

Overseas Aid & Development Commission

Procedures for Monitoring Grant Aid Awards and Addressing Non-Compliance

This document sets out the Overseas Aid & Development Commission's ("the Commission") procedures for the following areas:

- Releasing Grant Aid awards
- Monitoring charities' compliance with the mandatory reporting requirements
- Recovering unspent balances.

1. Procedure prior to making a Grant Aid Award

- (a) Compliance and probity checks made on all applicant charities via the Charity Commission with which they are registered.
- (b) Where a charity has previously be awarded a Grant, compliance checks with the Commission's mandatory reporting requirements and the delivery of the project against the approved proposal. Annotated schedule of all Grant Aid applications prepared for the Commissioners prior to the commencement of the funding round, including a list of charities were possible compliance concerns have been identified from the probity checks

2. Procedure prior to the release of an approved Grant Aid Award

- (a) When notifying a charity that an application has been approved for funding an agreement is sent which sets out the amount of the grant, the approved project and the reporting requirements.
- (b) Funding is only released on receipt of the return of the signed agreement subject to confirmation that any co-funding for the project is in place.
- (c) Funding is paid 2 to 4 weeks before the start date for the project.
- (d) Funding will be released on a staged payment basis.
- (e) For most awards, two-stage payments will be made:
 - First payment – 2 to 4 weeks before the commencement of the project and on receipt of the signed agreement

- Second payment - on receipt of a satisfactory interim progress report, including a budget showing spending to date against the approved budget.

3. Procedure following release of Grant Aid funding

- (a) Compliance with reporting requirements is pro-actively monitored.
- (b) A charity may request an extended reporting period without risk of any non-reporting sanctions being applied, subject to the following:
 - The request is made prior to the reporting deadline; and
 - It includes a clear explanation of why the standard reporting deadlines cannot be achieved.
- (c) First chaser email sent if a report is more than 2 to 4 weeks overdue.
- (d) Second email is sent if the report remains outstanding and no satisfactory response has been received from the charity after a further 2 weeks have elapsed; this email outlines the sanctions which the Commission may impose for non-compliance¹.
- (e) Third email is sent after a further 7 days if the matter remains unresolved; this email advises the charity that the Secretary will be recommending the Commissioners impose sanctions on the charity.
- (f) If there is no response within 7 days of the third email, a letter is sent to the charity requesting that the funding be returned within 28 days and advising them of the terms of their suspension from applying for future funding.

Where a charity is prevented from applying for an award in the following year, the Commissioners will also consider whether to:

- Require the charity to return the funding for the project linked to the breach of the terms and conditions of the award; and/or
- Report the non-compliance to the charity's regulatory body.

4. Procedure for recovery of Grant Aid awards following non-compliance

¹ The Commission non-compliance sanctions include:

- Agreeing a revised reporting deadline with the charity where it is satisfied that non-compliance was due to factors outside the reasonable control of the charity
- Issuing a warning notice to a charity, advising that a breach has occurred and may be taken into consideration when considering future applications over a specified period
- Requiring the charity to return some or all of the Grant Aid award
- Automatically rejecting future applications from the charity for a specified period
- Reporting the charity's non-compliance to the relevant Charity Commission with a request for the Commission to investigate the charity.

- (a) Where the Commission does not receive any response to the letter outlined in 3(f) above, it will take legal advice regarding proceedings to recover the money.
- (b) The Commission will also submit a report to the Policy & Resources Committee; the report will include an assessment of the likelihood of recovering the money and the cost of civil proceedings.
- (c) The Policy & Resources Committee will decide whether civil proceedings to recover the money are in the public interest, the Policy & Resources Committee will a final letter to the charity confirming the intention to issue civil proceedings.
- (d) At the same time the Policy & Resources Committee will report the matter to the Charity Commission with which the charity is registered and ask for the Charity Commission to investigate the charity's operations.

5. Procedure for return of unspent balances

- (a) All Final Reports must include a closing budget showing how the Grant Aid award was spent. The budget should also explain any variances from the approved budget which accompanied the application.
- (b) The Commission's general policy is to require all unspent balances to be returned.
- (c) The Commission may allow a charity to retain an unspent balance where:
 - The amount is less than 1% of the Grant or £2,000 whichever is the lesser amount; and
 - The proposed use is directly related to the original project; and
 - The proposed use would either directly benefit the originally beneficiaries or increase the number; and
 - The charity has fully complied with the Commission's reporting requirements in respect of all Grant Aid awards made within the preceding two years; and
 - The proposed use of the unspent balance accords with the Commission's underlying aims and objectives.
- (d) Where the Commission does not agree such a request, the money must be returned to the Commission within 28 days of notification of the decision.
- (e) In the event that an unspent balance was not returned the procedure set out in 4 above would be followed.

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