

# Competitive and demand-led grants

Good practice guide

 Interactive





Design and development



Oversight



Operational management



Evaluation

# Contents

Introduction	3
How to use this guide	4
Design and development	5
Oversight	24
Operational management	35
Evaluation	47
Useful links	54
Examples of monitoring data	60



# Introduction

The Cabinet Office estimates that government commits around £130 billion to grants each year – nearly 20% of all government spend. Grants are an important delivery mechanism for policy across government, not just centrally but also in agencies, local authorities and other bodies across the public sector.

**Competitive and demand-led grants** are grant schemes which are targeted at specific beneficiary groups and where the beneficiary applies for the grant. Such schemes can be especially challenging for grant administrators as there are many unpredictable factors at play, including external factors such as market forces, and internal factors such as forecasting supply and demand. These schemes typically have a relatively high number of recipients and award small amounts of money and, as a result, can be expensive to run, have a high risk of fraud, and limited ability to determine the effectiveness of resulting outcomes. Many of the problems encountered in this type of scheme also apply to loan schemes.

This guidance draws on the NAO's experience over many years of auditing grant schemes. It is designed to complement guidance from the Grants Efficiency Programme, and illustrates some of the learning points with real-life case studies.

**Video:** [Sue Higgins from the NAO introduces the good-practice guide](#)

**Video:** [Lesley Hume from the Cabinet Office talks about collaboration between the Grants Efficiency Programme and the NAO](#)



# How to use this guide

This guide is split into 4 stages of the recommended grant management cycle. For each stage, we have included some **self-assessment descriptors**, a **maturity matrix** and an **NAO view**, supported by some **case studies** from our work, which we hope you will find useful.

## Self-assessment descriptors

The **descriptors** take the form of statements, designed for grant administrators to consider the extent to which each statement applies to them, at each stage of the process. The statements can be considered in conjunction with the associated maturity matrix.

## Maturity matrix

The **maturity matrix** gives grant administrators a tool to reflect and evaluate how specific grant schemes fit with good practice. Whilst not prescriptive or mandatory, it gives a clear indication as to what should be considered in designing and delivering grant schemes if they are to be considered effective, and to ensure that public money is used in the most efficient way. The matrix is also intended to support auditors and reviewers when they examine grant schemes.

## NAO view and case studies

For each of the self-assessment descriptors, the **NAO view** draws on our back catalogue and knowledge to showcase what we have seen has worked for grant schemes we have looked at, and what pitfalls might be avoided.

The associated **case studies** demonstrate a real-life example of the issue, using actual grant schemes.



# Design and development

At this stage, key topics to think about are:

## Overall scheme design

Self-assessment descriptors



Maturity matrix



NAO view



Case studies



## Target population

Self-assessment descriptors



Maturity matrix



NAO view



Case studies



## Market factors

Self-assessment descriptors



Maturity matrix



NAO view



Case studies





# Overall scheme design

## Self-assessment descriptors

### Key descriptors to consider

- We have reviewed the guidance issued by the Grants Efficiency Programme and considered whether a grant is the most appropriate funding model by which to achieve our aims.

NAO view

- We have clearly defined the aims of the scheme, so that they match what the grant is trying to achieve. These aims have been translated into clear terms and conditions, so grant recipients will have a clear understanding of the grant parameters and their obligations.

NAO view

- We have undertaken a comprehensive risk assessment which involved colleagues from a range of disciplines, including some who know the market sector well. We have also consulted our grants champion.

NAO view

- We have looked at similar grant schemes run by our organisation, other UK institutions, or overseas bodies. We have considered the problems that were experienced in these other schemes, and identified what can be learnt to avoid these problems occurring in our scheme.

NAO view

- We have built in evaluation and review processes, to ensure that lessons are learnt from our scheme to inform future changes. These evaluations involve the SRO for the project, as well as an independent peer reviewer.

NAO view

- We have stress-tested the scheme prior to launch and identified any specific weaknesses in controls that this revealed. We have taken reasonable steps to mitigate the identified weaknesses.

NAO view



# Overall scheme design

## Maturity matrix

### ● Undeveloped

- The aim of the scheme is expressed in general or vague terms.
- There has been little or no detailed risk assessment and/or the process has not been documented.
- The scheme design does not incorporate learning from other grant schemes run by the department or others, and so is open to the risk of fraud or other issues.
- There is no formal evaluation or review process built into the design of the scheme.
- Prior to the launch, the scheme was not stress-tested to identify weaknesses in controls.
- No fraud risk assessment or fraud controls have been considered and there is no clear responsibility for fraud management.
- There has been no consideration of whether a grant is the right funding model for the scheme or programme.

### ● Developing

- Risk assessment has taken place and been documented, but it benefited from the input of only a limited range of colleagues.
- The scheme design incorporates learning from other grant schemes run by the department, in order to reduce the risk of fraud or other issues.
- Evaluation and review processes are built in, to ensure that lessons are learnt to inform future changes, but the evaluation process does not involve the SRO or an independent peer reviewer.
- Some stress-testing has been undertaken prior to launch of the scheme. Where weaknesses have been identified, some action has been taken to address them.
- Fraud risk assessment has taken place and controls considered but these may not all have been acted on and there are no prevention measures in place.

### ● Optimal

- Alternative funding models to grants, including loans, have been properly considered. The rationale for why grants are being used rather than contract procurement is clearly articulated.
- The aim of the scheme is clearly and precisely articulated, with measurable objectives.
- Risk assessment has been thorough, is well documented and has involved colleagues from a range of disciplines.
- The scheme design incorporates learning from other grant schemes run by the department, as well as those run by other organisations.
- Evaluation and review processes are built in, so that lessons are learnt to inform future changes. Evaluations involve the SRO for the project and an independent peer reviewer.
- The scheme has been stress-tested prior to launch and any specific weaknesses have been identified. Action has been taken to mitigate these weaknesses.
- A clear fraud strategy has been developed and a fraud risk assessment and controls framework established. There is a member of the grant delivery team responsible for fraud prevention and management.



## Overall scheme design

### NAO view

**We have reviewed the guidance issued by the Grants Efficiency Programme and considered whether a grant is the most appropriate funding model by which to achieve our aims.**

Before making a grant award, administrators should determine whether a grant is in fact the most appropriate delivery mechanism.

**Video:** [Penny Horner-Long from the Cabinet Office talks about good grant management](#)

**We have clearly defined the aims of the scheme, so that they match what the grant is trying to achieve. These aims have been translated into clear terms and conditions, so grant recipients will have a clear understanding of the grant parameters and their obligations.**

The most effective schemes are those with clearly-defined aims that can be traced right the way through the design of the grant. This allows the grant to be operated with assurance, and makes it defensible to challenge. Equally, clearly-defined aims translate into terms and conditions which are transparent and easily understandable by the grant recipient.

Case study



NAO view continued overleaf





## Overall scheme design

### NAO view

**We have undertaken a comprehensive risk assessment which involved colleagues from a range of disciplines, including some who know the market sector well. We have also consulted our grants champion.**

The management of risk will be on a spectrum, dependent on the type of grant and the length of the delivery chain. Factors to consider include:

- Building risk into the grant design
- Explicit consideration of value for money against a range of robust criteria – both for individual grants and for the scheme as a whole
- The risk that each payment entails on a project or portfolio basis
- The level of the department's risk appetite in relation to this scheme
- What market forces will help to mitigate the risk?
- Flexing the risk, dependent on the type of demand
- Incentives on providers

All grant schemes should include a fraud risk assessment, with appropriate controls and fraud management processes put in place accordingly.

