



# Shared Prosperity Fund

# Audit and

# Compliance

# Guidance

v3.0

Delivered by



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## Introduction

The purpose of this document is to outline the audit and compliance obligations of the Good Growth Shared Prosperity Fund (SPF) programme, making sure all fund recipients are aware of what is required from the outset.

This Policy should be read in conjunction with the following:

- Good Growth Principles Policy
- Branding and Publicity Policy
- Audit and Compliance Policy
- Procurement Policy
- Guidance

Cornwall Council reserves the right to make changes to this Policy and newer versions will be uploaded to the Good Growth website. Changes may be based on new guidance from UK Government or changes to legislation.

## Audits

Projects will be monitored and audited by the Cornwall & Isles of Scilly (Clos) Good Growth SPF team at various points in their life cycle.

The number of times the project will receive an audit will depend upon the value of the grant awarded, risk assessment, performance of the project and any specific issues that may arise. In most cases projects will be subject to two audit visits by the Good Growth Team; once during the delivery phase and on project completion (3 months after final payment).

Support will be available at the start of the project to ensure that the correct processes and procedures are in place.

In summary, the following audit activities will take place:

- **Quarterly** – claims for funding will be reviewed by the Good Growth team. This information will be reviewed and further information requested, if required.
- **Delivery** - at least once during the delivery phase of the project the Good Growth Team will undertake an audit, which could be in person or virtual.
- **Completion** – on completion of the project (3 months after final payment) an audit will be held by the Good Growth Team either in person or virtually.
- **Spot Checks** - The Good Growth Team will also reserve the right to undertake sample spot checks.

In addition, projects may be audited by external auditors if deemed required by Cornwall Council or Government and could take place anytime within seven (7) years of project completion. Therefore, applicants are advised to retain all relevant project documentation and evidence for that period.

Projects will be provided with 10 working days notice of all audit visits.

For projects delivered by a consortium of partners, it is the Lead Applicant that is responsible for ensuring that the funding agreement is complied with. The Lead Applicant must make sure that any delivery partners or sub-contractors fully comply with these requirements. To do this, they will need to show that they have systems in place to verify the information provided and held by partners.

Audits will review all aspects of project delivery. Evidence to be retained should include but is not limited to:

- A full audit trail for all procurements undertaken in accordance with the Good Growth Procurement Policy;

- Suitable evidence of all costs and defrayal;
- Confirmation of match funding;
- Permissions or statutory approvals; for example, land ownership, planning approval, building regulations, etc;
- Achievement of the Good Growth Principles;
- Management of UK Subsidy Control requirements;
- Evidence of the achievement of outputs and outcomes;
- Register of assets purchased;
- Record of formal meetings where project decisions are made;
- Compliance with the Good Growth Branding and Publicity Policy;
- Any relevant documents of a legal nature e.g., contracts.

To ensure there is good management of the project and adequate governance is in place, the Good Growth Team reserves the right to attend project meetings and/or request receipt of project meeting documentation.

## Branding and Publicity

Branding and publicity play a key role in ensuring effective promotion and acknowledgement of the wider Levelling Up agenda and, as part of that, the UK Shared Prosperity Fund. The requirements relate to all communications' materials and public facing documents relating to funded activity, both printed and electronic.

The Good Growth Branding and Publicity Guidance is available on the Good Growth website and must be followed. These requirements should be passed on to all sub-contractors and project partners.

Evidence of compliance with the Branding and Publicity Guidance should be retained within the audit folder. This could be in the form of screenshots, photos or copies of documents.

The Council should be notified in advance and invited to any events, conferences, seminars and workshops, linked to the SPF funded project.

## Procurement

The Good Growth Procurement Guidance provides direction to organisations delivering projects funded by the CloS Good Growth programme. It is an overview of the rules and organisations should take their own independent advice on this matter.

Failing to fully comply with procurement rules has been one of the main reasons why projects have failed audits and suffered from a reduction in grant funding as a result,

in previous programmes. Failure to undertake procurements in a compliant way, or not being able to produce evidence that the procurement was compliant, can result in the full value of the contract being deemed ineligible for funding and all of the grant relating to these costs having to be repaid.

