



PPN Financial Controls

Updated March 2022

Supported by circular CVSP 2/2022

The purpose of this financial controls document is

- 1) to outline the purposes for which PPN funding may be used,
- 2) to clarify areas where use of PPN funding is prohibited or restricted, and
- 3) to clarify a number of other issues surrounding PPN funding and finances.

As outlined in the PPN Handbook, regardless of the structure under which the PPN operates and with an awareness of the independence of the PPNs in their work, **PPNs are accountable to their funders for the spending of public money**. The PPN budget must only be used for PPN work, supporting the objectives of the PPN. There must be provisions in the Financial Policy of the PPN in relation to how PPN budgets can be spent. In spending the PPN budget, the PPN must also follow the PPN Workplan, its Strategic Plan and related Departmental Circulars.

Please also note that while the Department does not intend to interfere in the operational aspects of the beneficiaries of funding, it is duty bound to monitor the expenditure of public funding, and must take steps to ensure that public money is spent appropriately and in line with its intended purpose. This approach also applies to the Local Authorities. The PPNs are *accountable* to both the Department and the relevant Local Authority, but do not need to seek their approval for spending decisions that adhere to the requirements set out below.

All parties (the PPN staff, the Secretariat members, the Local Authority officers) should note the requirements on the PPN budget featured in their respective stakeholder sections of the latest [PPN Handbook](#).

As the PPN funding is categorised as grant funding, the Principles for Grantees outlined by the Department of Public Expenditure and Reform (DPER) apply. These Principles can be found in Appendix 2 to [DPER circular 13/2014](#), and are clarified in a PPN context in Appendix 3 to this PPN Financial Controls document.

While the Plenary is responsible for agreeing the annual Workplan, the Budget to support delivery of this Workplan, etc., the Secretariat is accountable to the Plenary, the Department of Rural and Community Development and the Local Authority in respect of the spending under the annual budget of the PPN each year. The initial annual allocation to each PPN from the Department of Rural and Community Development was €50,000, to be matched with at least €30,000 by the Local Authority. In recent years, an additional allocation has been made by the Department of Rural and Community Development to secure a Support



Worker post. Local Authorities are also required to supplement the Department's allocation with an additional allocation in accordance with Departmental Circulars.

The Secretariat is required to work with the PPN Workers to develop the annual PPN Budget for approval by the Plenary at the beginning of each year in accordance with the PPN Constitution, its objectives, its Workplan, its Strategic Plan and Departmental Circulars.

In addition to their work in developing the annual PPN budget for approval by the Plenary, each PPN should also have a system in place to enable PPN Workers to monitor expenditure and ensure it is in line with the priorities of the prevailing PPN Workplan and Budget. It should also be in line with the provisions outlined in this document and any other relevant circulars. Organisations that host PPNs must make records of PPN expenditure available to the PPN Workers to enable them to adhere to good practice. This requirement should be included in the MOU / SLA with the hosting organisation.

The Department advises that PPNs retain records of all payments and expenditure incurred by the PPN (statements/invoices etc.) so that they are available for inspection.



1. Purposes of PPN funding

PPN funding is ring-fenced and can only be used for the purposes of developing and maintaining the PPN.

PPNs were established to enable the public to take an active formal role in relevant policy making and oversight committees of the Local Authority.

The functions of PPNs are to:

1. facilitate participation and representation,
2. build the capacity of member groups, and
3. serve as a networking and information hub.

PPN spending and activities must be in line with these three broad functions. If a PPN is uncertain as to whether a particular proposed activity is in line with the PPN functions, please contact DRCD for clarification.

As outlined in Circular [CVSP 1/2015](#), the most common usage which the Department envisages for the funding would be:

- Cost of employment of a Resource Worker (full time equivalent) and a Support Worker
- Office space, infrastructure and materials for the Resource Worker (and Support Worker)
- Expenses incurred by the PPN in carrying out its activities i.e. holding meetings, training, elections, publicity materials, insurance etc.
- Expenses of Secretariat and PPN representatives on Local Authority committees (where these cannot be recouped from the Local Authority or another source).

Per [CVSP 1/2021](#), funding provided in any given period is intended to support the work of the PPN in the calendar year (January to December) in which said funding is provided.

As outlined in Circular [CVSP 1/2015](#), it was recommended that Resource Workers would be appointed at the equivalent of Staff Officer (Grade 5) level in the local authority.