Case study



**We have looked at similar grant schemes run by our organisation, other UK institutions, or overseas bodies. We have considered the problems that were experienced in these other schemes, and identified what can be learnt to avoid these problems occurring in our scheme.**

Our work has found that there are common weaknesses in demand-led grant schemes, which, if considered at the outset, could help militate against potential failure. Lessons from similar schemes – or from pilot or pathfinder schemes – can provide valuable insight into likely pitfalls and how to avoid them.

Case study



NAO view continued overleaf




## Overall scheme design

### NAO view


**We have built in evaluation and review processes, to ensure that lessons are learnt from our scheme to inform future changes. These evaluations involve the SRO for the project, as well as an independent peer reviewer.**

Our work has found that engaging the SRO at an early stage of projects gives greater assurance and oversight at the outset, and means that evaluation is embedded within the grant cycle process. Teams should allow sufficient budget and resource to undertake evaluation, both throughout the lifecycle of the scheme and also for appropriate evaluation once the scheme has finished.

Case study 

**We have stress-tested the scheme prior to launch and identified any specific weaknesses in controls that this revealed. We have taken reasonable steps to mitigate the identified weaknesses.**

It is important to test the grant processes as much as possible before launching the scheme. This might involve such things as modelling what is likely to happen in the market once the scheme is launched, or if changes are made to the scheme. Another approach is to commission someone to actively try and 'break' the system, such as by identifying how they might obtain a grant payment either fraudulently or in a way that is against the spirit of the scheme aim, through lax controls. Ensure that all terminology – such as that used to describe eligibility criteria – is clearly defined. This will help to mitigate risks such as fraud or grants being awarded inconsistently or being used for purposes other than those intended.

Case study 



## Overall scheme design

### Case studies

We have clearly defined the aims of the scheme, so that they match what the grant is trying to achieve. These aims have been translated into clear terms and conditions, so grant recipients will have a clear understanding of the grant parameters and their obligations.

The **Plug-In Car Grant** scheme's aims were to increase the ownership of electric cars. The grant administrators noted that behavioural change research showed that change can often be driven from the top of the market, so the grant scheme was made open to all consumers and did not exclude luxury cars. The fact that this had been considered meant that any challenge as to the inclusivity of the scheme had a robust and defensible response.

NAO view



We have undertaken a comprehensive risk assessment which involved colleagues from a range of disciplines, including some who know the market sector well. We have also consulted our grants champion.

Following problems experienced with the expansion of the **alternative higher education provider** sector, BIS has instigated the use of independent Challenge and Support Panels for all new major policies with significant financial implications, to help SROs consider what the key risks of fraud, error and abuse are and how they are best managed. The panels comprise counter fraud experts from the department and its agencies, as well as from other government departments, and are intended to offer constructive challenge.

**Video:** [Philip Nye from BIS talks about Independent Challenge Panels](#)

NAO view



Case studies continued overleaf



## Overall scheme design

### Case studies

**We have looked at similar grant schemes run by our organisation, other UK institutions, or overseas bodies. We have considered the problems that were experienced in these other schemes, and identified what can be learnt to avoid these problems occurring in our scheme.**

In our report on the [Help to Buy Equity Loan Scheme](#), we noted: “The Department has not yet developed a robust and joined-up method of evaluating its housing market initiatives. Unless it does so, it will not be able to make informed decisions about what level of funding to allocate to future initiatives.”

Following our report on the expansion of the [alternative higher education provider](#) sector, the Committee of Public Accounts concluded: “The Department could not demonstrate that it had drawn on previous government experience before proceeding

with expansion of the alternative provider sector. In 2003, our predecessor Committee reported on the implementation of Individual Learning Accounts by the former Department for Education & Skills. Under the scheme, which was intended to widen participation in learning and reduce financial barriers faced by learners, particularly amongst those who lacked skills and qualifications, private providers received public funding for running training courses. However, our predecessors concluded that the scheme had been poorly thought-through, had been put in place too quickly, and lacked adequate risk assessment and risk management. Although many of the issues were similar when the Department implemented the 2011 higher education reforms, the Department does not appear to have taken lessons from Individual Learning Accounts into account when considering how it would oversee the expansion of provision by alternative providers.”

NAO view



Case studies continued overleaf



## Overall scheme design

### Case studies

We have built in evaluation and review processes, to ensure that lessons are learnt from our scheme to inform future changes. These evaluations involve the SRO for the project, as well as an independent peer reviewer.

Our report on **contract management** found that in order to improve commissioning, effective oversight and management, more Departments were appointing senior champions for contract management; clarifying senior responsible owners and lines of escalation; and having a senior forum to challenge, scrutinise and oversee working contracts and liaise with strategic suppliers.

NAO view



See also: [Good practice contract management framework](#)

We have stress-tested the scheme prior to launch and identified any specific weaknesses in controls that this revealed. We have taken reasonable steps to mitigate the identified weaknesses.

The **Domestic Recharging Scheme** (DRS) followed the domestic element of the regional Plugged-in Places scheme to encourage national roll-out of homechargers to electric vehicle drivers. The regional scheme had operated successfully but the Department did not foresee what might happen once the scheme was launched nationally. The intention in designing the DRS had been to minimise scheme administration by interacting only with a handful of chargepoint manufacturers for the purpose of grant claim and payment. However, the Department tried to cater for a variety of different entities interested in the grant, including chargepoint manufacturers, car companies and energy companies. This flexibility left the door open to small electrical installers to seek and achieve accreditation, ultimately swamping the grant processes and resulting in a surge in installations.

NAO view





# Target population

## Self-assessment descriptors

### Key descriptors to consider

- We have considered what the optimal balance is between, on one hand, encouraging uptake and minimising administrative burdens and, on the other, ensuring that the support is used as intended.

NAO view



- We have identified exactly who we intend to benefit from the grant and are confident that the scheme targets the right people. If we have decided to impose few restrictions, we have a sound rationale for taking this decision.

NAO view





# Target population

## Maturity matrix

### ● Undeveloped

- The scheme provides support for a very wide range of recipients, when better value for money would be achieved from a more targeted approach.

OR

The scheme is overly restrictive or there is an unnecessary administrative burden on recipients or intermediaries wishing to access the grant.

### ● Developing

- The appropriate level of restriction has been considered informally but the decision-making process has not been documented.

### ● Optimal

- Due consideration has been given to what the optimal balance is between, on one hand, encouraging uptake and minimising administrative burdens and, on the other, ensuring that the support is used as intended.
- The target population is clearly defined and understood. The scheme is designed so that grants are not paid to people outside the target group and that potentially fraudulent grant claims are quickly identified and stopped.
- Decisions to impose few restrictions on those wishing to access the grants are supported by a sound rationale.
- The business models of likely recipients are sufficiently understood to know that grant funding and not, for example, loans or tax relief, is required to support or encourage them to deliver the desired objectives.




