



# Community Services Programme

## Operating Manual

1<sup>st</sup> January 2019



Rialtas na hÉireann  
Government of Ireland



## Foreword

The purpose of this Operating Manual is to communicate to CSP service providers the aims, objectives and rules of the Community Services Programme and to provide clear guidelines in relation to particular aspects of the programme.

The document will serve as a useful resource to Board members and staff in terms of understanding the ethos of the programme and its key requirements.

**This document replaces the previous Operating Manual (Version 2, 1<sup>st</sup> January 2018) with effect from 1<sup>st</sup> January 2019.**

We will update and revise this new CSP Manual as required and will notify CSP service providers when a new version takes effect. Please note that any significant clarifications in rules or guidelines from the previous Manual are highlighted in **red** throughout the document.

**The Manual contains 6 sections.**

**Section 1** provides an overview of the CSP, its aims and objectives, key requirements and what differentiates the CSP from other community based programmes. It also provides an overview of the business planning and re-contracting process.

**Section 2** sets out the CSP rules which CSP service providers must comply with.

**Section 3** outlines details associated with the administration of the CSP co-funding contribution. It also includes some guidelines in relation to areas such as income generation, financial planning and viability and recruitment and employment.

**Section 4** provides an overview of Audit and the audit/verification process.

**Section 5** highlights good practice in relation to corporate governance.

**Section 6** provides an overview of statutory and other areas of compliance which CSP service providers need to be aware of.

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## **Section 1: Overview of the Community Services Programme**

### **1.1 Introduction**

This section provides an overview of the structure of the Community Services Programme (CSP), the programme objectives, and the requirements of services providers in terms of administering the programme. Responsibility for the CSP transferred from the Department of Employment Affairs and Social Protection to the Department of Rural and Community Development on 1st January 2018. The CSP is administered by Pobal on behalf of the Department of Rural and Community Development.

### **1.2 Aims and Objectives of CSP**

The aim of the CSP is to support legally incorporated community organisations (companies limited by guarantee) and industrial and provident societies (co-operatives) to provide local social, economic and environmental services through the application of a social enterprise model of delivery.

The objectives of the programme are as follows:

- To promote social enterprise as an approach to alleviating disadvantage and addressing local social, economic and environmental needs which are not being met through public or private funding or other resources.
- To create sustainable jobs for those most distant from the labour market, in particular for those who are long term unemployed and from specific target groups
- To promote sustainable social and economic development
- To enable service providers to lever additional public investment to improve facilities and services
- To strengthen local ownership through participation in decision making
- To support social innovation and encourage sharing of learning and expertise between participating service providers.

### 1.3 Purpose and Structure of the CSP Funding Contribution

The funding provided to CSP service providers is expressed as a fixed annual co-funding contribution towards the costs of employing a manager and/or a specified number of full time equivalent positions (FTEs).

The co-funding contribution towards employing each Full-Time Equivalent position (“FTEs”) is €19,033 per annum.

Where the CSP contributes to the cost of employing a manager, this amounts to €32,000 co-funding per annum.

The above contributions are based on each FTE and manager working a minimum of 39 hours per week exclusive of lunch. From 1st July 2016, where managers are contracted for less than 39 hours per week, and where this is deemed acceptable to Pobal, the CSP co-funding contribution is reduced on a pro rata basis.

Where a contribution towards the salary of a manager is also received from another source of funding (e.g. PEACE project), there will be no impact on the payment of the CSP Manager’s contribution once the project in question can be aligned to the objectives of the organisation and its CSP funded project.

A small operational grant is occasionally awarded to some CSP service providers on an exceptional basis. In such cases operational funding is restricted to instances where a need is clearly evidenced by a CSP service provider. Any operational funding provided is on a once off basis for a defined period of time.

Where awarded, operational funding is intended as a contribution to overheads and running costs, unless otherwise stated in the grant agreement with Pobal. Any operational funding must be spent on “real costs” and must be vouched. Operational funding cannot be used for salary costs, capital purchases (e.g. vans, buses, equipment etc.), rent (unless an exceptional circumstance by agreement with Pobal), bank interest, referral fees or consultancy fees.

#### 1.4 Differences between CSP and activation programmes/schemes

There are clear differences between the CSP and active labour market programmes run by the Department of Employment Affairs and Social Protection such as Community Employment, Tús and the Rural Social Scheme. Such programmes provide additional income to jobseekers in exchange for working a set number of hours, usually 19.5 hours per week, in a community based organisation or setting. The objectives of such programmes are to provide individuals with work experience or placements in local community settings, in most cases for a defined period of time. The focus in the main is on the individual to assist re-entry to the labour market.

On the contrary, CSP provides a co-funding contribution to CSP service providers to employ a manager and/or Full Time Equivalents (FTEs) to help deliver the objectives of the community service. The focus under CSP is on service delivery to disadvantaged communities and target groups. Employees are recruited from the labour market subject to the CSP service provider meeting certain programme requirements. As such, the CSP enables the creation of paid employment positions and is not a welfare payment, or an add-on to a welfare payment. This approach sets the programme apart from other public funding sources and reflects the social enterprise ethos of the programme. The following table provides a summary of the key differences.

	<b>Community Services Programme</b>	<b>Active Labour Market Programmes</b>
<b>Purpose</b>	Primarily focused on service delivery to paying customers	Primarily focused on individuals seeking re-entry to the labour market
<b>Ethos</b>	Social enterprise model	Employment activation and income support model
<b>Employment</b>	Availability of full-time positions of indefinite duration	Part-time placements that are generally limited in duration
<b>Payment</b>	Annual salary agreed with employer, expectation to pay market rates and living wage where possible.	Top-up to existing DEASP Jobseekers payment



## 1.5 Eligible Services and Activities

The CSP supports CSP service providers who, through a social enterprise model:

- operate community halls and facilities (CSP Strand 1 and 1s)
- provide services to local, regional and national geographical communities or communities of interest, especially to disadvantaged communities (CSP Strand 2)
- operate social enterprises that provide employment for specific disadvantaged groups namely Travellers, people with disabilities, stabilised and recovering drug mis-users and people with convictions who are in contact with the probation service, and other groups as determined by the programme (CSP Strand 3)

### *Community Halls and Facilities (CSP Strand 1 and 1s)*

The CSP helps ensure that community halls and facilities are open and accessible on a day-to-day basis in local settings and operate on a social enterprise model.

The term 'community facility' is used to describe physical premises and/or facilities for customer use and benefit. They are often characterised by being open to the general public rather than serving a defined client base.

Examples include:-

- community centres
- theatre and arts centres
- sports and leisure centres

Community halls/facilities consist of larger services who are in receipt of a manager and FTE contributions under CSP (Strand 1), and smaller community halls/facilities with an FTE allocation only (Strand 1s).