Per [CVSP 9/2018](#), Support Worker funding is ring-fenced exclusively for the employment of a Support Worker (i.e. salary and associated costs) and cannot be used for any other purpose. 'Associated costs' refer to employer costs such as PRSI or any superannuation arrangements that may be in place, and any relevant travel and subsistence expenses.

While individual Support Worker contracts may be based on different twelve-month periods, from DRCD's perspective the Support Worker funding is provided and offset on a calendar-year basis (i.e. January to December).



Please note that from DRCD's point of view, the Support Worker funding is not tied to either funding tranche. Rather, both tranches are considered as a whole, and the Support Worker funding is a portion of that whole amount.

A more detailed breakdown of the constituent elements of PPN expenditure was provided in circular letter [CVSP 3/2020](#) – included in Appendix 1 to this document.

Further guidance on expenditure can also be found in [DPER Circular 24/2019](#) on public spending and the [Public Procurement Guidelines for Goods and Services](#) – see Appendix 2 to this document.

Redundancy contingencies

As staff costs are a valid use of PPN funding, a contingency held to cover potential staff redundancies represents a valid use of funding in the case of PPNs hosted outside a local authority. This is a matter for the staff liaison committee of the Secretariat to discuss with the host organisation.

Offsetting unspent funding

If funding provided for the above purpose remains unspent at the end of a calendar year and no request has been submitted to carry over said funding (see below), the unspent amount will be offset from the following year's funding. This means that an amount equal to the unspent monies will be deducted from the standard funding amount.

This is to avoid a situation in which PPNs are accumulating large amounts of unspent funding from year to year. The funding is provided by the state exclusively for the functions outlined above, and cannot be accumulated in lieu of carrying out those functions.

Carryover requests

If a PPN has budgeted an amount for a specified purpose in a given calendar year but is unable to utilise it within that year due to factors beyond its control, the PPN may present a written business to DRCD to carry that amount over for use in the following year.

Failure to deliver

Funding is provided to PPNs specifically to deliver on the PPNs' functions and objectives, as set out above. The Department is duty-bound to ensure that its funding provided to PPNs is



used for this purpose and no other, and that the core principles envisaged in the design of the PPNs are followed.

As such, the following circumstances would constitute failure to deliver on the funding conditions and would oblige the Department to investigate further and, if necessary, intervene directly or withdraw all or part of the funding:

- *No plenary meeting for a period of 12 months:* as the plenary is the decision-making arm of the PPN, any PPN that is not holding plenary meetings cannot make decisions on the basis of a flat structure, and is therefore not adhering to a core PPN principle.
- *Representatives not being elected to committee positions:* the core function of PPNs is to represent the community & voluntary, social inclusion and environmental sectors in local policymaking. Persistent or long-term failure to fill committee positions would therefore represent a serious failure to deliver on the PPN's function.
- *Lack of a constitution, MOU, SLA (where required):* The Constitution is the main governance document for the PPN and lays out a set of rules by which every stakeholder involved must abide. The MOUs and SLAs with local authorities and hosting organisations provide clarity on roles and relationships and avoid duplication. These documents are therefore indispensable for the smooth running of a PPN.
- *Lack of workplan or budget:* it is essential that each plenary meeting agrees on a programme of work that the PPN will deliver over subsequent months. This work programme represents the preferences of the plenary and enables the Secretariat to direct the work of the PPN in line with the plenary's decisions, and is therefore an indispensable tool for day-to-day PPN operations. Items on the work programme should be budgeted for within a reasonable period after the plenary agrees the workplan to ensure that resources are available and are being used appropriately. If no documents are in place to fulfil the functions of a workplan and budget, this represents a serious operational failure within the PPN.
- *Obstructing the recruitment/assignment of staff:* payment of staff salaries is a key purpose for which funding is provided and is the largest item in any PPN's budget. If actions or omissions of individuals involved with the PPN are found to be the cause of a long period of staff vacancy, this represents a serious failure to deliver on a key function for which funding is provided.
- *Key funding documentation not provided:* It is essential that the key funding documentation listed below is provided in good time to the Department to enable the Department to carry out its governance function, which is its legal responsibility.

If a PPN persistently fails to address the circumstances above, the Department may withdraw some or all funding until the situation is rectified.



2. Prohibited or restricted uses of PPN funding

Direct grants/fundraising

PPNs are not permitted to engage in fundraising for any purpose or to give direct grants to member groups or other groups. In addition, as stated in [Circular CSVP 1/2015](#), PPN funding should not be used for projects or work that would ordinarily be carried out by another body or agency, including the Local Authority, or by one of its member groups.