## Target population

### NAO view


**We have considered what the optimal balance is between, on one hand, encouraging uptake and minimising administrative burdens and, on the other, ensuring that the support is used as intended.**

It is important to consider the implications of designing either a restrictive scheme or an unrestrictive one. A system of rigorous controls might reduce the risk of fraud or of grant claims being higher than they need to be, but it is likely to make access to grants more difficult for those genuinely eligible for support. Conversely, placing few restrictions on those who can apply for the grant increases the risk that grants will be used for purposes other than those intended. When designing a grant scheme, administrators should consider what is the most appropriate balance of these risks and benefits in the circumstances.

Case study 

**We have identified exactly who we intend to benefit from the grant and are confident that the scheme targets the right people. If we have decided to impose few restrictions, we have a sound rationale for taking this decision.**

Imposing few or no restrictions on those eligible for the grant can sometimes result in the support being used for unintended purposes. Administrators should ensure that they fully understand the potential fraud risk and take mitigating action to identify and stop potential fraudulent activity. There should also be consideration of other avenues of funding available to the target population; this information will be available via the Government Grants Intelligence and Information System (expected to be available Q1 2016).

Case study 





## Target population

### Case studies

**We have considered what the optimal balance is between, on one hand, encouraging uptake and minimising administrative burdens and, on the other, ensuring that the support is used as intended.**

On the **Green Deal Home Improvement Fund**, DECC told us that it had designed the Fund rules to achieve a balance between a simple application process, to encourage applications to support the installation of the energy efficiency measures, and more complex procedures with robust controls to minimise fraud and noncompliance. The Department set the level of the incentives with a view to securing applications for the Fund, and encourages applicants to seek the best price for the measures.

NAO view



**We have identified exactly who we intend to benefit from the grant and are confident that the scheme targets the right people. If we have decided to impose few restrictions, we have a sound rationale for taking this decision.**

The **Help to Buy Equity Loan Scheme** was designed for buyers who are 'deposit constrained', but there is no check on whether a buyer could provide a deposit of more than the required 5%.

NAO view





## Market factors

### Self-assessment descriptors

#### Key descriptors to consider

- There has been input from someone with sufficient understanding of market forces, either formally or through prior experience on similar grant schemes.

NAO view



- We have sought to identify other market factors that we may be able to use to our advantage, such as competition between suppliers. These are recorded in the business case or implementation plan where applicable.

NAO view



- We have undertaken analysis to forecast likely levels of uptake of the scheme.

NAO view





## Market factors

### Maturity matrix

#### ● Undeveloped

- The scheme has been designed with no input from market participants or from others who have knowledge of the market.
- No consideration has been given to whether a grant is the best means of achieving the aims of the scheme.
- No attempt has been made to forecast likely levels of uptake.

#### ● Developing

- Some forecasting of uptake levels has been undertaken.

#### ● Optimal

- Advice from the market sector has been sought and incorporated into the scheme design.
- Consideration has been given to what grants and other forms of support are already available to market participants.
- Detailed forecasting analysis of likely uptake levels has been undertaken. Forecasts are in the form of ranges, incorporate projections from delivery partners and are updated regularly.



## Market factors

### NAO view

**There has been input from someone with sufficient understanding of market forces, either formally or through prior experience on similar grant schemes.**

Our work has found that understanding and preparing the market is crucial. Points to consider include:

- How suppliers are likely to respond, and what type of incentives they are likely to respond to
- How best to predict take-up
- How to use competition to weed out bids
- Record the consideration of market dynamics in the business case and approval for the grant design

Understanding how the market will respond to the introduction of a grant will involve consideration of the risks of market distortion and/or state aid. It is important to consider the types of entity that are active in the market, and identify potential gaming strategies. Will the introduction encourage the ‘right kind’ of growth, or is the growth likely to be of poor quality?

Direct engagement with the market prior to launching the grant scheme can provide valuable insight into how best to design the scheme.

Case study



See also: [Delivering public services through markets: principles for achieving value for money](#)

NAO view continued overleaf



## Market factors

### NAO view

**We have sought to identify other market factors that we may be able to use to our advantage, such as competition between suppliers. These are recorded in the business case or implementation plan where applicable.**

Conditions already existing within the market can assist with achieving the aims of the grant scheme. For example, natural competition between suppliers can help to ensure greater value for money; using a model similar to a commercial procurement can help to maximise this. However, care must be taken when setting the incentives; setting a single maximum amount for each type of claim can often result in the majority of claims coming in at the maximum amount, with suppliers' costs having been artificially inflated to meet this maximum. The benefits of a more complex incentive scheme need to be balanced against the added administrative burdens that this would entail. Targets for expected outcomes and monitoring of costs and delivery should be built into the scheme from the business case stage.

Case study



**We have undertaken analysis to forecast likely levels of uptake of the scheme.**

We found that forecasting uptake is key, but is inherently difficult with demand-led grants. There should be sufficient flexibility in the scheme to allow administrators to make changes to terms and conditions, should demand significantly exceed or fall short of expectations. If forecasts prove wildly wrong, it can damage the credibility of the scheme and raise suspicions of fraud and gaming.

Consider using range forecasts rather than spot forecasts, as well as calculating low/medium/high scenarios. Where possible, obtain regular updates from delivery partners on their own future forecasts and work together to iterate these, ensuring they remain as accurate as possible.

Case study



See also: [Forecasting in government to achieve value for money](#)



## Market factors

### Case studies

**There has been input from someone with sufficient understanding of market forces, either formally or through prior experience on similar grant schemes.**

When implementing the expansion of the **alternative higher education provider** sector, BIS did not fully understand how alternative providers would react to the increased financial support that was available for their students. BIS's previous experience had primarily been with publicly-funded providers, which do not have the same commercial incentives as most alternative providers. The result was an extremely rapid expansion of the alternative provider sector, in terms of the numbers of courses offered and the numbers of students recruited. This presented significant financial and operational challenges for BIS and its partners, who subsequently had to introduce further controls to curb the growth in the sector.

NAO view



**We have sought to identify other market factors that we may be able to use to our advantage, such as competition between suppliers. These are recorded in the business case or implementation plan where applicable.**

With the **Green Deal Home Improvement Fund**, DECC recognised from the outset that a single maximum rate for the incentive could lead to installers charging the maximum amount possible, and that this would not breach the terms and conditions of the Fund. Using a more complex system of incentives, varying rates according to the scale or complexity of the installation, could reduce the risk that the incentives were higher than needed for a particular measure or in a particular place but would reduce the ease of applying to the Fund and administering it. Customers were encouraged to shop around for the best deal, both before applying for a voucher and afterwards, to avoid over-pricing and to reduce the amount they had to contribute.

NAO view



Case studies continued overleaf



## Market factors

### Case studies

**We have undertaken analysis to forecast likely levels of uptake of the scheme.**

For the **Plug-In Car Grant**, DfT receives quarterly forecasts from manufacturers for the year ahead – initially these tended to be optimistic and led to a significant underspend. Once the forecasts had been adjusted to take this into account, DfT was able to improve the accuracy of its forecasting. It now carries out range forecasting, with high, medium and low scenarios. Forecasts are adjusted based on the previous quarter's performance.

