



Top tips when designing a grants assurance framework

Below, we set out our top tips for government bodies to consider when designing a grants assurance framework and discover common pitfalls to be avoided.

A government grant is monies intended to be permanently transferred from a government organisation to a grant recipient, to fulfil a policy or public interest need. For example, this could be a grant to a business to realise the potential and implementation of new technology, or a grant to a charity for charitable purposes.

The Government's Complex Grants Advice Panel (CGAP) estimate that there are potential savings of up to 4% of the value of each general grant scheme with good grant management being effectively utilised. This could represent up to £1.9bn of savings based on 2022-23 figures.

Developing an effective assurance regime is an essential element of good grant management, as grant-giving entities need to gain assurance that their monies are spent appropriately in line with the grant agreement.

Prior to the implementation of a new grant scheme, entities should therefore ensure sufficient consideration is given to their assurance requirements. Our top tips below explore what these considerations are and examine other factors to consider for grant-giving entities when developing a grants assurance framework.

Assurance top tips:

1. Consider the purpose of the assurance and the level of assurance required - Grant-paying bodies should firstly consider what is driving the need for assurance, what exactly they want assurance over and the level of assurance which they require. Sources of assurance may include, for example, self-certification, the use of internal auditors or the use of an independent accountant. Relevant factors to consider before making this decision are: the size and nature of the grant; the type of entity to which the grant is being awarded; the overall risk assessment surrounding the grant and the level of assurance which already exists.
2. Consider the use of an independent accountant's report – An accountant's report is an effective way for grant providers to obtain comfort on how grant recipients have utilised their funding. Entities should undertake a cost-benefit analysis to assess whether they need an independent accountant's report, assessing the overall value and risks of the claim against the purpose of obtaining assurance and their own individual risk appetite. If using an independent accountant, make sure to consider the requirements of the engagement up

front and how the practitioner will be engaged. Where possible, this should be a tripartite agreement (see [ICAEW Technical Release 12/23](#) for further details).

3. Determine the type of engagement required – There are three main options for an independent accountant's report. Such a report can provide 'reasonable assurance', 'limited assurance' or can take the form of 'agreed-upon procedures.' Further detail as to the advantages and disadvantages of each option, and the factors to consider as to which option is most appropriate, are set out within [ICAEW Technical Release 12/23](#) (see paragraphs 39-49, Section Three).
4. Ensure the engagement requested is possible for an independent practitioner to carry out – It may not be possible for an independent accountant to provide assurance over forecasted information in grant claims for example, as this information is forward-looking by nature and is difficult to directly evidence. Information needs to be capable of being consistently measured with evidence available to support it, while the assurance or AUP requested must be in line with an appropriate framework (e.g ISAE 3000, ISRS 4400 or ISA 805). Engagement with ICAEW at this stage can help to ensure that the assurance requested is possible for an independent practitioner to obtain and help to ensure your requirements and expectations for the engagement are met.

Once an entity has developed an assurance framework that is appropriate to their needs, the process of managing their grants and gaining assurance can be made much easier by embedding reporting into grant conditions, with requirements being tailored to the size, nature and risk of the grant being provided. Therefore, the below sets out more top tips which entities should consider to further enable effective management of their grant agreements.

Scheme design and reporting top tips:

1. Ensure reporting requirements are simple, clear and easy to follow – Setting straightforward reporting requirements to grant recipients makes it much easier for the grant provider, and the independent accountant, to understand how funding is being used by the grant recipient. Straightforward reporting requirements also make it much easier for the grant recipient to report back to the grant provider, thus reducing the burden for all parties.
2. Ensure reporting requirements are tailored and appropriate to the size, nature and risk of the grant and its recipients – Having extremely detailed requirements for a simple grant to buy one item may not be necessary, whereas not embedding any requirements where there is a significant risk of misappropriation would risk grant monies being spent inappropriately. Consideration at the planning stage should be given to the potential risks of misappropriation and reporting requirements should be tailored as such.
3. Be clear about evidence requirements – Set out exactly what evidence you want to see from the grant recipient to provide assurance that grant monies are being spent correctly. If you want to see invoices, time records or a detailed audit trail, be clear from the start. This will help promote consistency in reporting across grant schemes.
4. Set out what will trigger suspension of payments, clawbacks and refusal to pay grants in the future – Providing clarity to grant recipients at an early stage regarding key performance conditions should be considered as an essential stage in creating an assurance framework.

This makes it much easier to consider whether key metrics are being met, with entities able to also set out what may trigger suspensions or refusal of grant payments based on these conditions.

5. Establish a key point of contact for queries and amendments – This should be done at an early stage in the process with the grant recipient and should clearly set out who the key contacts are on both sides and the escalation points where this is required.
6. Reduce the use of manual application processes – Such processes, as noted by the [National Audit Office](#), are time consuming and costly for both applicants and administrators alike. They also increase the risk of fraud and error. Embedding the use of an automated system to manage grant payments can lead to time and monetary savings, as well as allowing grant givers to more easily monitor and evaluate grant performance.

Final Thoughts

The top tips laid out above are some elements of best practice for entities to consider when developing a grant assurance framework. What is most important for grant-givers is to design a framework which works for them and is appropriately tailored to the level of assurance they want to receive.

Effective grant management goes beyond simply designing a grants assurance framework and embedding reporting requirements into grant conditions, however. Entities may also want to consider consolidating grant schemes where possible, to share best practice with others and to take advantage of training opportunities where appropriate to improve the capability of grant practitioners. Taking advantage of these opportunities could go some way to achieving the £1.9bn of potential savings on an annual basis.

Further resources

Interested in learning more about effective grant management? The [Government Grants Management Function](#) maintain several resources to meet their aim of maximising all grant outcomes and minimise risks in grant making.

Their [Functional Standard](#) sets out their expectations for the management of grants, as well as promote efficient and effective grant making to ensure funding is used as intended.

Meanwhile, the [Grants Centre of Excellence Digital Service](#) is a central store for guidance, toolkits, templates and training on grant management for those working across central government.

Civil Service Learning also includes training modules surrounding building capability in grant making, hosted by [The Grants Academy](#).

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* includes parent companies. Source: ICAEW member data March 2023, Interbrand, Best Global Brands 2022



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