

## PROCEDURES FOR GRANTS

Our delivery partner, Social Investment Business (SIB) will manage the grants process for the Youth Endowment Fund (YEF). The following auditable processes comply with HM Treasury guidance on Managing Public Money.

Since 2012 SIB has received and processed over 5500 grant applications totalling over £1billion. All processes have been governed by the following principles;

- **Clear criteria.** All grant funds have clear and transparent criteria, openly published, detailing the purpose of each grant and requirements for applications.
- **Support.** All applicants are able to access support / advice via email or phone from SIB during the application process
- **Clear decision making.** Details of how decisions will be made, by whom and within what timeframe are published in all fund guidance notes.

All SIB grant processes are founded on the principles of transparency, mutual recognition, equality and non-discrimination, and proportionality.

**SIB financial controls over the grant-making process:** SIB has tried and tested systems for disbursing grants and strong financial controls in place to protect funds. Successful applicants are sent a grant offer which outlines the terms of the grant, and the information required to authorise payment. Evasive or incomplete information is always queried. For larger grants (eg £250k+) SIB reserves the option to carry out a company credit check on the applicant.

Disbursements take place using the following process:

- SIB Relationship Manager receives signed offer letter and other relevant documentation; they confirm it is complete and pass on to Finance Team
- On receipt of documentation, SIB Finance Team will conduct additional internal checks and authorise drawdown. The payment is actioned and processed in compliance with established grant disbursement procedure. This includes a review for accuracy and completeness against original documentation, updating of accounting software, and then approval for payment by bank signatories
- Once disbursement has been completed, payment details are updated onto SIB's Customer Relationship Management (CRM) system.

SIB has in place a robust set of financial controls, covering all aspects of financial management. These are externally audited by BDO. All SIB processes are accredited with ISO 9001:2015. Rep monthly basis and financial performance overseen by the Directors Group and the Audit and Finance Committee of the board.

Funds SIB manages for third parties are held in separate bank accounts and accounted for as restricted funds, in line with SORP accounting practice.

SIB monitors the performance of recipients of payments, producing regular portfolio reports as required, and monitors the risk profile of the portfolio according to a traffic light system. In cases of underperformance, SIB can draw on comprehensive internal systems where SIB might withhold further draw down of the grant until progress has been made, or reserve the right to recover the grant monies paid out. If SIB is concerned about financial performance (eg funds being used outside of scope or terms and conditions of the grant) we would then seek to recover the grant. If the grantee ceases to trade or goes into insolvency during the grant period then SIB will seek to recover grant monies paid out as possible. All of this ensures best value for money from the disbursement of funds, and clear auditable processes throughout.

**Managing any issues relating to State Aid:** SIB has an internal State Aid policy, and includes State Aid terms on every agreement with a grantee, if relevant. Grantees are requested to report on any public funds received over the previous three years to calculate potential levels of State Aid received. All State Aid reviews of applications are recorded on the CRM system.

**PROCUREMENT OF SUPPLIERS:** The same robust internal financial systems will be applied to any procurement of external support services and suppliers. Each of the three partners operates in line with both European and domestic procurement legislation, each has written procedures manuals, a policy of open competition above established internal thresholds, and internal protocols to avoid conflicts of interest and corruption (including clear separation of duties between key roles of supplier identification, assessment and payment approvals). As charities and SMEs ourselves, we are committed to opening up opportunities to a diverse set of suppliers, including civil society organisations and SMEs, and operating in line with the principles of the 2012 Public Services (Social Value) Act. We will also procure collaboratively across the partnership where appropriate to achieve best value for money.