Any funding received by the PPN from DRCD, the local authorities or other sources should be used to offer supports (e.g. representation, training, networking opportunities) to a wide range of groups in the PPN's Local Authority area, but not to carry out front-line activities or to disburse funding directly. For clarity, the PPN is not a grant awarding body.

ICT and office equipment for parties other than PPN Workers

[Circular CSVP 1/2015](#) (see 'Use of Funding', p. 2) clarifies the common uses envisaged for PPN funding, which includes "office space, infrastructure and materials for the resource and support workers".

This provision for "office infrastructure and materials" includes the Support Worker but does *not* extend to the Secretariat or to other parties beyond the PPN workers. PPN's should maintain an asset register of all ICT and office equipment belonging to the PPN.

If the PPN is of the view that such spending is essential to furthering the purpose of the PPN, they may submit a business case to the Department for consideration.

Awards ceremonies/events – spending cap

A number of PPNs fund or co-fund awards ceremonies/events for the volunteers in their member groups. While this can serve the PPNs' networking function, it is important that spending on a single event of this nature remains proportionate to the overall PPN budget.

We are therefore capping expenditure for this purpose at an amount not exceeding €4,000 in any given year. This cap applies to all awards ceremonies/events planned per calendar year taken together, not per awards ceremony/event. If the PPN is of the view that this spending is essential to furthering the purpose of the PPN, they may submit a business case to the Department for consideration of spending higher than the cap.

Please note that the PPN may not provide payments to individuals in an awards context.

Marketing/publicity expenses, event sponsorship and branded merchandise – spending cap



PPNs may wish to carry out a certain amount of marketing/publicity activities, including event sponsorship and branded merchandise. As with awards expenditure, such spending should remain proportionate to the overall budget. PPNs should also have regard to the forthcoming PPN Communications Strategy which may provide resources to support the marketing/publicity requirements of individual PPNs and avoid unnecessary duplication.

We are therefore capping expenditure for marketing/publicity expenses, event sponsorship and branded merchandise *taken together* should not exceed €6,000 in any given year. If the PPN is of the view that this spending is essential to furthering the purpose of the PPN, they may submit a business case to the Department for consideration of spending higher than the cap.

Please note that technical work (e.g. maintenance, updates) undertaken on PPN websites is not considered to be marketing expense. Website expenses come under their own separate heading.

Local Authority staff

PPN funding is not to be used for any Local Authority staff other than the Resource Worker and Support Worker where these are employed by the Local Authority and are engaged full time on PPN duties. The arrangements concerning the PPN Workers must be clearly set out in the assignment agreement between the Local Authority and the PPN, as per the PPN Handbook.

If an existing Local Authority member of staff is assigned to the post they must work a total of full time equivalent hours on the PPN. They cannot undertake duties which are not related to the running of the PPN even if they are within the same division of the Local Authority.

In cases where PPN Workers were recruited and employed by the Local Authority and assigned to work for the PPN, it is essential that the boundaries of this assignment, and the independence of the PPNs, are respected by all. The PPN has a large volume of work and the PPN Workers must be allowed to dedicate their time to that work in accordance with their roles.

As stated in the Handbook, *PPNs may also recruit other workers / Tús scheme participants at their discretion and within their own budget, subject to local arrangements.* Temporary clerical support may be procured from external agencies where this is deemed absolutely necessary, subject to the condition that good procurement practices are adhered to for such services (see [Appendix 2](#) below).

Expenditure not related to Workplan

If a proposed expenditure item does not relate to the PPN's objectives as agreed at the plenary and stated in the Workplan, it must be agreed separately by the Secretariat based on the Secretariat's established decision-making procedures and ratified subsequently by the Plenary.



External advisory and consultancy services

The costs for advisory or consultancy services related to a specific PPN, including any legal advisory fees incurred, will be borne by that PPN. However, the need for such services should be carefully evaluated, given the range of supports already provided by the Department to PPNs.

In the case of mediation services where disputes or grievances arise, the PPN is responsible for resolving the issue in the first instance through its internal grievance process, and should turn to external consultancy services only if this internal process fails.

In the case of mediation to resolve a dispute between the PPN and the Local Authority, the costs involved must be borne equally between both parties and the Local Authority element should be met from the Local Authority's own resources, rather than the core funding provided by the Local Authority to the PPN.