NAO view





# Oversight

At this stage, key topics to think about are:

## Governance

Self-assessment descriptors



Maturity matrix



NAO view



Case studies



## Access to and use of management information

Self-assessment descriptors



Maturity matrix



NAO view



Case studies







# Governance

## Self-assessment descriptors

### Key descriptors to consider

- We have an appropriate governance structure in place for the grant scheme. Within it there are proportionate 'levels' to ensure that reporting flows both ways between the operational and strategic levels and the SRO.

NAO view 

- We have an operational risk register which is regularly reviewed and updated.

NAO view 



# Governance

## Maturity matrix

### ● Undeveloped

- There is no formal or coherent governance structure in place.
- Risks are not regularly reviewed, or no action is taken to identify or mitigate emerging risks.

### ● Developing

- There is a governance structure in place but it does not include involvement of key delivery partners.
- OR
- There is a governance structure in place but there is no regular flow of information.
- There is an operational risk register which is regularly reviewed and acted upon, but the review process does not include delivery partners.

### ● Optimal

- There is a robust governance structure in place for the grant scheme, which includes reporting flows both ways between the operational and strategic levels and the SRO. Key delivery partners play an active role.
- There is an operational risk register which is regularly reviewed with delivery partners, updated and acted upon.



## Governance

### NAO view

**We have an appropriate governance structure in place for the grant scheme. Within it there are proportionate ‘levels’ to ensure that reporting flows both ways between the operational and strategic levels and the SRO.**

A dedicated programme board can provide focused oversight and monitoring of the scheme, whereas departmental staff may be too involved in the day-to-day running of the scheme, or may have other priorities, meaning they do not have the time or space to look objectively at progress. The programme board should comprise staff from both the department and all key delivery partners. If part of the grant process is outsourced, the Accounting Officer must still be accountable for how the funds are used, so a robust means of gaining assurance is essential.

Case study

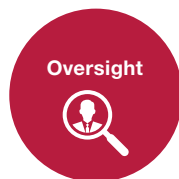


**We have an operational risk register which is regularly reviewed and updated.**

Regular identification and monitoring of risks – and action to address them – is crucial to ensure the smooth running of the grant scheme. Delivery partners should be an integral part of this process.

Case study





## Governance

### Case studies

**We have an appropriate governance structure in place for the grant scheme. Within it there are proportionate 'levels' to ensure that reporting flows both ways between the operational and strategic levels and the SRO.**

We found that robust and appropriate governance structures have been established for the **Help to Buy Equity Loan Scheme**. A programme delivery group has been set up, whose remit is to monitor take-up, track finances, clarify the scheme's rules, assess if the scheme is meeting its objectives, direct the scheme's marketing, release official statistics and engage with stakeholders. Key representatives attend the monthly meetings to discuss the scheme's progress and issues around their risks. Officials from the Homes and Communities Agency and DCLG attend the meetings. A project dashboard setting out key performance information is shared before each meeting and notes assign responsible owners to action points.

NAO view



**We have an operational risk register which is regularly reviewed and updated.**

DfT meets monthly with the contractor that administrates the **Plug-In Car Grant**. These meetings are used to actively review the risk and issues logs. DfT and the contractor are also in frequent contact regarding day-to-day queries.

NAO view





## Access to and use of management information

### Self-assessment descriptors

#### Key descriptors to consider

- We have a management information system in place, which allows us to understand how the grant is performing.

NAO view 

- Management information is fed into the appropriate oversight and governance layers, so that we can make informed decisions.

NAO view 

- We have put in place a process to receive information from whistleblowers and to act appropriately in response to that information.

NAO view 



## Access to and use of management information

### Maturity matrix

#### ● Undeveloped

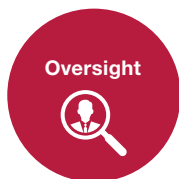
- Management information is not collected, or is not considered by decision-makers.
- Management information at an operational level is too high-level to inform decisions made on individual grants.
- Management information at a senior level is too granular to allow an overview of how the scheme as a whole is operating.

#### ● Developing

- Management information is collected and monitored at different levels but only infrequently.
- OR
- Management information is collected and monitored regularly but not by decision makers at all levels.

#### ● Optimal

- A range of management information is collected and communicated to decision makers at all levels.
- Management information monitored includes leading indicators to enable the prompt identification of changes in market behaviour.
- The information available to each decision maker provides an appropriate level of detail.



## Access to and use of management information

### NAO view

**We have a management information system in place, which allows us to understand how the grant is performing.**

Proportionate and robust management information systems allow monitoring of progress, and the use of real-time data and leading indicators of performance enables administrators to be proactive in targeting any anomalies once the grant is up and running. Setting up a specific set of key performance indicators can be helpful. Whilst it is important to monitor grant payments, there is frequently a lag between the activity triggering the payment and the payment itself. Robust systems also allow for post-scheme evaluation.

See: [Examples of monitoring data](#)

In addition to internal management information, external data sources can also provide useful intelligence. Examples include the [government grants register](#); further data will be available via the Government Grants Intelligence and Information Service (expected to be available Q1 2016).

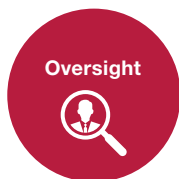
Case study

**Management information is fed into the appropriate oversight and governance layers, so that we can make informed decisions.**

It is important that those responsible for running the grant scheme have access to management information at the appropriate level. Those managing the scheme on a day-to-day basis are likely to need detailed information about individual applicants and grant payments, while those with responsibility for the scheme as a whole will need higher-level summary data.

Case study

NAO view continued overleaf



## Access to and use of management information

### NAO view

**We have put in place a process to receive information from whistleblowers and to act appropriately in response to that information.**

Whistleblowers can be a key source of intelligence and can provide early warnings of systems that are not working as intended or which are being abused. Having well-publicised channels for whistleblowers to use to provide information will encourage them to come forward – these are likely to include a phone number, an online form and/or an email address, in addition to a postal address. Intelligence provided by whistleblowers should be considered carefully, in conjunction with management and other information, and consideration given as to whether individual incidents reported might be symptomatic of a more widespread problem.

In our series of reports on whistleblowing, we noted that “Whistleblowing is important to protect and reassure the workforce, and to maintain a healthy working culture and an efficient organisation. Organisations should view whistleblowers as an early warning system to let them address problems before they escalate. As the British Standards Institution’s Whistleblowing Arrangements Code of Practice notes:

“... the main reason enlightened organisations implement whistleblowing arrangements is that they recognise that it makes good business sense. An organisation where the value of open whistleblowing is recognised will be better able to:

- deter wrongdoing;
- pick up potential problems early;
- enable critical information to get to the people who need to know and can address the issue;
- demonstrate to stakeholders, regulators and the courts that they are accountable and well managed;
- reduce the risk of anonymous and malicious leaks;
- minimise costs and compensation from accidents, investigations, litigation and regulatory inspections; and
- maintain and enhance its reputation.”