### *Community Services for Disadvantaged communities (CSP Strand 2)*

Typical community services delivered include home insulation, repair and maintenance for the homes of older people and people with disabilities; transport for people with disabilities; and meals-on-wheels. This strand of CSP also funds community radio stations and other forms of community media. CSP service providers are focused on providing services to disadvantaged groups, including older people, people with disabilities and Travellers. However, CSP service providers may target a wider range of disadvantaged groups and communities.

### *Companies employing people distant from the labour market (CSP Strand 3)*

This comprises of CSP service providers who have twin objectives of delivering services while also creating employment opportunities for specific disadvantaged groups. The core Strand 3 CSP employment target groups are Travellers, people with disabilities, recovering drug mis-users and people with convictions and services must [employ at least 70% of the CSP supported FTEs](#) (i.e. 70% of the CSP contracted hours per week) from the specific Strand 3 target groups. As with all service providers in receipt of a funding contribution from the CSP, the employing company or co-op must operate as a social enterprise and demonstrate a strong focus on supporting workers (e.g. personal development, on the job support).

Examples of CSP service providers under CSP Strand 3 who employ the designated target groups include re-use and recycling businesses, craft businesses, grounds maintenance and security services, horticulture and food production businesses.

## **1.6 Characteristics of Service Providers Funded under CSP**

The vast majority of CSP service providers contain the following key characteristics that distinguish them from other organisations in the community:

- The organisation and business is started by a group of individuals within a community setting;
- It adopts a social enterprise approach to addressing social issues and creating positive social change and social inclusion;
- Any surpluses are re-invested for the purpose of that business or in the community rather than being driven to provide profit for owners or shareholders;
- It is an independent organisation accountable to a defined set of members and the wider community;
- It is democratic in its membership and decision making; the governance structures generally represent their key stakeholders (community representatives, members of target groups, general community interests and specialist areas of knowledge/skills);
- It is participatory in nature, involving those who will be impacted by the activity or services or goods being provided;
- It strives to create sustainable jobs for disadvantaged target groups as set out in section 1.5;

- It holds its assets and wealth for the benefit of community, usually in the form of reserves;
- It encourage workers to learn and update their skills; and
- It encourages a high level of co-operation with other social enterprises, statutory bodies and other regional/national organisations.

Exceptions to the above include a small number of local development companies and statutory agencies who have grant agreements under the programme, but who must adopt a social enterprise model for the CSP supported service.

## 1.7 Social Enterprise

A key requirement under the CSP is that funded CSP service providers generate traded income by adopting a social enterprise model of delivery. For the purposes of the CSP, social enterprises can be defined as follows:

“An enterprise that trades for social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government and where the surplus is primarily re-invested in the social objective<sup>1</sup>”

There are many different types of social enterprises that generate a traded income through:

- **Delivery of specific services with a social dividend** (e.g. meals on wheels, care for older people, home improvements, transport, environmental services, community media).
- **Local economic development** (e.g. tourism facilities or products, sports facilities, arts facilities).
- **Creating employment opportunities for disadvantaged groups** (e.g. focus on integration of those most distant from the labour market).
- **Deficient Demand Social Enterprises:** where the demand for particular goods and services within a community is not matched by the resources to pay for these, due to disadvantage or low density of population.
- **And sometimes a mix of two or more of the above**

<sup>1</sup> Forfas: Social Enterprise in Ireland, Sectoral Opportunities and Policy Issues. (July 2013)

## 1.8 Expectations of CSP Funded CSP Service Providers

*Traded Income:* CSP service providers are required to generate traded income from a variety of sources including sales, fees (often with a sliding scale or pricing policy according to need and ability to pay), contracts, room rental and/or the organisation of events.

In order to assist sustainability, all CSP service providers should strive for a situation where at least 30% of annual turnover is from traded income and where the CSP grant is not more than 50% of your annual turnover. The remaining 20% can come from other sources such as fundraising or other public funding. While this may not be achievable in the short-term for some, all CSP service providers need to focus their business planning on achieving an appropriate income mix in the medium to long term to ensure sustainability.

Service providers who have a CSP funded manager in place should build towards the achievement of these targets by trying to ensure in the first instance that at least the equivalent of a CSP manager contribution (€32,000) comes from traded income.

*Surplus Income:* A distinguishing feature under the CSP is that the surplus income directly derived from services/facilities/activities supported is re-invested by the organisation to achieve its primary social and environmental objectives. Reserves are encouraged and the recommendation is for a company to achieve 13 weeks of operating costs in unrestricted reserves.

*Rates of Pay:* The CSP contribution is provided on a co-funding basis and employers are expected to provide additional funds from their own resources to meet the full cost of employment. Employers are expected to pay a reasonable and adequate rate of pay to staff in line with local market rates. For FTE positions, employers should strive towards achieving the payment of a 'living wage' which is viewed as a rate of €11.90 per hour where feasible. CSP service providers are obliged under employment law to pay the minimum wage to all employees. **A new minimum wage rate of €9.80 takes effect from 1st January 2019.** Neither The Department of Rural and Community Development nor Pobal set the wage rate; this is entirely a matter for the employer in accordance with the law.

*Ownership and Accountability:* As the organisations supported by CSP operate in the wider interest of the local communities and/or target groups, it is essential that openness, transparency and accountability are clearly evidenced.

Assets: CSP service providers need to ensure that their assets are legally protected and permanently retained for social benefit. Cash reserves and organisational policy needs to reflect the mission statement and social objectives.

Employment: The CSP service provider must be the employer of those in CSP funded positions, with exceptions only allowed in specific circumstances agreed in advance with Pobal.

Displacement: Services must not displace commercial services and are required to address this issue in their CSP Business Plan/application. CSP funded companies and co-operatives operate independently and are not limited from engaging in other commercial activity by reason of receiving State contracts or grants. Public funding, such as that provided under the CSP, cannot be used to displace commercial activity. However, Pobal does not constrain the company from seeking to deliver other services which are funded outside of the CSP grant agreement, nor does it restrict it participating in tender competitions offered under the terms of national and EU procurement procedures.

## 1.9 Business Planning and Re-Contracting

CSP service providers will be required to submit a Business Plan/Application (as applicable) in their last year of grant agreement. Pobal notifies when a Business Plan/Application is due and provides supports to CSP service providers. The Business Plan/Application will form the basis for Pobal to make a recommendation to the Department for continued support from the programme.

**The function of business planning** is to define your social enterprise model and provide details on all aspects of your operations, including **governance**, your **product** (services/facilities), your **market** (customers/beneficiaries/users/geographical area), **finance** (creating a surplus, achieving sustainability) and **social impact** (contributing to positive and measurable change for people).

**The Business Plan** provides Pobal with a picture of the short to medium term objectives of the social enterprise, and projected forecasts. An effective business plan is one that the Board of Directors and Management are familiar with and fully support. It is therefore important that as many people as possible who will be involved in implementing the plan contribute to its development. It should be kept under review, so that it can be updated to take account of changing circumstances.

