor's certificate (or an accountant's report) is required, the claim or report should be compiled in line with the agreed timetable so that the auditor or accountant can undertake their work and report to the paying body on time.

By doing this, you can ensure that your money is received on time and no penalties or delays are incurred.

Keep a record of all grants, their deadlines (both for submission to the funder and auditors), and liaise regularly with both of them.

For partnership grants, ensure your partners know what they need to provide you with and by when so that you can prepare your claims on the whole partnership's behalf.

### 2.2 How will I make claim form completion/review checks?

When a claim or return is passed to your auditors (or accountant) for certification it should be fully and accurately completed and reviewed. A good idea is to arrange for the claim or return to be completed and reviewed by two separate individuals, with a sign-off to say that they are both satisfied with the entries.

You can agree a submission checklist with your auditor or accountant. This would list various checks (such as arithmetic, correct compilation in accordance with any completion notes issued by the funder) that will be signed off to record that they have been undertaken.

Your central grants Co-ordinator can collate all of the information prior to a claim being passed to an auditor and perform the checks noted above.

## 2.3 Will your claims be agreed/reconciled to accounts?

As mentioned earlier, recipients are responsible for ensuring that supporting accounting records show their transactions and are kept up to date and maintained in accordance with proper practices.

Where the figures on the claim or return are not taken directly from the financial ledger system, then carry out a full reconciliation, highlighting and supporting the differences. This is important, as reconciling the claim or return to the accounts will be one of the first tests undertaken by the auditor or accountant. Where the claim or return is not reconciled, this can lead to additional time and cost.

## 2.4 Do you have a Grants Protocol/coordination with auditors?

It can be useful to have a working protocol in place with your auditor or accountant which outlines what is expected from both parties. By having this in place, there are clear expectations from both parties and it provides a framework for managing and maintaining a good working relationship.

## 2.5 Do you make effective use of internal audit?

Internal audit can be a useful help. They can offer advice and guidance on the processes to put in place to establish a strong control environment. They may focus on a particular grant scheme, or more generally in relation to things such as controls in your financial ledger system (which may be used to record grant income and expenditure), or good practice over record retention and monitoring of grant expenditure.

Where internal audit has done extensive work in relation to a particular grant scheme, it may also be possible for the certifying officer and external audit to place some reliance on this, thereby reducing the level of work required for their certification.

In addition, they can also provide a wider service and offer potential studies into whether a particular project or scheme is providing value for money and is in line with your objectives.

However, it is important to liaise closely with internal audit and ask for any help as early as possible. They are likely to have a detailed audit plan for the coming year, and any work for you will need to be built into this.

## 2.6 Are my working papers acceptable to auditors?

Prepare and retain detailed working papers which support the entries in the claim form or return, as auditors and accountants will review these. Your working papers should include these at least:

- a copy of the claim or return reconciled to the accounts or financial ledger system;
- a transaction listing for both income and expenditure items included in the claim (where this is large it may be appropriate to provide it in electronic form, such as Excel);
- any costings or calculations supporting apportioned costs;
- a copy of original grant approval (and any subsequent variations);
- copies of any relevant correspondence with the paying department; and
- copies of remittance advices from the paying department.

During the course of their work, auditors will also request additional items associated with the claim or return, which must be readily available – examples will include copies of invoices supporting expenditure items, or evidence of tendering where contracts have been let.

The auditor may also look for minutes of meetings and other records showing how management controls were operated – for example, how you ensured that all of the terms and conditions were adhered to; how partners were monitored; how tender processes operated; how claims were checked and any queries from the paying body resolved.

Providing all of this saves auditors having to come back to you for further information adding to delays from having to search for information to resolve queries.

## 2.7 Do you take effective action to address any funder concerns/interim auditor qualifications?

Where concerns have been raised by the funder or your auditor these should be reviewed and the issues resolved as soon as possible. Consider them fully, seeing whether they can affect grant entitlement. Gather as much information as possible and ensure that appropriate controls and procedures are put in place to prevent the same concerns occurring again.

The implications for not addressing such issues may result in funding being suspended or even clawed back.

Make sure that any project partners address any issues relating to them.

## Stage 3. Project completion

Let's look at what you need to think about when your project reaches maturity.

Targets will need to be met and proper arrangements made to meet the obligations which arise on completion of delivery.

Evaluation is important. There is great value in remembering what went well – and sharing this information across your organisation – and in learning lessons for the future.

### 3.1 How will you reach completion on time?

Regular monitoring against milestones and targets should help to keep you on track. If corrective action is needed, take it as soon as possible.