Case study



See also: [Government whistleblowing policies](#) and [Making a whistleblowing policy work](#)





## Access to and use of management information

### Case studies

**We have a management information system in place, which allows us to understand how the grant is performing.**

During the course of its investigations into some **alternative higher education providers**, BIS found unusual patterns in applications for student support, and became concerned that a minority of alternative providers were inappropriately using recruitment agents in the UK and overseas. The unusual patterns included the following:

- high concentrations of specific nationalities; at some providers more than 80% of new students were of Romanian or Bulgarian origin;
- cases where multiple applications were made from individual households;
- cases where applications were submitted after the course start dates; and
- applications submitted in bulk, with up to 50 applications per day from the same internet location.

NAO view



**Management information is fed into the appropriate oversight and governance layers, so that we can make informed decisions.**

In our report on the **Disabled Students' Allowance**, we found that no work was undertaken routinely at the Student Loans Company or BIS to examine payment patterns. BIS therefore did not identify weaknesses in its guidelines until four years after concerns first emerged.

NAO view



Case studies continued overleaf




**We have put in place a process to receive information from whistleblowers and to act appropriately in response to that information.**

In our series of reports on whistleblowing we included several case studies of whistleblowers' experience, to demonstrate the importance of speaking up. One such example was of an employee in an organisation involved in a project to provide services in partnership with a national charity. Both the charity and the sponsoring department were investing significant sums of money. Early on in the project, the employee became concerned that the project leader had very little experience in project management and was not complying with procurement procedures. The project manager's lack of experience had led to poor planning and a failure to ensure that the project delivered value for money and the right service for the complex needs of the service users.

These concerns were not dealt with, and the project went ahead on what the employee considered to be a flawed basis. On finalisation of the project a number of the service users complained that the service was deficient and was unable to answer their needs. This became the topic of a media exposé. The project manager was eventually removed but no further action was taken against the project manager (or those responsible for managing him). The department conducted a more thorough project evaluation than would have otherwise been the case. More public money was spent to rectify the initial mistakes, bringing the total cost of the project to over seven times the original estimate.

**Video:** [Sian Jones from the NAO talks about the importance of good whistleblowing arrangements](#)

NAO view 



# Operational management

At this stage, key topics to think about are:

## Capacity and capability of deliverers

Self-assessment descriptors	➔
Maturity matrix	➔
NAO view	➔
Case studies	➔

## Grant administration

Self-assessment descriptors	➔
Maturity matrix	➔
NAO view	➔
Case studies	➔



# Capacity and capability of deliverers

## Self-assessment descriptors

### Key descriptors to consider

- We have set out clear criteria and a framework for approving delivery partners.

NAO view 

- We have considered areas where issues such as conflicts of interest might occur, and have put appropriate controls in place to mitigate the risks.

NAO view 

- We have considered the regulatory or quality control mechanisms in place for overseeing the activities of delivery partners.

NAO view 



# Capacity and capability of deliverers

## Maturity matrix

### ● Undeveloped

- Delivery partners are appointed on an inconsistent basis – there is no clear set of criteria.
- There are no controls in place to mitigate the risks arising from conflicts of interest between different agents in the process.
- There is little regulation or quality control in the system.

### ● Developing

- There are some controls in place, but there are still potential risks arising from conflicts of interest between parties.
- There is some level of regulation or quality control, but this does not cover all aspects of the grant system.

### ● Optimal

- There is a clear framework in place which is used to approve delivery partners.
- Costs and capabilities of intermediaries have been benchmarked where possible.
- There are sufficient controls in place to mitigate the risks arising from conflicts of interest between different agents in the process.
- There is a coherent system of regulation and quality control in place, covering delivery partners.
- Performance measurement standards have been set up to determine quality, outcomes and value for money.



## Capacity and capability of deliverers

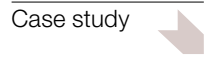
### NAO view

**We have set out clear criteria and a framework for approving delivery partners.**

It is important to establish clear criteria for approving delivery partners, such as assessors or suppliers. As well as their technical capabilities, administrators should consider their financial sustainability and governance arrangements.

The Grants Efficiency Programme expects to have a Grants and Programme Services Framework Agreement and the Government Grants Intelligence and Information Service, including benchmarking data, available from Q1 2016.

Case study

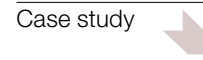


See also: [Principles Paper: Managing provider failure and Financial relationships with third sector organisations](#)

**We have considered areas where issues such as conflicts of interest might occur, and have put appropriate controls in place to mitigate the risks.**

There is an increased risk of conflicts of interest arising when different players within the grant scheme are dependent on each other's roles; for example where there are bodies providing assessments or referrals on which suppliers' business depends. Ways to mitigate such risks include requiring robust documentary evidence when appointing agents, so that potential conflicts can be identified at that stage; not allowing single-supplier agreements between assessors and suppliers; and building in sufficient audit checks.

Case study



NAO view continued overleaf




## Capacity and capability of deliverers

### NAO view

**We have considered the regulatory or quality control mechanisms in place for overseeing the activities of delivery partners.**

Consider whether there may be gaps in the regulatory system, especially when delivery partners are outside the public sector. Service users should have access to information about quality and standards of service. If delivery partners are responsible for implementing controls, such as application assessments or audits, consider how to obtain assurance that these controls are operating as expected and are sufficient.

Case study 

See also: [Intelligent Monitoring Toolkit](#)



## Capacity and capability of deliverers

### Case studies

**We have set out clear criteria and a framework for approving delivery partners.**

BIS is responsible for deciding whether courses run by **alternative higher education providers** are eligible, or 'designated', for student support. BIS has changed the course designation process substantially in the last few years. Until 2011, the designation process focused on checking that the proposed course was eligible for student support. The current process includes new and strengthened checks, and providers must meet criteria for quality, financial sustainability, management and governance, as well as course eligibility.

NAO view



**We have considered areas where issues such as conflicts of interest might occur, and have put appropriate controls in place to mitigate the risks.**

In our report on the **Disabled Students' Allowance**, we found that the assessment centre that assesses the support requirements of disabled students based at Plymouth University's main campus, and a supplier of non-medical helper support to disabled students, were the same company. In addition, a verbal agreement between Plymouth University and the supplier means that it is the sole supplier of non-medical helper support to most students based on the Plymouth University campus. A review by BIS's internal auditors found that there were information barriers within the company, and did not identify any conflicts of interest that had, in their view, impacted on the way in which the company operated as a provider of assessments and as a support provider. However, we concluded that the specific supplier arrangement for supporting disabled students based on the Plymouth University campus means that the risk of a conflict of interest is not fully mitigated.

NAO view



Case studies continued overleaf





# Capacity and capability of deliverers

## Case studies

**We have considered the regulatory or quality control mechanisms in place for overseeing the activities of delivery partners.**

As alternative higher education providers do not receive direct public funding, they are not subject to the same regulatory framework as publicly-funded providers. While some of the other oversight bodies within the system can visit alternative providers, BIS can enter a provider's premises to obtain information only with the provider's consent. Our report found that there are several aspects of alternative providers' performance which do not fall within the remit of any of the oversight bodies, such as providers' attendance policies, student dropout rates and attainment of qualifications.

NAO view





## Grant administration

### Self-assessment descriptors

#### Key descriptors to consider

- We have a clear understanding of the resources that will be required to administer the grant, and these resources are set out clearly in the business and implementation plans.