It is important that Business Planning is not simply viewed as a 'Pobal requirement', but is viewed as a key tool for enhancing sustainability and achieving positive outcomes in terms of service delivery using a social enterprise model.

Once your Business Plan/Application is appraised by Pobal, recommendations are forwarded to the Department for final decision. A CSP service provider will then either continue in the programme with the same funding allocation, with a reduced allocation, or with an increased allocation. A small number of service providers exit the CSP annually either voluntarily or as a result of the re-contracting process, or for other reasons.

### 1.10 Grant Agreement

The grant agreement is the legal contract between Pobal and the organisation, which sets out the terms and conditions of funding based on the organisations approved Business Plan/Application. A grant agreement is issued to successful applicant organisations and is typically for a period of three years. However, this period can vary for different reasons and sometimes CSP service providers may receive a 1-year or 2-year grant agreement.

The grant agreement specifies:

- Delivery period i.e. length of grant agreement
- the approved purpose of the funding i.e. the description of what the service provider is funded for under CSP
- the number of posts supported
- Indicators - these are the performance targets which must be met annually over the grant agreement period and reported outputs will be monitored through your Pobal returns
- Agreed budget including a breakdown of managers (if applicable) and FTE's
- Special conditions –
  - o Pre-conditions and Programme specific conditions - these are common conditions to all CSP service providers
  - o Project specific conditions - these can be pre-payment or post payment conditions that are **specific to your service** and must be met within a given timeframe.

CSP service providers should note that any changes to approved Business Plans/Applications (e.g. job descriptions, Manager/FTE hours, indicators/targets, funded CSP services/activities) must be agreed in advance with Pobal in writing.

It is very important that CSP service providers including Board and management familiarise themselves with the detail of their grant agreement.

## 1.11 Pobal Supports

Pobal is committed to the provision of a wide range of supports to contracted CSP service providers under the CSP. This consists of the following:

**One-to one Support:** Each CSP service provider is assigned a Development Co-ordinator who is the primary point of contact for CSP related matters. Your Development Co-ordinator can assist you in terms of advice and guidance, and address any queries that are not answered through this Operating Manual. Development Co-ordinators may visit your service from time to time as part of the support provided. Each CSP service provider is also assigned a Finance Officer in Pobal's Grants Administration Unit in the event of queries relating to your funding contribution.

**Guidance Documents:** In addition to this Operating Manual, Pobal also produces guidance notes on various subjects relevant to the programme. These notes are available through the CSP Portal [here](#).

**Support Events:** Pobal organise support events from time to time to assist CSP service providers within the programme. Such events may focus on business planning during a re-contracting process, or focus on other relevant issues or themes. Pobal also organise support meetings for new entrants to the CSP, and for new Managers/board members within CSP on an occasional basis to assist with familiarisation of the programme.

**Training/Business coaching:** Pobal is committed to the provision of training and business coaching opportunities for CSP service providers to enhance capacity, governance and sustainability. Pobal will organise training and coaching supports where possible subject to the availability of funding. However, services are encouraged to look at training opportunities that may be available locally via Local Enterprise Offices (LEOs), Local Development Companies and other organisations such as the Wheel, as well as e-learning opportunities that may be relevant to meeting the training needs of board members or staff.

## **CSP Portal**

Changes to the CSP Portal have been made so that all relevant support and guidance documents are available in one location. Up to mid-2018, some documents relevant to CSP services were available via the Pobal website, and others were available on the CSP Portal. Since mid-2018 all such guidance documents, templates, resource material is available via the CSP Portal only, with the website providing more generic information relating to the programme for other stakeholders. The Portal landing page has been re-designed and relevant documents can be accessed via the 'Supports' library that you will see on the left hand side of the screen. Details of Development Co-ordinators and Finance Officers are also contained on the Portal landing page.

### **1.12 CSP Support Fund 2019**

The Department of Rural and Community Development have continued the 'CSP Support Fund' for a further fixed period of time between 1<sup>st</sup> January 2019 and 31<sup>st</sup> December 2019 to assist qualifying CSP service providers in enhancing their sustainability as social enterprises. Qualifying services will receive an additional payment in 2019 to aid with sustainability.

### **1.13 CSP Exclusions**

There are a number of areas of activity that the CSP does not support (with the exception of a small number of legacy projects that are currently in contract) as they are viewed by the department as being more appropriately funded from other sources. The excluded areas are set out below. Additional FTE requests from such legacy projects are also not supported under the programme.

- (a) Childcare services;
- (b) Enterprise centres;
- (c) Care assistants and medical services;
- (d) Community development and youth projects and workers;
- (e) Citizens information and advice centres;
- (f) Health service delivery;
- (g) IT or other training projects (unless an exceptional unmet need is evidenced and agreed by Pobal);
- (h) Advocacy, mediation and counselling.
- (i) **licensed premises bar workers**



## **Section 2: CSP Rules**

The CSP has a number of programme rules that CSP service providers must comply with. These are outlined below in more detail. In addition, an individual CSP service provider may have contract specific conditions that must be adhered to. These conditions, if present, will be set out in a service providers CSP grant agreement.

### **2.1 Legal Status**

CSP service providers must be a company limited by guarantee (CLG) or an industrial and provident society (co-operative). In exceptional circumstances, CSP service providers may also be a statutory body who are providing direct services to CSP target groups/communities or the CSP service provider may be a company with shares. All CSP grant agreement holders (with the exception of statutory bodies), must include the following clauses/provisions, or similar provisions with the same effect in their Memorandum and Articles of Association, Rules, or Constitution:

- In the winding up of the entity, any surpluses/assets/reserves must only be transferred to a company or organisation with similar aims and goals i.e. for the benefit of the community/target groups.
- No income and property of the company or portion thereof shall be paid or transferred directly or indirectly, whether by way of dividend, bonus, distribution of profits, or otherwise to the Directors, shareholders or members of the Company.
- No Director of the Company shall be appointed to any office of the Company paid by fees and that no remuneration in money or money's worth shall be given to any Director.

### **2.2 Hours of Work for FTEs and Manager**

Both managers and FTEs are required to work a minimum of 39 hours per week in order to draw down the full CSP co-funding contribution. This is exclusive of lunch breaks, but inclusive of short tea/coffee breaks. A manager receiving a contribution from CSP is expected to work on a full-time basis. From 1st July 2016, where a manager is contracted for less than 39 hours, and where this is deemed acceptable and approved by Pobal, the CSP co-funding contribution will be reduced on a pro rata basis.

Please note that People with Disabilities (PWD) are exempt from any requirement to work 39 hours per week under the CSP. Hours can be agreed as deemed appropriate for PWD.

CSP employees in receipt of the Carers Allowance (CA) can work up to 15 hours per week without it impacting on their CA payment.

Where a contribution towards the salary of a manager is also received from another source of funding (e.g. PEACE project), once the project in question can be aligned to the objectives of the CSP service provider and its CSP funded project there will be no impact on the payment of the CSP grant.