If unforeseen additional costs of this nature arise that cannot be met from within the remaining PPN budget for the year and the PPN is of the view that such spending is essential to furthering the purpose of the PPN, they may submit a business case to the Department for consideration.

Matched funding for capital schemes

PPN funding provided by DRCD to support the role and function of the PPNs should not be used as matched funding for capital schemes.



3. Other PPN funding and finance matters

Government logo

The PPN shall acknowledge the Department's support on its website and on any major publications through the use of the Department's logo.

PPNs not hosted by a Local Authority: Annual Financial Statements

PPNs that are not hosted by a Local Authority must submit audited Annual Financial Statements along with a detailed Income & Expenditure Account for the PPN. These will be cross-checked against the Annual Financial Return for consistency.

Expenses payments

As noted in the PPN Handbook, all travel and expenses payments will be made in accordance with public sector norms and apply only to travel within the Local Authority area (county/city) for meetings or outside the Local Authority area in exceptional circumstances such as training, attending the PPN conference or Secretariat Network meetings. Expense claims must be backed up with appropriate documentation, such as receipts or, if required, evidence of attendance at meetings and events.

PPN bank account

Where PPN funding is not held in an independent bank account, any financial record-keeping processes must ensure that PPN expenditure can be easily identified separately from any other expenditure carried out via the same account.

Where the PPN funding is being held in a bank account operated by the Local Authority, the Local Authority may ask for expenditures to be vouched by the PPN in accordance with the standard financial procedures in place in that Local Authority. The Local Authority cannot request information outside of these financial operating procedures or look to influence how the PPN spends its budget. Where a dispute arises, it will be referred to mediation with each of the PPN and the Local Authority paying for all associated costs equally from within their own resources.

Local authorities cannot use PPN funds themselves without the agreement of the PPN plenary.

Auditing of accounts

PPN's accounts are subject to auditing in line with the host organisation's own policies or established practices. The Department advises PPNs to retain records of all payments and



expenditure incurred by the PPN (statements/invoices etc.) so that they are available for inspection.

The internal audit functions of both the Department and the Local Authorities have the authority to audit PPNs.

Fraud

Anyone involved with a PPN (staff, Secretariat, Representatives and others) should inform the Department immediately on discovery of or suspicion of fraud on the part of or by any body or person involved with a PPN.

Other sources of funding

PPNs may draw on other sources of funding (e.g. grants) in cases where they meet the relevant criteria.

MOU/SLA criteria

Any MOU or SLA signed with another party (Local Authority, third-party host organisation, or CLG entity in the case of PPNs operating as companies) must set out the following:

- Any hosting charges that may apply and what services are offered in return for these hosting charges
- Annual MOUs/SLAs, which should be published on each PPN's website

A template Memorandum of Understanding is included in the Appendices to the PPN Handbook. This serves as the benchmark and will be updated in future if necessary.

Reserves/contingencies/rainy day fund – spending cap

Please note that reserves or contingency funds can only apply to PPNs established as standalone companies.

Statutory leave payments for staff

Statutory leave payments (such as maternity leave) are a matter for the employer and are not to be drawn from the funding provided by the Department to the PPN, nor will the Department provide additional funding for this purpose.

Procurement



All procurement by PPNs must comply with good procurement practice. Before procuring goods and services, PPNs must obtain quotes from at least 3 different providers and must then consider which of the quotes obtained represent the best value for money.

PPNs hosted by the Local Authority must ensure that all procurement is in line with Local Authority procedures.

All PPN expenditure must comply with the principles of Value for Money and public procurement. Please see [Appendix 2](#) for more information.

Expenditure in line with Plenary's decisions.

As the Plenary is the primary decision-making body of the PPN, all expenditure – including routine or small expenses – must align with the PPN's priorities, budget and annual Workplan as agreed by the Plenary.

While it is open to the Secretariat to approve more routine items of expenditure not included in the annual Budget, in line with the established decision making processes, major items of expenditure require approval from the Plenary. As a result, every effort should be made to ensure that sufficient time is made available for the planning and budgeting of such expenditure in time for ratification at Plenary meetings.

Where routine items are to be approved by the Secretariat, each PPN must ensure that a robust decision-making process is in place and that such spending is consistent with the Workplan and budget approved by the Plenary.

Invoice requirement

Payments should not be made for goods or services unless an invoice has been provided. Invoices must be kept on file and available for audit.

When paying for training services, please raise a query with the supplier if you are charged VAT on the invoice, as VAT for training is often 0%.