If timely, full completion looks unlikely, contact the funder immediately to see if an extension of time can be negotiated. If one is awarded, it should be confirmed in writing.

Keep a record of formal completion confirming whether the project was completed within the terms (original or revised) of the offer letter.

### 3.2 Have I obtained written agreement for any extensions?

If you miss your deadline for project end, you will not have fully complied with the terms and conditions. You may not get funding after that date. To prevent this, ask the funder if it will allow you more time.

Be prepared to justify the reasons for your request and explain what you now plan to do and when.

### 3.3 How will I review the scheme's value for money?

This will normally be done at final evaluation, although interim evaluations may be desirable for large and lengthy projects.

Final evaluation is best done a few months or so (perhaps six) after funding ends – so that the project's impact can be properly assessed.

### 3.4 How will I carry out project evaluation?

Evaluation involves using monitoring and other information to assess how well your organisation performed and then learn from this. It includes:

- assessing how efficiently and effectively your project met its aims and objectives, especially those around well-being;
- examining trends, averages, differences, unique events and progress, comparing performance with other parties;
- assessing outcomes for project participants and impacts on the wider community;
- learning from what worked well – and not so well; and
- making judgements about how well your project's working practices and achievements reflect your organisation's values.

You will need to comply with any terms and conditions or other Scheme Guidance issued by the funder regarding evaluation procedures.

### 3.5 How will we share learning internally?

Learning should be recorded and consideration given to its dissemination.

Possibilities can include presentations and workshops and feedback into updates of the External Funding Strategy, corporate plans and the bid preparation guidance.

Learning from auditors' adjustments and qualifications will help you avoid repeating mistakes and rectify weaknesses.

Consider whether any training is needed for staff and then include this in their development plans in readiness for future projects.

### 3.6 Can any practice be 'mainstreamed'?

Always consider if anything about your project can be rolled out elsewhere in your organisation. This will be particularly relevant if grant was given for a 'pilot project' or for anything innovative.

### 3.7 How will we remember lessons for future applications?

Report evaluation results to senior management and refer to these when considering future projects of a similar nature (whether funded from grants or your own resources). There may be good practice (or pitfalls to avoid) in general project management which everyone in your organisation could usefully learn from.

### 3.8 How will assets and records be secured?

Control over assets and records is vital as schemes end – project staff may leave early before funding ends as they will want to find employment elsewhere within your organisation or outside of it. They may be generally demotivated and thinking of other things! Their knowledge will be lost once they have left the project.

The terms and conditions may prescribe provisions for assets – maybe requiring the paying body's prior written consent if you plan to put assets to a different use or are considering their disposal. They may even entitle the paying body to all or part of any sale proceeds.

Assets should be listed in a register recording the date of acquisition, their description, cost (showing the proportion funded by grant), location, serial or identification number, and the location of any title deeds. Details of disposals and sales should also be recorded.

Periodic asset inspections should be performed to ensure that assets can be fully accounted for.

Pay proper attention to archiving as, similarly, terms and conditions may require records to be held for many years after the last grant claim. The paying body should confirm how records should be kept if this is going to be done electronically. You should also refer to your organisation's Document Retention Policy and, if you have queries, refer them to your internal auditor.

Remember that the public have rights under the Freedom of Information Act 2000 to ask for information from public bodies about what they do.

### 3.9 Have succession arrangements been met?

Succession planning should have been done at the project proposal stage!

If a successor body has to be created, the planning arrangements will need to be finalised in sufficient time. An action plan should explain who needs to do what and when to ensure that all assets and obligations are passed on in the correct way. Solicitor and other specialist input may be necessary.

- To what extent did the project achieve its aims and objectives?
- If there was a significant shortfall, why did this happen?
- Is there anything else that can be learned from the project (such as examples of good practice and how pitfalls might be avoided in future)?
- What might be done differently?

Evaluation can be done by someone independent – perhaps external consultants and stakeholders. Evaluation will depend on the size and nature of the project. Remember that the paying body may also want to evaluate individual projects if they are major or can act as ‘exemplars’.

Also consider when will be the best time to carry out the evaluation, in case the project team disbands and becomes unavailable. However, the full outputs and benefits of the project may only be realised a few months or more down the line.

Evaluation can also help with personnel issues such as staff performance and development. The project team can be given feedback on their performance which helps them to learn and improve further. Thought can be given to how Team Members might work on similar projects in future and in addressing any training needs for them and other staff to build up capacity for taking on future projects.



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