In the context of CSP hours, the ideal scenario is where the CSP funded positions are full-time (i.e. 39 hours per week) for a minimum of 4 days per week. This is to avoid a scenario where an employee is in a CSP funded role and is also in receipt of a jobseekers payment.

However, an FTE role may be split into part-time positions under certain conditions to meet business need, but such cases must be approved by Pobal prior to implementation.

The below categories of FTEs must work a minimum of 19.5 hours over a minimum of 4 days per week:

1. Any FTEs approved for new entrant organisations entering the programme since 1<sup>st</sup> January 2018
2. Any newly approved FTE roles in all CSP services regardless of when the service joined the programme since 1<sup>st</sup> January 2018
3. FTEs who wish to move from full-time to part-time roles regardless of when the service joined the programme with the approval of Pobal.

The requirement to work a minimum of 4 days per week does not apply retrospectively to positions funded by CSP that were approved prior to April 2016. However, services are nonetheless encouraged to consolidate hours and spread them across 4 days per week where feasible as the opportunity arises. For example, where a vacancy arises in a part-time FTE role that was approved prior to April 2016, services should first consider the feasibility of consolidating roles and increasing the hours of other CSP funded part-time employees; as well as trying to ensure that such roles are spread across 4 days. If this is not possible due to business need or another reason, the service should seek the approval of your Development Co-ordinator to retain the role with the pre-existing part-time hours.

### **2.3 Timesheets**

It is a programme requirement that CSP service providers maintain time sheets for each employee in a CSP co-funded supported post. This includes both Manager and FTE positions. This will enable the CSP service provider to submit accurate returns and claim for the appropriate amount of the grant that is eligible. The timesheet template provided records leave, signing in and out and break times and must be printed off and signed by the line-manager and worker on a weekly basis and reviewed by a board member on a regular basis. See guideline in relation to Timesheets on our website [here](#)

### **2.4 Eligibility of CSP Supported Posts and Employment Exclusions**

All CSP supported posts must be located in the company/co-operative that holds the CSP grant agreement, except in a very small number of instances which must be agreed by Pobal in advance (see section 2.5 below).

CSP service providers are responsible for implementing open and transparent recruitment processes and agreeing the terms and conditions of employment.

The 70% Rule

At least 70% of the CSP-supported FTEs (i.e. 70% of contracted hours per week) must be drawn from specific categories as applicable to your strand of funding as outlined below:

Target Group	Strand 1/1s & 2	Strand 3
Persons in receipt of disability allowance, invalidity pension or blind person's pension;	✓	✓
Travellers in receipt of jobseeker's payments or One Parent Family Payment;	✓	✓
Stabilised and recovering drug misusers;	✓	✓
People with convictions who are in contact with the Probation Service	✓	✓
Person in receipt of Jobseeker's Benefit (JB), Jobseeker's Assistance (JA), one parent family payment (OPF) or the Jobseeker Transitional Payment	✓	Relevant to Ex SEP's* & 2017 targeted call entrants only – individuals <u>must be</u> long-term unemployed i.e. >12 months
People employed from Tús, Gateway, Community Employment (CE) and Job Initiatives (JI) schemes are deemed eligible but cannot simultaneously hold a CSP and Tús/ Gateway/ CE/JI/RSS position. Former RSS workers who were previously CE participants are also eligible.		Not eligible as part of the 70% rule
People who are homeless	Not eligible as part of the 70% rule	2017 targeted call entrants <b>only</b>
Immigrants, legally allowed to work in Ireland, who are in receipt of jobseeker's payments or One Parent Family Payment	Not eligible as part of the 70% rule	2017 targeted call entrants <b>only</b>

\*Ex SEP – Former Social Economy Programme service providers pre-2006

The CSP Employment Eligibility Form is required to be completed at the time of recruitment, signed by the Department of Employment Affairs and Social Protection (DEASP), and retained by the employer for each employee under all employment categories except for:

- Workers employed under the former Social Economy programme as long as the employer can evidence their continuing employment since 2005.
- Recovering drug mis-users and ex-prisoners. A letter of referral from a Probation Officer, Local Drugs Task Force or other specialist agency is sufficient in such circumstances.
- Evidence from Revenue MY ACCOUNT in relation to former Tús and Community Employment participants.

The Employment Eligibility Form can be accessed in the CSP Portal [here](#)

The 70% criterion is calculated with reference to the overall hours worked by FTEs rather than by a head count of employees. The remaining 30% of employees may be recruited from the active labour market (i.e. individuals who may already be in employment).

In exceptional circumstances, requests for exemptions from the 70% criterion can be made in writing to Pobal, where a service provider evidences an inability to meet this requirement. Exemptions will be approved in writing by Pobal for a specified timeframe and must be retained by the CSP service provider with their employment records.

### **Employment exclusions under CSP**

The following employment exclusions apply to CSP co-funded posts:

- An individual occupying a CSP supported post cannot simultaneously hold a Tús, Gateway, CE, RSS or Jobs Initiative placement.
- The CSP contribution cannot be used to employ an individual (in either a Manager or FTE position) once that individual reaches their 66<sup>th</sup> birthday. The employer has the right to continue employing that person after their 66<sup>th</sup> birthday if desired, but the funds to do so must come from another source.
- CSP employers/employees cannot avail of any other Government supported employment initiative/incentives e.g. JobsPath. These would be considered dual funding and are therefore ineligible.

- While the employer determines the hours of the CSP supported employees, an FTE allocation is not intended to be deployed solely as seasonal or on a low hour's basis unless agreed with Pobal. (Please see section 2.2 Hours of work for FTE/Manager).

## 2.5 Sub-Contracting

Sub-contracting in the context of CSP is where service delivery is carried out by an organisation other than the CSP service provider.

From 1<sup>st</sup> January 2016, sub-contracting may occur on an exceptional basis where it is agreed with Pobal in advance to be the most effective way to maximise the resources available. In such cases, a Service Level Agreement must be in place which:-

- Ensures the compliance of both the CSP service provider and the sub-contractor with CSP contractual obligations,
- States the need for the sub-contractor to be providing services through a social enterprise model,
- Provides detail on the transactional nature of the relationship between the CSP service provider and the sub-contract holder on the basis of a social enterprise model i.e. **that there is an appropriate transaction/payment stipulated for the service or staff member being provided,**
- Provides clear direction on the reporting mechanisms required by the CSP service provider of the sub-contractor for the provision of quantitative and/or qualitative information in line with programme requirements. The sub-contractor is required to submit evidence of expenditure incurred to the contact holder, and other records if applicable, on a regular monthly or bi-monthly basis.
- Enables the provision of information from the sub-contractor to the CSP service provider on an annual basis on income generated on foot of CSP funded employee's activities and details of how the company reserves related to the CSP generated income are to be utilised by the sub-contractor.
- Ensures rights of access for Pobal, Department of Rural and Community Development and the Comptroller and Auditor General to the sub-contractors premises and the CSP related books and records at all reasonable times.