Expenditure that does not conform to this circular

Please note that any proposed PPN expenditure that does not conform to the provisions of the present financial controls circular must be discussed with the department *before* any spending takes place or before any related financial commitments have been made.

Financial transparency

PPNs must publish their Workplans, budgets and financial reports on their websites to ensure transparency to member groups.



Staffing arrangements

In reporting expenditure on staff salaries, PPNs must break down the amount of expenditure per staff member, including any administrators brought in from elsewhere to assist the PPN. This breakdown should also detail the employment arrangements in place, including (but not limited to) whether the individual is an employee or a contractor and their start/end dates with the PPN.

Software and Intellectual Property

PPNs shall ensure that all and any necessary consents and/or licenses for any software or methodology are obtained and in place before use. The PPN shall not commit any act or omission which might invalidate, breach or otherwise impair the effect of any such consents, approvals, authorisations, licences or permissions.

Each PPN indemnifies the Department and shall keep and hold the Department harmless from and in respect of all and any losses (whether direct, indirect or consequential) liability, damages, claims, costs or expenses which arise by reason of any breach of third party Intellectual Property Rights by the PPN in the course of its activities.

Document retention

For audit, inspection and verification purposes, PPNs shall retain all relevant documentation relating to a given calendar year for the period of five subsequent years.

Force majeure

A 'Force Majeure Event' means an event or circumstance not within the reasonable control of a PPN that prevents that PPN from complying with its obligations. This includes events such as (but not limited to) acts of God, out-break of disease, riot, fires, floods etc.

In the event of any failure, interruption or delay in the performance of the PPN's obligations resulting from any Force Majeure Event, the PPN shall promptly notify the Department in writing specifying:

- i. the nature of the Force Majeure Event,
- ii. the anticipated delay in the performance of obligations,
- iii. the action proposed to minimise the impact of the Force Majeure Event,

The PPN shall use all reasonable efforts to minimise the effects of the same and shall resume the performance of its obligations as soon as reasonably possible after the removal of the cause.



Recipient's Right of Appeal

A PPN may appeal a decision by the Department to –

- i. reduce the amount of funding payable to the PPN, or
- ii. recover grant aid already paid to the PPN.

The PPN must submit any such appeal to the Department within 20 working days of notification of the relevant decision.

Freedom of information

The Department has the right to disclose for the purposes of a request under the Freedom of Information Act 2014 or otherwise, in connection with the funded project(s) –

- i. any information supplied by the PPN to the Department,
- ii. any relevant data gathered by the Department in administering grant aid to the project, except where the information is considered to be personal or commercially sensitive.

The Recipient shall provide all reasonable assistance required to enable the Department and/or the Funder to comply with their obligations under the Freedom of Information Act 2014 ("FOI Act"). In circumstances where the Department is subject to the Freedom of Information Act 2014 or the European Communities (Access to Information on the Environment) Regulations 2007 to 2014, then in the event of the Department receiving a request for information related to this Agreement, the Department shall consult with the PPN in respect of the request. The PPN shall identify any information that is not to be disclosed on grounds of confidentiality or commercial sensitivity, and shall state the reasons for this sensitivity. The Department will consult the PPN about this confidential or commercially sensitive information before making a decision on any request received under the above legislation.

Funding conditions

As per circulars [CVSP/2 2020](#) and [CVSP/3 2020](#), funding is contingent on the submission of the following documents by the PPN to the Department:

- MOU/SLA (the latter only where necessary; please refer to the PPN Handbook)
- Income & Expenditure reports
- Annual Report response

Going forward, funding cannot be provided unless all these documents have been submitted by the due date as stated by the Department.



PPNs are strongly encouraged to engage with the Department at an early opportunity if they are facing challenges which may impact on their funding. The Department will endeavour to assist and support the PPN where such instances arise



Appendix 1: Expenditure categories for Income & Expenditure reports

The following list is for information purposes only and should not be filled out. The Department will issue the actual report templates separately.

