

Information for Community and Voluntary Sector Organisations Community

Focused Grant Funding

Financial Management and Compliance Checks

Our approach

The Council recognises the valuable contribution made by community and voluntary organisations and remains committed to working in partnership with the sector.

The purpose of these checks is not to penalise organisations. Rather, they are intended to support good governance, protect public funds and provide assurance that grants are achieving their intended outcomes for local communities.

We will continue to adopt a proportionate, supportive and risk-based approach, ensuring that requirements remain reasonable while maintaining appropriate standards of accountability and transparency.

Why are we introducing these checks?

North Lanarkshire Council is committed to ensuring that public funding is used appropriately, transparently and for the purposes for which it was awarded. As part of ongoing improvements to the Community Focused Grants Programme, we are introducing a proportionate programme of financial management and compliance checks.

These checks are designed to provide assurance to the Council, elected members and local communities that grant funding is delivering the intended outcomes and is being managed in accordance with the terms and conditions of the award.

The new arrangements are not intended to place unnecessary burdens on organisations. Instead, they provide a simple and consistent approach to demonstrating how public funds have been spent.

What will change?

Organisations may be selected to participate in a financial compliance check following the award of grant funding.

Where selected, organisations will be asked to complete a short expenditure return and provide supporting evidence such as:

- Receipts
- Invoices
- Bank statements (where appropriate)
- Other evidence demonstrating how the grant was spent

A standard expenditure template will be provided to make the process as straightforward as possible.

Will every organisation be checked?

The Council will operate a proportionate and risk-based sampling approach. Each year, all live funding programmes will be involved in the compliance checks. But not all award recipients will be selected. However, over the 3-year CVS registration period, most organisations will be selected for at least one compliance check.

Checks may be undertaken on a random basis or where additional assurance is considered necessary due to the nature, value or circumstances of a grant award.

What are organisations expected to do?

Organisations should:

- Spend grant funding only on approved activities and expenditure.
- Retain receipts and financial records relating to grant expenditure.
- Maintain clear and accurate records.
- Respond promptly to any requests for information.
- Notify the Council if circumstances change or if funding cannot be used as originally approved.
- Financial records should normally be retained for a minimum period specified within the grant conditions. This is currently set to 6-years

Project Delivery and Non-Delivery of Outputs (Clarification)

Organisations are expected to deliver the activities, outputs, and outcomes described in their approved application.

Non-delivery may include:

- Activities not taking place (e.g. sessions, events, services not delivered)
- Significantly fewer outputs than agreed (e.g. reduced number of participants or sessions without explanation)
- Delivery that differs substantially from what was approved, without prior agreement
- Outcomes not being reasonably pursued due to lack of implementation

Acceptable situations (not considered breach if managed properly):

- Minor changes due to practical issues (e.g. venue change, scheduling adjustments)
- Reduced delivery where there is a clear explanation and prior discussion with the Council
- External factors impacting delivery (e.g. weather, unforeseen circumstances), where communicated promptly

Expectation:

- Any changes must be discussed and agreed in advance where possible
- Evidence must demonstrate reasonable effort to deliver the agreed project

What happens if issues are identified?

Most issues can be resolved quickly through discussion and clarification.

Examples may include:

Minor Compliance Issues

Examples:

- Missing receipt for a small item.
- Administrative errors within expenditure returns.
- Delays in providing supporting documentation.

Likely Action:

- Request clarification.
- Opportunity to provide additional evidence.
- Advice and support from officers.
- The organisation will be asked to correct the issue within an agreed timescale
- No immediate impact on funding, unless issues persist

Moderate Compliance Issues

Examples:

- Expenditure cannot be fully evidenced.
- Spending differs from the approved purpose without prior agreement.
- Failure to deliver key elements of the agreed project or activities
- Incomplete financial records.
- Failure to submit required monitoring after reminders

Likely Action:

- Further review by officers.
- Requirement to provide additional information.
- Agreement on corrective actions.
- Enhanced monitoring arrangements where appropriate.
- Payments may be suspended

Serious Compliance Issues

Examples:

- Deliberate misuse of grant funding.
- False or misleading information.
- Significant expenditure outside approved purposes.
- Failure to cooperate with compliance checks.

Likely Action:

- Formal investigation.
- Recovery of some or all grant funding.
- Suspension or withdrawal of future funding opportunities.
- Referral to appropriate Council services where necessary.

Recovery of Funding (Clawback)

The Council may recover funding where:

- Funds are not used for approved purposes
- Ineligible expenditure is identified
- Agreed outputs or activities are not delivered without reasonable explanation
- Monitoring and evidence are not provided
- False or misleading information is submitted

Recovery approach:

- Proportionate recovery may be applied where part of the project has been delivered
- Full recovery may be applied in cases of serious breach or non-delivery

Further Information

The Council reserves the right to:

- Request evidence of expenditure and delivery at any time
- Review financial records, invoices, and supporting documentation
- Verify that activities and outputs have taken place

Failure to provide information when requested may be treated as a breach of our funding agreement

If you have any questions regarding these arrangements, please contact the Community Partnership Team (grants section) who will be happy to provide advice and guidance.