NAO view



- Our team has sufficient understanding of both the technical specifics behind the scheme and the market forces at play.

NAO view



- The scheme has an adequate sanctions and reward system. All involved (especially delivery partners) are aware of the system and administrators are ready to put this into action if required.

NAO view





# Grant administration

## Maturity matrix

### ● Undeveloped

- The level of resource required to administer the grant has not been properly considered.
- The grant team within the Department lacks knowledge of both the technical aspects of the grant scheme and the relevant market sector.
- There are few sanctions available, or those that are available are not widely known about and therefore cannot act as a deterrent.
- Members of the grant team are inexperienced and/or have not received any training in grant administration.

### ● Developing

- Resourcing has been considered but there is not a formal plan in place.
- The grant team within the Department has an understanding of the technical specifics behind the scheme, but has little familiarity with the market sector.  
OR  
The grant team within the Department has a good knowledge of the market sector, but lacks expertise in the technical specifics behind the scheme.
- There are sanctions in place to address cases of non-compliance but the sanctions are not well known, and/or those responsible for implementing them do not have all the necessary powers.

### ● Optimal

- There is a clear resourcing plan in place.
- The grant team within the Department has sufficient understanding of the technical specifics behind the scheme, and also a good knowledge of the market sector.
- There are sanctions in place to address cases of non-compliance. The sanctions are known to all, and those responsible for implementing them have the necessary powers.
- Costs of administration are understood and benchmarked (e.g. using the intermediary data sent to departments by the Grants Efficiency Programme team) and outsourcing considered.
- Members of the grant team have undertaken relevant training and are proficient in grant administration.



## Grant administration

### NAO view

**We have a clear understanding of the resources that will be required to administer the grant, and these resources are set out clearly in the business and implementation plans.**

It is important that the staff administering the scheme – including those processing and assessing claims and making payments – have sufficient capacity to cope with projected levels of demand. If there are insufficient staff, delays can occur in processing applications, and there is an increased risk of checks not being carried out thoroughly. Administrators may want to consider which, if any, aspects of the administration should be outsourced.

Case study

**Our team has sufficient understanding of both the technical specifics behind the scheme and the market forces at play.**

Skills in standard areas such as procurement, contract management and commissioning will help to ensure that the administrators can stay in full control.

Case study

**The scheme has an adequate sanctions and reward system. All involved (especially delivery partners) are aware of the system and administrators are ready to put this into action if required.**

As part of a toolkit to prevent fraud and abuse and to maximise performance, an effective system of sanctions, made clear up front, increases the ability to hold providers to account. This will include a mechanism to stop funding if performance standards are not met. Administrators should ensure that those charged with imposing sanctions have the statutory powers to do so.

Case study



## Grant administration

### Case studies

**We have a clear understanding of the resources that will be required to administer the grant, and these resources are set out clearly in the business and implementation plans.**

With the **Domestic Recharging Scheme**, delays occurred in processing applications and attention was diverted from monitoring the scheme, in turn bringing the risk that problems were not identified and dealt with promptly. The DfT had a budget for outsourcing the grant administration, but by the time the need for outsourcing became apparent, the team's time was fully taken up with processing claims, which led to difficulties in capacity to run the procurement exercise to outsource the work.

NAO view



**Our team has sufficient understanding of both the technical specifics behind the scheme and the market forces at play.**

Risks on the **Domestic Recharging Scheme** may have been mitigated earlier if there had been a greater understanding of the business dynamics operating in the sector for this scheme specifically.

NAO view



Case studies continued overleaf



## Grant administration

### Case studies

**The scheme has an adequate sanctions and reward system. All involved (especially delivery partners) are aware of the system and administrators are ready to put this into action if required.**

The ultimate sanction for BIS in overseeing support for students at alternative higher education providers is to withdraw funding from providers found to have been abusing the system. Between 2012 and 2014, BIS suspended payments to 7 providers and their students due to concerns that those providers had enrolled students onto unapproved courses. BIS revoked all course approvals for 1 provider where it concluded students had accessed support for unapproved courses, and has taken steps to recover overpayments from 2 further providers where it concluded issues were substantiated.

NAO view





# Evaluation

At this stage, the key topic to think about is:

Internal and  
external assurance

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Self-assessment descriptors



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Maturity matrix



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NAO view



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Case studies






## Internal and external assurance

### Self-assessment descriptors

#### Key descriptors to consider

- We have built in a process to assess the quality of work done or services provided with the grant.

NAO view 

- We know what success will look like, and we have an evaluation plan to measure the impact of the scheme.

NAO view 

- There is a process in place for capturing lessons learnt and incorporating the learning into future schemes.

NAO view 





# Internal and external assurance

## Maturity matrix

### ● Undeveloped

- There are few quality checks built into the grant process.
- There is no audit strategy or programme.
- There is no articulation of what success will look like.
- There is no plan for evaluating the scheme.
- There is no mechanism for capturing or disseminating lessons learned from the scheme.

### ● Developing

- Quality and audit checks are built into the process but, where these are outsourced, there are no arrangements for the department to gain assurance that the controls are being implemented as intended.
- “What success will look like” has been set out, but not necessarily in a way that it can be measured.
- There is a plan for evaluating the scheme, but it is not clear how lessons learned will be captured or disseminated and fed back into the learning for future grants.

### ● Optimal

- There is a robust process to assess the quality of work done or services provided with the grant. This includes audit checks where the sample is at least partly randomly selected.
- Where quality checking / audit is outsourced, there are arrangements in place to gain assurance that the controls are being implemented as intended.
- “What success will look like” has been clearly articulated in measurable terms.
- There is a clear plan for evaluating the scheme at defined points while the scheme is running and after it has closed. Evaluation is both quantitative and qualitative.
- There is a mechanism through which lessons learnt can be captured and disseminated to other grants practitioners in the department, so that future schemes benefit from them.



## Internal and external assurance

### NAO view

**We have built in a process to assess the quality of work done or services provided with the grant.**

Establish an audit regime that includes both risk-based and random sampling. There will usually be a mix of desk-based audits of individual applications and site visits to verify that work has been or is being carried out as claimed. If the quality checks and audits are undertaken by a contractor, administrators will need to establish arrangements to provide formal assurance that the controls have been implemented as intended.

Case study



**We know what success will look like, and we have an evaluation plan to measure the impact of the scheme.**

As demand-led grant schemes are commonly designed to boost a particular market, it is typically difficult to assess the impact of the scheme as it is impossible to know what level of market growth would have occurred in the absence of the grant scheme. The development of corresponding markets in other comparable countries may provide an indicative comparator.

A clear picture of what success would look like, with measurable impact indicators, would help show relative achievement against a counterfactual of the scheme not existing. If indicative targets are set at the outset, this can support better evaluation of scheme aims. As well as looking at quantitative measures, evaluation should encompass a wider, qualitative, assessment of the outcomes of the scheme, and whether the policy objective was met.

Case study



NAO view continued overleaf



## Internal and external assurance

### NAO view

**There is a process in place for capturing lessons learnt and incorporating the learning into future schemes.**

At the end of the programme or scheme, ensuring that lessons (both what went well, and what didn't go so well) are captured is really important to make sure that the experience is fed into future projects, and to allow the organisation to take stock. Building in time for this at the outset means that this becomes an embedded step within the process, rather than an add-on.

