

Audit Committee

31 May 2013

External Funding – Grant Clawback



Report of Corporate Director Resources

Purpose of the Report

1. The purpose of this report is provide information relating to Members on occasions when grant paid to the Council has had to be repaid as grant conditions had not been complied with.

Background

2. At the Audit Committee on 21 February 2013 Members requested further information on whether the Council “lost” any grant funding from external sources for whatever reason. We have been able to look at all the grants we receive and a summary of such cases is attached at Appendix 2.
3. As the management of grant funding is considered a high risk area, provision has been made within the 2012/13 to review processes in place relating to grant funding. As part of this work a sample of externally funded projects are to be reviewed to provide independent assurance that related risks, including the risk of clawback, are being effectively managed. The selection of funding sources/projects to be reviewed has been informed by known cases of claw back. This work is currently in progress and the outcomes will be reported to Audit Committee in due course.

Recommendations and reasons

4. The Committee note details of grant claw back as set out in Appendix 2, and work being undertaken by Internal Audit to help improve the management of grant related risks.

Contact: Avril Wallage Tel: 03000 269645

Appendix 1: Implications

Finance -

None directly as a result of this report.

Staffing -

None

Risk -

None

Equality and Diversity / Public Sector Equality Duty -

None

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

None

Procurement -

None

Disability Issues -

None

Legal Implications -

None

ACE / NEIGHBOURHOODS

None.

RESOURCES

- **2009/10 HB/CTB Subsidy Claim**
£1.2m repaid (less than 0.6%) from a claim of £201.2m following external audit testing as part of the year end accounts process.
Repayment of housing benefit subsidy is not unusual and all councils are in similar positions to Durham.
- **2010/11 HB/CTB Subsidy Claim**
£622k repaid (less than 0.3%) from a claim of £215m following external audit testing as part of the year end accounts process.
- **2011/12 HB/CTB Subsidy Claim**
£521k to be repaid from a claim of £223.5m following external audit testing as part of the year end accounts process.

CAS (Adults)

- **2010/11 Discretionary Learner Support Funding. Revenue funding.**
£23.7k repaid during 2011-12 – funding in 2010/11 was £24.7k, but expenditure defrayed by 31 March 2011 was minimal.
- **2011/12 Adult Skills Funding. Revenue funding.**
£52.8k reclaimed in respect of Adult Skills funding during 2012-13 relating to the 2011-12 contract. The Adult Skills funding had been £730k, but expenditure defrayed by 31 March 2012 was below the grant level.

RED

- **NETPark Capital Scheme Development - Servicing the Land. £480k total expenditure approved, £240k ERDF grant.**
Project dates 1st Feb 09 - 30th Sep 10. Some relatively small grant repayments of:
ERDF grant reclaimed of £17.9k for internal fee recharges.
ERDF grant due to be repaid of £51.7k in relation to the Strategic Alliance Civil Engineering and Highways procurement process.
- **'Be Enterprising' Revenue Scheme Project. £8.4m total expenditure approved, £4,123,269 ERDF grant. Revenue scheme**
Project dates 1st Apr 09 - 31st Dec 11. Some relatively small grant repayments of:
ERDF grant reclaimed of £261.9k due to procurement process.
ERDF grant reclaimed of £24.7k for accreditation costs for Coaching staff which were found not to be eligible to be claimed from ERDF.

ERDF grant reclaimed of £23.9k in relation to partners premises costs and room charges.

ERDF grant reclaimed of £.7.9k for expenditure associated with ineligible beneficiaries.

- **NETPark Net Revenue Scheme project. £486.8k total expenditure approved, £243,398 ERDF grant.**

Project dates 1st Apr 09 - 30th Apr 12. Some relatively very small grant repayments of:

ERDF grant reclaimed of £903 due to procurement process.

ERDF grant reclaimed of £144 for ineligible travel expenses.

- **NETPark 'Large Grow on Space' Capital Scheme. £9.8m total expenditure approved, £4.6m ERDF grant.**

Project dates 1st Apr 09 - 31st Mar 13. Some relatively small grant repayments of:

ERDF grant reclaimed of £303k due to procurement process.

ERDF grant reclaimed of £13.5k for internal fee recharges.