## 2.6 Acknowledgements and Logos

CSP service providers are required to acknowledge the support of the Community Services Programme. **The Government of Ireland and Pobal logos must be used on all literature, signage, websites and any other external facing material.** As part of this, the following strapline must be displayed.

*“This project is supported by the Department of Rural and Community Development and Pobal through the Community Services Programme”.*

See links to the **Government of Ireland** and Pobal logos on the CSP Portal [here](#).

## Section 3: Administration of the CSP Funding Contribution

### 3.1 Financial Management

#### 3.1.1 Payments

Pobal will issue a CSP grant agreement based on the Department of Rural and Community Development funding decisions. To ensure Pobal is in a position to approve the payment of your CSP funding contribution it is essential that your board members read the grant agreement thoroughly, understand its provisions, before signing and returning to Pobal.

The following documentation will be required prior to your first payment being made:

- Tax Clearance

Tax clearance is confirmation from the Revenue Commissioners that an organisation's tax and customs affairs are in order at a particular date. The application and processing of tax clearance takes place electronically since 1<sup>st</sup> January 2016. Revenue now provide for real-time ongoing tax clearance (to be known as *eTax Clearance*). With electronic Tax Clearance, real-time ongoing review means that an organisation's tax clearance status will be re-assessed at different stages throughout the year and an organisation's clearance certificate will be withdrawn by Revenue if their tax affairs are not kept in order.

Applications for eTax Clearance will be processed in real time by Revenue. Customers who are tax compliant will receive a *Tax Clearance Access Number (TCAN)*, along with their *Tax Reference number* from Revenue. **Both these numbers must be provided to Pobal in order for Pobal to verify tax clearance and process payments to you.**

It is your organisation's responsibility to become familiar with the eTax clearance process to ensure there are no delays for Pobal making payments to your organisation. For further information on the eTax Clearance system, please click [here](#).

- Most recent signed Audited Financial Statements inclusive of the Department of Finance Circular 13/2014 requirements. Each CSP funded CSP service provider is contractually obliged to provide signed audited financial statements to Pobal.
- Bank Details form – the first and subsequent payments will be made to this account
- Signed grant agreement certificate of acceptance
- Public Procurement Declaration available [here](#)
- Evidence of having met any grant agreement specific pre-payment conditions.



The Pobal system of payments under CSP is intended to provide forward funding for CSP service providers. For annual (“revenue”) payments such as CSP, Pobal usually pay in instalments of up to 25% at the beginning of each quarter. Some small variation may be made to the schedule to facilitate cash flow. Payments are made subject to satisfactory monitoring by Pobal. Payments may therefore be withheld while we work with you to resolve certain issues.

Where a CSP grant agreement expires and is not expected to be renewed or is otherwise concluded, 10% of the final year’s payment contribution is retained. This is payable on receipt of the completed and accurate final returns. Details of the final returns process will be circulated to CSP service providers where relevant.

### 3.1.2 [Eligible Expenditure](#)

Expenditure is only eligible on and between the dates detailed on your CSP grant agreement. Costs incurred prior to your grant agreement date or after your grant agreement end date are not eligible for funding.

There are three categories of eligible CSP expenditure as follows:

- **Contribution to manager salary cost:**
- **Contribution to FTE salary costs:**

Reporting of staff costs is based on the reporting of actual costs of hours worked as per staff timesheets. Notional or budgeted amounts are ineligible reporting methods against the grant.

Where an underspend on the payment may be incurred due to an extended absence of a CSP funded worker, for instance due to maternity or extended sick leave, the CSP service provider may assign or recruit a replacement to cover the period of absence. This should be done in line with your organisational recruitment and selection policy. It is important to maintain clear records of and to confirm in writing to your Pobal Development Co-ordinator the temporary cover arrangements.

This replacement worker must be provided with a letter of appointment and contract referring specifically to the replacement's role in relation to the CSP service. This process is to ensure continuity of your community service, so assignments or replacements should occur as close as possible to the commencement of the absence period. It is not possible to utilise any payment underspend towards the salary costs of other employees working on non-CSP funded services.

- **Operational Funding:** In the rare circumstances where operational funding is awarded, CSP service providers will be advised of any related restrictions or conditions. Operational funding is intended as a contribution to overheads and running costs, unless otherwise stated in the grant agreement with Pobal. Any operational funding must be spent on "real costs" and must be vouched. Operational Funding cannot be used for salary costs, Capital purchases (e.g. vans, buses, equipment etc.), rent (unless in an exceptional circumstance by agreement with Pobal), bank interest, referral fees or consultancy fees.

### 3.1.3 [Systems and Records](#)

All organisations in receipt of public funds must ensure that robust internal systems and procedures, books and records are in place that can evidence the accuracy and reliability of their monitoring information and financial reports submitted to Pobal. The award of a new grant agreement for public funds presents a timely opportunity to review your systems and records to make sure that they are still fit for purpose. The Managing Better Good Governance and Financial Management toolkits, available on our website, set out the good practice standard required. The link to the documents is [here](#).

### 3.1.4 [Internal Financial Procedures and Records](#)

Your company/co-op must devise an internal financial procedures document specifying practices and procedures, as well as who has responsibility for them. This document should be ratified by the board of directors. The company must ensure that responsibility for completing the various tasks outlined in your financial procedures document is clearly assigned to specific individuals. Consideration should be given to introducing formalised internal review procedures, which will help to ensure that the Board's agreed financial policies are adhered to on an on-going basis. A sample template is available to download from the CSP Portal [here](#).

Your company/co-op must maintain proper books of account to record the day to day transactions of the organisation. The main objective is to have a record of all financial transactions in a way that makes them easily accessible and which provides an accurate picture of the organisation's financial position. The books and records should record all income received and all payments made as these form the basis of the financial accounts. Your books and records include payments journal, lodgment records, receipts book, petty cash book, bank statements and bank reconciliations, payroll and Revenue records. At a minimum, the payments journal must provide headings which correspond with those used in budgets, forecasts and business plans and allow for comparative analysis.

Service providers in the Community Services Programme generate trading and other income from diverse sources and business activities, including cash receipts and one-off payments for goods and services. CSP service providers need controls in place to ensure the following:

- That there is a clear and transparent audit trail from the income source documentation, (sales invoices, Customer receipts, etc.) to the related accounting records to the actual bank lodgements.
- That all income received is lodged intact i.e. no cash payments for petty cash or any other purchases (consumables).
- The CSP service provider must conduct regular reconciliations between the income received and bank lodgements.
- That there are procedures in place for cash handling, the collection of monies owing and for the board approval of bad debt write offs
- That procedures and controls are in place for managing/recording fund-raising collections and other charitable donations

Electronic banking is now common practice among most Pobal CSP service providers. A guidance note available on the CSP Portal sets out the procedures to safeguard your funds. The link to the Portal is [here](#)

From 1 January 2019, employers will be obliged to report their employees' pay and deductions to Revenue when or before they pay them. These new reporting obligations involve the most significant changes to the Pay As You Earn (PAYE) system since its introduction in the 1960s. Further guidance is available via an information note on the PAYE modernisation process on the CSP Portal [here](#).