See also: Appendix 2 of our report [Department for Transport: Local Authority Major Capital Schemes](#), which contains an evaluative framework to help sponsor organisations assess the fitness for purpose of their evaluation arrangements.

Case study





## Internal and external assurance

### Case studies

**We have built in a process to assess the quality of work done or services provided with the grant.**

On the non-domestic **Renewable Heat Incentive**, the audit sample size was previously 11% of projected applications for the year. This was broken down into 3.5% desktop audit, undertaken by Ofgem, which administers the scheme on behalf of DECC, and 7.5% site audit, undertaken by a contractor. DECC tells us that, from the beginning of 2015-16, audit sites are selected using a 'Monetary Unit sampling calculator' plus a number of sites chosen by Ofgem on the basis of risk assessment.

On the **Plug-In Car Grant**, 5% of claims are subject to audit, which entails more thorough checks relating to the vehicle purchased and the customer than are carried out when the grant is processed. There are also audit checks relating to the percentage of the sale price that is claimed in grant.

NAO view



**We know what success will look like, and we have an evaluation plan to measure the impact of the scheme.**

In our **Regional Growth Fund** follow-up report in 2014, we found that the department had commissioned consultants to undertake a scoping study to identify a practical evaluation methodology. The departments reported that the evaluation team presented the proposals for the core impact and economic evaluation work for review by an independent academic panel in late October 2013. The Fund's evaluation working group planned to meet in March 2014 to decide how to proceed with any evaluation of the Fund.

NAO view



Case studies continued overleaf



## Internal and external assurance

### Case studies

**There is a process in place for capturing lessons learnt and incorporating the learning into future schemes.**

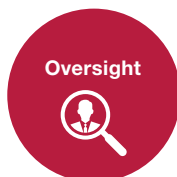
The **Regional Growth Fund** was initially criticised for drawn-out contracting times and cost-benefit ratios achieved in earlier rounds, but was able to demonstrate significant improvements in these areas later on. The scheme's administrators paid close attention to the performance of successful bidders in early rounds, working closely with them and placing them in special measures where necessary; prior performance was also factored into bid evaluations for subsequent rounds. Having experienced significant underspend and slippage in earlier rounds, the team conducted both bottom-up and top-down risk assessments in later phases, enabling them to identify recipients at the highest risk of not meeting the timescales and to put in place mitigating actions including withdrawal from the scheme.

NAO view





Design and development



Oversight



Operational management



Evaluation

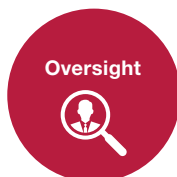
## Useful links

### NAO reports used as case studies in this guide

Product name and link	Author / source	Date	Description
<p><b>Investigation into financial support for students at alternative higher education providers</b></p> <p><a href="http://www.nao.org.uk/report/investigation-financial-support-students-alternative-higher-education-providers-2/">www.nao.org.uk/report/investigation-financial-support-students-alternative-higher-education-providers-2/</a></p>	National Audit Office	December 2014	This report examines the arrangements for oversight and funding of alternative higher education providers, and focuses on 4 specific concerns relating to the financial support provided to students attending some of these providers.
<p><b>Investigation into potential conflicts of interest in the award of Disabled Students' Allowance</b></p> <p><a href="http://www.nao.org.uk/report/investigation-into-potential-conflicts-of-interest-in-the-award-of-disabled-students-allowance/">www.nao.org.uk/report/investigation-into-potential-conflicts-of-interest-in-the-award-of-disabled-students-allowance/</a></p>	National Audit Office	March 2015	This report examines the oversight by the Department for Business, Innovation & Skills of the arrangements for the award of the Disabled Students' Allowance.
<p><b>The Help to Buy equity loan scheme</b></p> <p><a href="http://www.nao.org.uk/report/help-buy-equity-loan-scheme-2/">www.nao.org.uk/report/help-buy-equity-loan-scheme-2/</a></p>	National Audit Office	March 2014	This report examines the design, implementation and outcomes of the Department for Communities and Local Government's equity loan scheme, Help to Buy.
<p><b>The Regional Growth Fund</b></p> <p><a href="http://www.nao.org.uk/report/the-regional-growth-fund/">www.nao.org.uk/report/the-regional-growth-fund/</a></p>	National Audit Office	May 2012	This report covers the £1.4 billion allocated to projects in 2011, in the Fund's first two bidding rounds. Our objective was to assess whether it would be spent cost-effectively, meeting the Fund's objectives.
<p><b>Progress report on the Regional Growth Fund</b></p> <p><a href="http://www.nao.org.uk/report/progress-report-on-the-regional-growth-fund/">www.nao.org.uk/report/progress-report-on-the-regional-growth-fund/</a></p>	National Audit Office	February 2014	This report provides an update on the Regional Growth Fund's progress since the Committee of Public Accounts report in September 2012. It also explains the responsible Departments' actions in response.



Design and development



Oversight



Operational management



Evaluation

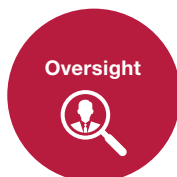
## Useful links

### Other relevant NAO resources

Product name and link	Author / source	Date	Description
<p><b>Government Grant Services</b></p> <p><a href="http://www.nao.org.uk/report/government-grant-services-2/">www.nao.org.uk/report/government-grant-services-2/</a></p>	National Audit Office	July 2014	This report examines the likelihood the Cabinet Office's programme will lead to improvements in government grant funding, whether departments routinely appraise alternatives before choosing grants, and – using case studies – establishing the degree to which grant programmes are strategically planned and output focused.
<p><b>Forecasting in government to achieve value for money</b></p> <p><a href="http://www.nao.org.uk/report/forecasting-government-achieve-value-money-2/">www.nao.org.uk/report/forecasting-government-achieve-value-money-2/</a></p>	National Audit Office	January 2014	This report examines the production and use of forecasts to inform government departments' decisions on resource and capital spending in light of HM Treasury's aims, and against good forecasting practice.
<p><b>Delivering public services through markets: principles for achieving value for money</b></p> <p><a href="http://www.nao.org.uk/report/delivering-public-services-through-markets-principles-for-achieving-value-for-money-3/">www.nao.org.uk/report/delivering-public-services-through-markets-principles-for-achieving-value-for-money-3/</a></p>	National Audit Office	June 2012	The National Audit Office outlines ten principles that the government needs to consider if it is to achieve value for money when using markets to deliver public services.
<p><b>Principles Paper: Managing provider failure</b></p> <p><a href="http://www.nao.org.uk/report/principles-paper-managing-provider-failure/">www.nao.org.uk/report/principles-paper-managing-provider-failure/</a></p>	National Audit Office	July 2015	This paper explores the principles departments should use to manage provider failure. There is room for improvement in the way failure of providers is considered and managed.