Guidance on procurement requirements is available on the Good Growth website and applicants will be required to submit a compliant Procurement Policy as part of their Application Form, which will be included as part of their contractual documentation. They will be required to have the correct financial and project management systems in place and retain a comprehensive audit record for all procurements for the time period identified within the Funding Agreement. Compliance with procurement policy will be tested during audits but not as part of the claims process, unless there is an issue of concern.

## Subsidy Control

Subsidy Control rules have replaced previous EU state aid rules.

Cornwall Council will have the overall responsibility for ensuring that grants issued under SPF are compliant with UK subsidy control rules in line with the UK-EU Trade and Cooperation Agreement and UK Subsidy Control Act:

<https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/summary-guide-to-awarding-subsidies>

Decisions regarding grant levels will be in line with subsidy control rules and we may ask you for additional information in order to assess the subsidy control situation.

## Grant Funding Agreements

The award of funding will be managed through a Funding Agreement; which will detail the project specific outcomes, targets, spend profiles and evaluation requirements that the Good Growth Team will monitor the project against and will generally include the following:

- Payment and availability of funding including conditions of funding;
- Recipients' obligations;
- Cornwall Council obligations;
- Publicity and Branding;
- Intellectual Property Rights (IPR);
- Event of Default or Material Breach;

- Procurement;
- UK Subsidy Control;
- Confidentiality, Data Protection, Freedom of Information and Equality Act;
- Indemnity, Liability, Severance and Disputes;
- Monitoring and reporting requirements.

## Good Growth Principles

Good Growth Principles are important to the CloS Good Growth Shared Prosperity Fund and the Good Growth Team will ensure, through audits, that they are being monitored.

Each applicant will have set out which Good Growth Principles they propose to address as part of their Application Form. It is important that these principles are monitored and they will be checked through the audit visits.

## Document Management

In order to demonstrate that the project is being, and has been, delivered in a compliant manner it is essential that all project related documentation is safely stored in an appropriate format and can be quickly retrieved during audit visits.

Please note that audits may take place within seven (7) years of project completion. Failure to produce documents that demonstrate the project has been delivered compliantly could result in the reduction or recovery of grant. Lead Applicants will be responsible for any reduction or recovery of grant from third parties, if applicable.

Documents must be retained for all aspects of the project including, where appropriate, evidence to demonstrate compliance with procurement policy.

All documents whether electronic or hard copy should be stored securely by the Lead Applicant. As outlined within the Funding Agreements, at all times during the period of the Agreement and for a minimum period of seven (7) years thereafter recipients are asked to:

- 1) Keep secure and make available all original and copy records, documents, information, statements and papers which may be acquired or produced by the Recipient in the performance of the Project;
- 2) Ensure the maintenance of a clear and unambiguous audit trail at all times in accordance with good practice and the Good Growth policy.

Copy documents in lieu of the original must be certified as a true copy.

Maintaining audit folders has the following benefits:

- Capturing evidence of compliance as the project proceeds;
- Minimising disruption for the project team when audits happen;
- Minimising risk of clawback.

For an audit folder there should be no drafts, duplicates or working documents saved. All drafts, copies and superseded versions must be deleted when the final version is available. Where documents have to be signed (electronic or wet) a copy of the **dated and signed** version must be uploaded (+ the Word/Excel version for searching purposes) and earlier versions deleted.

Electronic folders, documents and records must be named in a consistent and logical manner so they can be located, identified and retrieved as quickly and easily as possible – see the University of Edinburgh’s [Naming convention](#).

Avoid unnecessary folder levels and unnecessarily long file/folder names. Re-name documents so that it is obvious what they relate to, and add the date and status (e.g. version, DRAFT, SIGNED etc), if relevant. Date correspondence and e-mails using the protocol YYMMDD at the beginning to enable chronological sorting and say who they are to/from.

For multiple items on the same day, upload the complete e-mail thread or number each one after the date to sort in chronological order e.g., for correspondence sent/received on 1st April 2022:

- 220401 1 E-mail from Cornwall Council
- 220401 2 Exchange of e-mails with Cornwall Council
- 220401 3 Letter to Cornwall Council