As per clause 3.6.2 of your Grant Agreement, please ensure that your insurance documents include an indemnification of the Department of Rural and Community Development and Pobal. If the Department of Employment Affairs and Social Protection (DEASP) is indemnified on your policy, please amend it to ensure that it is replaced with the Department of Rural and Community Development. Evidence of indemnification is examined during audit and verification visits.

### 3.1.5 Documents to Retain on File

The following documents are required to be retained on file and may be requested for viewing during an audit visit:

- Copy of letter of offer and signed CSP grant agreement with Pobal.
- Signed declarations on Public Procurement.
- Insurance documents including indemnifications of Pobal and the department as per clause 3.6.2 of your grant agreement.
- Signed employee time-sheets for CSP co-funded staff (manager and FTEs) which are certified by a Manager or Director as appropriate.
- Copy of all procedures and policies signed and approved by Board
- Tax Clearance Certificate
- Electronic banking set-up documentation
- Bank Mandate
- Listing of all bank accounts held by the Grantee
- Payments journal (cheques, direct debits, electronic funds transfers, bank charges etc.)
- Income records i.e. sales invoices, grant remittances receipt books issued to customers etc.
- Receipts Journal i.e. record of all income received and lodged to bank account
- Petty cash book
- Bank reconciliation and bank account statements
- **Evidence of payments via Revenue MY ACCOUNT**
- HR Recruitment files
- Management accounts
- Copy of board minutes reflecting all financial decisions and sign-off of books and records
- Originals of the supporting documents set out in 3.2 below

All project records must be retained for 7 years from the end date of your CSP grant agreement.

## 3.2 Monitoring and Reporting

This section sets out the financial and non-financial monitoring and reporting arrangements in the CSP.

Monitoring is the process which involves the regular recording and reporting of information about CSP funded employees and related activities in order to:

- Indicate how each CSP service provider is progressing in delivering the community service described in their business plan;
- Ensure allocated funds are used for their intended purpose; and
- Provide data that Pobal can aggregate and analyse to generate information on the overall size, value and impact of the CSP.

The CSP monitoring and reporting system contains 3 elements as follows:

- Half yearly worker profile and outputs and progress report to be completed for the period up the end of June and December.
- Half yearly expenditure returns to be completed for the period up to the end of June and December.
- Annual Finance Statements to be provided to Pobal within 6 months of the end of the financial year.

### 3.2.1 [Half Yearly Worker Profile and Outputs and Progress Report](#)

CSP service providers are required to complete **a worker profile report and an outputs and progress report every 6 months, for the period to the end of June and end of December**. Pobal issues an email to CSP service providers shortly after the end of the relevant reporting period requesting completion of the half yearly returns. The returns are completed online through the CSP Portal.

The types of user accounts required to access the CSP Portal are as follows:

**Administrator Account** – this allows the user to login, read and edit the documentation but does not permit the document to be submitted to Pobal. In accordance with good practice, the ‘Administrator Account’ may be held by an administrator, co-ordinator or manager or **another appropriate individual designated by the CSP service provider. In some cases, it may be deemed appropriate that a board member is the administrator of the return rather than a staff member (e.g. a Strand 1S organisation with no manager). However, third party individuals (who are non-staff/non directors/board members e.g. company accountant) are not permitted to be the administrator of the CSP returns.**

**Submitter Account** – this allows the user to login, read, edit, sign off and submit the document to Pobal. The ‘Submitter Account’ may only be held by the Chairperson or other director.

Completion of a User Mandate form is required to initially register the account users and thereafter to process any changes to these user accounts - completed mandates should be sent to [csp@pobal.ie](mailto:csp@pobal.ie) for processing. See link to the CSP Portal [here](#) where you can access the CSP User Mandate. The Portal contains more specific guidance to CSP service providers in terms of completing the returns templates.

The CSP service provider completes details on the **worker profile** of all CSP supported staff positions including their employment category, gender, age band, previous work and education details and whether they work on a full-time or part time basis etc.

**The outputs and progress report template is based on the targets set in your business plan as outlined in the indicators section of your grant agreement. Within this template you must report your performance (outputs) against your yearly targets/indicators and also provide a narrative on progress against your objectives/activities and operating environment for the 6 month period in question.**

The purpose of these forms is to help Pobal monitor the activities, performance and progress of CSP service providers on an ongoing basis and ensure activities are consistent with the business plan as approved by the Department.

### 3.2.2 [Half Yearly Expenditure Return](#)

The Pobal system of payments and twice yearly returns is intended to provide forward funding for CSP service providers while providing sponsoring Departments with assurance regarding spend of public funding. The instalments cycle is outlined above in section 3.1.1.

In the half yearly expenditure return (half yearly returns or “HYR”), the CSP service provider provides evidence of eligible expenditure.

This includes a detailed breakdown of the actual expenditure incurred by CSP service providers for each six month period. Expenditure is analysed across the agreed budget headings i.e. salary/wages manager, salary/wages FTE and operational costs (where operational funding is approved).

The submission of timely, accurate and complete half yearly returns is part of each CSP service provider’s contractual obligations with Pobal and is required before Pobal can make subsequent payments.

Half yearly returns are required throughout the life of the grant reflecting actual costs incurred in the periods 1st January – 30th June and 1st July – 31st December. Incomplete or incorrect returns submitted to Pobal may lead to delayed payments. It is therefore important that you take care when completing the return to make sure that it is correct, approved by the appropriate personnel, and that all supporting documentation is attached and is in agreement with the reported expenditure.

**PLEASE NOTE THAT IT IS A REQUIREMENT TO SUBMIT A HALF YEARLY RETURN EVEN IF YOU HAVE NOT INCURRED EXPENDITURE IN THAT PERIOD.**

Guidance notes on completing and submitting the combined worker profile and expenditure return are available via the CSP Portal [here](#)

### 3.2.3 [Accounting for State Benefits i.e. Sick Leave and Maternity Leave](#)

Sick Leave and Maternity Leave entitlements should be noted in employee’s contracts of employment. It is each employer’s responsibility to determine their organisational policy in this regard.

If an individual is in receipt of their full salary while on sick/maternity leave, the sick/maternity benefit received from The Department of Employment Affairs and Social Protection should be taken into account and off set against the grant expenditure when the benefit is received (normally 2 weeks after the medical certificate has been sent to the Department of Employment Affairs and Social Protection).

A guidance note with examples can be located on the CSP Portal [here](#)

#### 3.2.4 [Supporting Documents](#)

The following supporting documents are required to complete the returns every 6 months.