Design and development



Oversight



Operational management



Evaluation

## Useful links

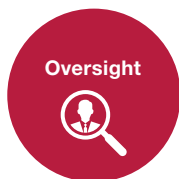
### Other relevant NAO resources

Product name and link	Author / source	Date	Description
<p><b>Transforming government's contract management</b></p> <p><a href="http://www.nao.org.uk/report/transforming-governments-contract-management-2/">www.nao.org.uk/report/transforming-governments-contract-management-2/</a></p>	National Audit Office	September 2014	This report looks at how government has responded to findings about its weak contract management in its procurement of services.
<p><b>Good practice contract management framework</b></p> <p><a href="http://www.nao.org.uk/report/good-practice-contract-management-framework-2-2/">www.nao.org.uk/report/good-practice-contract-management-framework-2-2/</a></p>	National Audit Office / Office of Government Commerce	December 2008	The framework is a good-practice guide for managing a broad range of contracts. It is particularly relevant for contracts where services are delivered over a long period of time (five years plus) where customers need to ensure that service levels and value for money are maintained over the duration of the contract.
<p><b>Financial relationships with third sector organisations</b></p> <p><a href="http://www.nao.org.uk/report/financial-relationships-with-third-sector-organisations/">www.nao.org.uk/report/financial-relationships-with-third-sector-organisations/</a></p>	National Audit Office / Office for Public Management	May 2006	This decision-support tool is for officials in central government departments, non-departmental public bodies and agencies in England. It will be of use to officials who make, or advise on, decisions relating to the delivery of programmes which involve financial relationships between government bodies and a third-sector organisation. We expect that it will be relevant for senior officials such as the Senior Responsible Owner (SRO) of a project or programme, and to staff responsible for programme implementation. It provides practical support for 'real-life' decisions about the design of appropriate funding models. It will help to ensure programmes are effective, economical and efficient.





Design and development



Oversight



Operational management



Evaluation

## Useful links

### Other relevant NAO resources

Product name and link	Author / source	Date	Description
<b>Intelligent Monitoring Toolkit</b> <a href="http://www.nao.org.uk/intelligent-monitoring/">www.nao.org.uk/intelligent-monitoring/</a>	National Audit Office	June 2009	“Intelligent Monitoring” is the term we use for putting into practice the principles of good monitoring and for avoiding the pitfalls of poor practice in monitoring. This guidance offers a clear, robust framework for intelligent monitoring. Along the way, we offer examples and practical tools and techniques.
<b>Government whistleblowing policies</b> <a href="http://www.nao.org.uk/report/government-whistleblowing-policies/">www.nao.org.uk/report/government-whistleblowing-policies/</a>	National Audit Office	January 2014	This report provides the context around whistleblowing and examines the procedures in place for whistleblowing within government departments.
<b>Making a whistleblowing policy work</b> <a href="http://www.nao.org.uk/report/making-a-whistleblowing-policy-work/">www.nao.org.uk/report/making-a-whistleblowing-policy-work/</a>	National Audit Office	March 2014	This report examines the systems, structures and behaviours in place to enable effective whistleblowing arrangements.
<b>The role of prescribed persons</b> <a href="http://www.nao.org.uk/report/the-role-of-prescribed-persons">www.nao.org.uk/report/the-role-of-prescribed-persons</a>	National Audit Office	February 2015	In this report we examine the system of prescribed persons, looking at contacting a prescribed person; how a concern is handled; and how the system works for whistleblowers.



Design and development



Oversight



Operational management



Evaluation

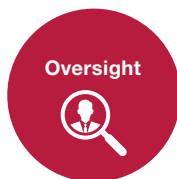
## Useful links

### Other relevant NAO resources

Product name and link	Author / source	Date	Description
<p><b>Good practice in tackling external fraud</b></p> <p><a href="http://www.nao.org.uk/report/good-practice-in-tackling-external-fraud-2/">www.nao.org.uk/report/good-practice-in-tackling-external-fraud-2/</a></p>	National Audit Office / HM Treasury	June 2008	The purpose of the guide is to demonstrate and explain some of the good practices used by organisations in tackling external fraud. It includes checklists to help organisations assess current practices.
<p><b>Department for Transport: Local Authority Major Capital Schemes</b></p> <p><a href="http://www.nao.org.uk/report/department-for-transport-local-authority-major-capital-schemes/">www.nao.org.uk/report/department-for-transport-local-authority-major-capital-schemes/</a></p>	National Audit Office	May 2011	This review examines whether the Department for Transport has in place suitable arrangements to secure value for money from Regional Funding Allocation Programme investment. Appendix 2 contains an evaluative framework to help sponsor organisations assess the fitness for purpose of their evaluation arrangements.
<p><b>Delivery Environment Complexity Analytic (DECA)</b></p> <p><a href="http://www.nao.org.uk/report/deca-understanding-challenges-delivering-project-objectives/">www.nao.org.uk/report/deca-understanding-challenges-delivering-project-objectives/</a></p>	National Audit Office	October 2013	A framework for assessing where the strategic or high-level challenges and risks lie in major projects. It can help to test how well an organisation understands and has designed and planned its project.



Design and development



Oversight



Operational management



Evaluation

## Useful links

### Cabinet Office resources

Product name and link	Author / source	Date	Description
<p><b>Government grants register</b></p> <p><a href="http://www.gov.uk/government/publications/government-grants-register">www.gov.uk/government/publications/government-grants-register</a></p>	Cabinet Office	January 2015	A list of grant schemes run by government departments in 2013-14. It includes the value of the grant schemes, the type of recipients and number of recipients. It is not fully comprehensive, but provides an overview of the majority of government grants.
<p><b>Grants Best Practice Hub</b></p> <p>Resources below are available via the Grants Hub</p>	Cabinet Office	–	<p>An interactive information-sharing site for departments to access further details of best practice in grant making.</p> <p>If you require access to the Grants Hub, please contact <a href="mailto:grantsefficiencyprogramme@cabinetoffice.gov.uk">grantsefficiencyprogramme@cabinetoffice.gov.uk</a></p>
<p><b>Fraud and Error Prevention in Grants Toolkit</b></p> <p><a href="https://connect.innovateuk.org/group/grants-efficiency-hub/toolkits">https://connect.innovateuk.org/group/grants-efficiency-hub/toolkits</a></p>	Cabinet Office	2015	This toolkit provides practical guidance for grant makers on how to assess fraud risks and implement controls needed to prevent fraud losses.
<p><b>Evaluation and Learning in Grants Toolkit</b></p> <p><a href="https://connect.innovateuk.org/group/grants-efficiency-hub/toolkits">https://connect.innovateuk.org/group/grants-efficiency-hub/toolkits</a></p>	Cabinet Office	2015	This toolkit provides guidance for departments on best practice in managing the evaluation of grants, from business case stage through to final assessment.
<p><b>Cross-government grants framework</b></p>	Cabinet Office	Expected Q1 2016	A new framework agreement for grant and programme services to help departments more efficiently procure end-to-end grant administration.



Design and development



Oversight



Operational management



Evaluation

## Examples of monitoring data

### Monthly

- Monthly expenditure and supporting evidence (invoices etc)
- Progress/completion reports on projects delivered under the grant
- Contractor/sub-contractor statements

### Quarterly

- Monitoring patterns of applications, such as geographical spread or looking for multiple applications from the same source or IP address
- Segmentation analysis of take up
- Monitoring success of promotion activities related to grant take-up
- Service level grant report (if applicable under grant conditions)

### Yearly

- Third-party evidence review

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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.

#### **Authors**

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