Salary Resource Worker incl. PRSI
<ul style="list-style-type: none">• Travel & Subsistence Resource Worker
Salary Support Worker incl. PRSI
<ul style="list-style-type: none">• Travel & Subsistence Support Worker
Secretariat Travel & Subsistence paid for by PPN
PPN representatives Travel & Subsistence where paid for by PPN (if applicable)
Rent and Rates (if applicable)
Postage / Telephone
Online communications tools (e.g. online meeting software, survey software)
Office Supplies/Stationery/Printing
Light and Heat
Insurance
Bank Charges (if any)
Auditing, Accountancy, HR & Professional Fees e.g. Financial & Legal (if any)
Training & Development
Membership of external orgs / Workshops & conferences attended by PPN
Equipment for PPN
IT/Server Support & Maintenance
Website/Hosting Fees
Marketing & Promotion of PPN
Projects/Activities/Events sponsored by PPN
Plenary/ Meeting Costs (excl. Room Hire /Refreshments/ Meeting Software)
Room Hire/Refreshments
General Maintenance – cleaning, waste etc.



Appendix 2: Good public procurement practice

The following guidelines are taken/adapted from the [Public Procurement Guidelines for Goods and Services](#) published by the Office for Government Procurement (the 'Below Threshold' chapter is particularly relevant).

This approach ensures transparency and accountability, and it also offers you as the purchaser a sense of the going market rates and conditions for the services you are seeking.

For goods and services with an estimated value of less than €5,000, best practice is to seek a minimum of three quotes confirmed by email. However, initial contact with the potential providers can be made by phone.

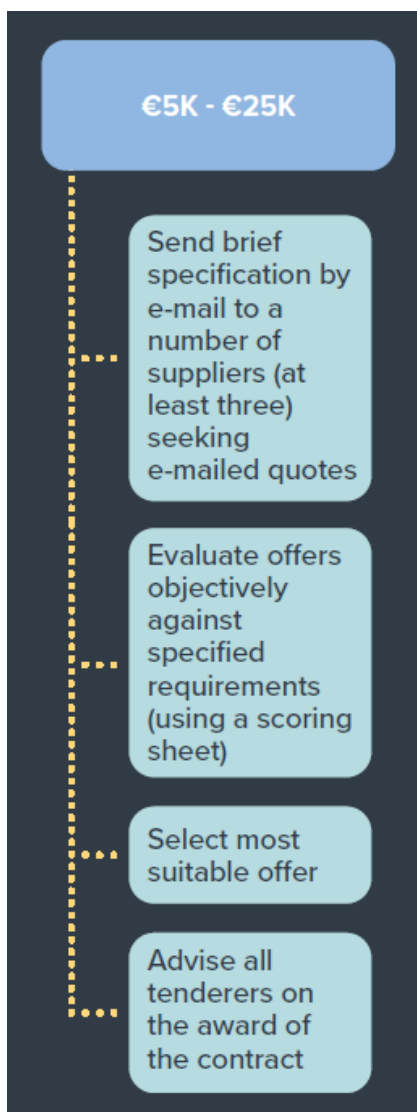


For goods and services with an estimated value of between €5,000 and €25,000 (including staffing arrangements other than a standard PPN Resource Worker or Support Worker), best practice is to provide written specifications and to seek a minimum of three quotes. In this case, both the initial inquiry from the PPN to the providers and the quotes received from the providers must be documented in writing (e.g. sent by email).

Please notify both successful and unsuccessful tenderers of their result. Care should be taken to ensure that confidential information such as the identity of other tenderers, prices or



pricing strategies of other tenderers or information that could compromise the competitive situation or infringe the intellectual property rights of others, is not disclosed.





Appendix 3: Principles for Managing Public Funds

The Financial Controls document seeks to ensure transparency and accountability in the use of public funds by the Recipient. To this end, the Recipient is required to adhere to the four overarching principles applying to the management of public funds (those funds provided directly or indirectly by the Exchequer), namely *Clarity*, *Governance*, *Value for Money*, and *Fairness*.

To this end, the PPN shall –

Clarity

1. ensure they understand the purpose and conditions of the funding
2. use the Department's funding only for the purposes approved by the Department,
3. if unsure, seek clarity from the Department on the use of public funds, governance and accountability,

Governance

4. have appropriate governance arrangements in place to –
 - i. oversee and administer public funds,
 - ii. control and safeguard funds from misuse, misappropriation and fraud,
 - iii. record the source, purpose, amount, use, outputs and outcomes, and balance of public funds on hand,

Value for Money

5. be able to show –
 - i. funds have been used effectively,
 - ii. value for money has been achieved through the use of funds,
 - iii. waste and extravagance has been avoided,

Fairness

6. manage the funds with honesty and integrity,
7. manage the funds in compliance with relevant laws and regulations,
8. procure goods, services and works in a fair, open and transparent manner,
9. act fairly, responsibly and openly in your dealings with the Department and its Agents.