- Half yearly worker profile and outputs & progress report
- Half yearly expenditure return
- Sample payroll documents and back-up: Pobal will notify CSP service providers of a payroll week for which sample payroll documents are requested. CSP service providers are required to submit copies of the following documentation in relation to the sample week.
- Copies of gross to net payroll report for the organisation (please provide current and year to date)
- Copies of the bank statement showing net payment to employee for the sample week
- Copies of the final bank statements for the period end date (if different from above)
- **Evidence of payments to Revenue**

If you receive “operational funding” as part of your CSP contribution, copies of bank statements detailing operational funding for items of €500 or over claimed are required to be submitted with your return. Any operational funding must be spent on “real costs” and must be vouched. Operational funding cannot be used for salary costs, capital purchases (e.g. vans, buses, equipment etc.), rent (unless an exceptional circumstance by agreement with Pobal), bank interest, referral fees or consultancy fees.

Pobal CSP service providers must maintain accounting records in support of their expenditure returns which provide an appropriate audit trail. Such records should clearly detail all transactions funded through CSP. Accounting records should be printed off, signed and dated on a regular basis by a person of appropriate authority as evidence of their review and approval.



### 3.2.5 [Audited Financial Statements](#)

All CSP service providers are required to prepare audited financial statements annually as per clause 3.3.10 of your grant agreement. Each CSP service provider must ensure that audited financial statements are prepared, finalised and approved, so the company's full annual audited financial statements (AFS) are submitted to Pobal 6 months after their respective financial year end. Pobal review the AFS each year. The financial statements submitted to Pobal must include detailed separate analysis of individual Pobal programmes income and expenditure (e.g. CSP, DAF, etc.) as per the requirements of the Department of Public Expenditure and Reform Circular 13-2014.

#### **Department of Public Expenditure and Reform Circular 13/2014**

This circular supersedes previous Department of Finance Circular 17/2010.

The circular outlines the public financial management principles, procedures and additional reporting requirements to be followed in the management of grant funding provided from public money. The overall principle is that there should be transparency and accountability in the management of public money in line with economy, efficiency and effectiveness. The objective of the circular is to ensure that all Exchequer funds are accounted for and properly managed.

As a grantee in receipt of Exchequer funding through your contracts and grant agreements with or managed by Pobal, you are required to comply with Circular 13/2014.

The Circular clearly identifies actions for you to undertake including making the required disclosures in your Annual Financial Statements as prepared by your auditor and signed by them and your Board of Directors.

Your Board and your Auditor need to be fully aware of the requirements of Circular 13/2014 and ensure its implementation including:

1. The inclusion of the required disclosures within your annual financial statements particularly noting the circular's section 5.21 (a) to (h) and
2. Confirmation of compliance with Statement of Principles for Grantees.

It is your responsibility as a CSP service provider to ensure your Auditor is fully aware of the requirements of Circular 13/2014 and to ensure adherence to them. The requirements of the Circular should also be reflected in your Letter of Engagement with your auditor.

Circular 13/2014 with its full text, illustrative checklists and Statement of Principles for Grantees can be accessed using the following link:

<http://circulars.gov.ie/pdf/circular/per/2014/13.pdf>

### **3.3 CSP Guideline on Income Generation**

All CSP service providers are required to generate a traded income through their CSP funded services in line with the social enterprise ethos of the programme. In order to assist with sustainability, in general CSP service providers should strive for a situation where at least 30% of annual turnover is from traded income and where the CSP grant is not more than 50% of your annual turnover. The remaining 20% can come from other sources such as fundraising, donations or other public funding. Business Plans should be orientated towards the achievement of an appropriate income mix in the medium to long term to ensure sustainability. It is recognised that for some businesses the achievement of a 30% target will be particularly challenging and the specific circumstances of individual CSP service providers is taken into account in the context of traded income expectations.

CSP service providers can generate income from a variety of sources: sales and trading, fees (often with a sliding scale or pricing policy according to need and ability of their customers to pay), contracts, fund-raising, grants and other sources.

The CSP grant is provided on condition that all income generated by the Community Service is used for the operation and development of the service. It may not be applied to the personal gain of directors, staff (over and above their contracted rate of pay) or other associates of the company.

### **3.4 CSP Guideline on Financial Viability and Reserves Planning**

Service providers with larger CSP grant agreements are required to submit a reserves plan – this is a practical plan to explain the purpose for which retained funds are being held and developed. Guidelines are provided to assist in drawing up a reserves plan can be found on the CSP Portal [here](#).

The reserves plan is intended to address two scenarios in particular: -

- (a) Where significant levels of cash and other liquid assets are retained, CSP service providers are required to explain the reasons and future purposes for building up these retained funds.
- (b) Where insufficient reserves exists, CSP service providers should provide a plan, approved at board level, to cover basic cash flow projections (period to be agreed with Pobal) and contingencies so as to improve their financial viability.

### 3.5 CSP Guideline on Recruitment and Employment

The CSP service provider is the employer for the vast majority of posts supported by CSP and is responsible for determining the following:

- Recruitment policies and an evidenced open and transparent recruitment processes
- Contract of employment with terms and conditions of employment
- Ensuring the eligibility of individuals to hold CSP supported posts
- Distribution of an FTE allocation into approved positions.
- Determination of the hours of full and part-time posts in line with CSP rules and Pobal approval
- Applying for Garda Vetting where employees have access to children or vulnerable adults.
- Duration of employee contracts
- Salary scale and remuneration policy
- HR policies
- Staff leave arrangements
- Grievance processes
- Retaining an employment file for each individual
- Maintaining staff timesheets

A link to the Pobal *Managing Better* toolkit *Volume 3 Human Resources for Community and Voluntary Groups and Guidelines on Best Practice in Recruitment and Selection* can be accessed in the HR section of the CSP Portal [here](#) to assist CSP service providers with the implementation of best practice in recruitment and selection.

**It is important that all CSP service providers adhere to the specific CSP requirements relating to eligibility of CSP employees as set out in Section 2.4 of this document.**

It is a requirement to ensure there is a signed contract of employment for each CSP funded employee that stipulates the agreed amount of working hours to be undertaken on a weekly basis. CSP staff must not be treated as 'casual staff' and 'zero hour' contracts are not allowed under the programme. A standard sample contract of employment template is available to download from our website under the Employment section. It is not a requirement to use these specific templates but contracts of employment are required. All employers must comply with relevant employment legislation (e.g. Protection of Employee (fixed term) Act 2003). Links to various sample templates for indefinite and fixed term contracts can be accessed on the HR section of the CSP Portal [here](#)

**CSP service providers are required to obtain evidence of eligibility for each person in a CSP supported post, and to retain this on the individual's employment file. Pobal auditors will check for this during a verification or audit visit.**

The table below provides information on how to evidence employment eligibility for individuals in CSP supported posts. The most commonly required form of evidence is the CSP Employment Eligibility Form; this is required to be stamped and signed by Department of Employment Affairs and Social Protection prior to the offer of employment to the eligible individual. For further details on eligibility, please see section 2.4. You should retain the form (or other form of evidence) on the individual's employment file. The Employment Eligibility Form is available under the Employment Section of the CSP Portal [here](#).

Category	Evidence/ supporting documentation
<p><b>Person in receipt of jobseekers' benefit (JB), jobseekers' assistance (JA), one parent family payment (OPF) or the Jobseeker Transitional Payment</b></p>	<p>Please ask the local DEASP Intreo office to sign and stamp the CSP employment form <u>before employment contract is offered</u>.</p> <p>Note: If the person is Long-Term unemployed this should be clearly stated on the eligibility form by the DEASP and initialled/stamped.</p>
<p><b>Persons in receipt of disability allowance (DA), invalidity pension, blind persons pension or other disability benefit.</b></p>	<p>Please ask the appropriate DEASP branch office to sign and stamp the CSP employment form <u>before employment contract is offered</u>.</p>
<p><b>Travellers in receipt of jobseekers' benefit or jobseekers' assistance or one parent family benefit</b></p>	<p>Please ask the local DEASP Intreo office to sign and stamp the CSP employment form <u>before employment contract is offered</u>.</p>
<p><b>Stabilised and recovering drug mis-users</b></p>	<p>A letter of referral from a Probation Officer, Local Drugs Task Force or other specialist agency <u>before employment contract is offered</u> is sufficient.</p>
<p><b>People with convictions who are in contact with the Probation Service</b></p>	<p>A letter of referral from a Probation Officer, Local Drugs Task Force or other specialist agency <u>before employment contract is offered</u> is sufficient.</p>
<p><b>Individual current employed under Tús, Gateway, Community Employment (CE) and Job Initiatives (JI) schemes are deemed eligible. Former RSS workers who were previously CE participants are also eligible.</b></p>	<p>Evidence from Revenue MY ACCOUNT in relation to former Tús/Gateway/CE participants <u>before employment contract is offered</u>.</p>

### 3.6 Redundancy

In a scenario where a CSP funded position is made redundant, the onus is on the employer to ensure that the employee(s) in question are paid their redundancy at the earliest convenience. Where the employer has an inability to pay redundancy costs, they may make a claim to the Department of Employment Affairs and Social Protection's Social Insurance Fund to ensure that relevant individuals are paid. The Department of Employment Affairs and Social Protection will, however, most likely attempt to recover this cost directly from the employer. See link to the Department of Employment Affairs and Social Protection [here](#)

## Section 4: Audit

### 4.1 Introduction

In administering public funds on behalf of the Irish Exchequer and the EU (where applicable), Pobal has a responsibility to ensure funds are spent for the purposes intended. It is the responsibility of each contracted CSP service provider to ensure that funds are spent on eligible activities, and that both the end users of the funds and the funded grantee have adequate controls in place to safeguard the funds at all times.

Pobal independently appraises the financial and administrative controls of funded grantees to ensure they comply with the public accountability requirements of the programmes they operate, using EU rules and regulations as a model of best practice. Pobal carries out this role through the audit team who continuously carry out comprehensive audits and verification visits of each of the programmes administered by Pobal.

- A verification visit is a routine visit conducted to verify the regularity and reality of activity, assets and expenditure.
- An audit visit involves a more detailed and comprehensive examination of books and records, to ensure that project money is spent for the purpose intended and that adequate control and safeguards are in place.

### 4.2 Rights of Access

Pobal, the Department of Rural and Community Development, the Comptroller and Auditor General and their agents have a right of access at all reasonable times to enter on any property owned or occupied by the funded CSP service provider and to inspect and take photocopies of all records relating directly or indirectly to the Pobal grant monies.

**All project records must be retained for 7 years from the end date of your CSP grant agreement.**

### 4.3 Conducting the Audit/Verification

The audit/verification is carried out at the CSP service provider's premises. The length of the visit varies, depending on issues such as the length of the period under review, the number of programmes operated, and the complexity of the company.

If a previous audit/verification visit was carried out, the auditor will check that the recommendations of the previous audit/verification visit have been implemented. If these recommendations were not implemented satisfactorily, the report will highlight this.



A major part of the auditor's work is to examine the financial records that the funded CSP service provider has used to prepare the expenditure returns to Pobal, and the audit trail (i.e. the 'paper trail' or direct link) from the records to the returns. In doing this, the auditor will assess the accuracy of the returns, the eligibility of spending, and the classification of spending in the returns. Similarly the auditors reviews the adequacy of the accounting systems and related internal controls that the funded grantee operates, to ensure that the public funding is safeguarded and spent on eligible activities in keeping with the terms and conditions of the providers of funding (e.g. this would typically include the opening and maintenance of bank accounts, delegation of duties to staff members, etc.)

When the auditor has finished the fieldwork, he/she will hold an informal post-audit meeting with the CEO / Manager as a matter of courtesy. In certain circumstances Pobal may request a Board member to be present.

### 4.4 The Final Audit Report

The audit/verification report is issued to the Chairperson of the Board of Directors and the findings are set out under two specific categories i.e. A and B. The category **A** findings are key issues, which need to be addressed within the framework of specific action plans, whereas the category **B** findings are additional weaknesses identified which merit attention but are considered less significant. Where ineligible expenditure is identified during an audit/verification the total amount of this expenditure will be recouped from the grantee.



Pobal requires that a full unabridged version of the report is circulated to the organisations Board members in advance of the next Board meeting, and considered at that meeting. Each funded CSP service provider is asked to submit a written response to the audit /verification report, which includes a reasonable final time scale for addressing any weaknesses identified.

#### 4.5 Following the Audit/Verification

Pobal considers in detail the reply sent by the CSP service provider in response to the audit/verification report. Depending on the reply, and on the particular circumstances of the audit/verification and the grantee, Pobal may then consider the audit/verification complete and satisfactory, or request further clarifications/assurances from the grantee on a number of issues. If a CSP service provider fails to adequately respond to requests for specific information arising from an audit/verification, Pobal reserves the right to take additional follow up action by way of sanction in certain circumstances, as appropriate.

#### 4.6 Common Audit/verification issues

CSP service provider's should note the following recurring common audit/verification weaknesses within the CSP and take the necessary steps to avoid their occurrence. Common issues identified include:

- Recommendations from the **previous Pobal audits / verification visits** were not satisfactorily implemented.
- Weaknesses identified in relation to **staff attendance** sheets e.g.
  - The detail included in attendance records was not sufficient to enable the audit team to confirm if the requisite number of hours were being worked e.g. start & finish lunch times not recorded, etc. and
  - Lack of evidence of attendance records being reviewed and approved at the appropriate level of management.
- It was not possible to reconcile income from the cash receipts book to the bank records due to insufficient record keeping and **poor income controls**.
- The procedures for confirming the **completeness of income** generated were weak e.g.
  - No formal documented reconciliations between invoices/receipts and lodgements to the bank.
  - There were no documented reasonableness checks conducted with regard to income levels and trends. It was not clear how the Board satisfied themselves regarding the completeness of project income.

- The Board's **internal monitoring procedures** were unsatisfactory e.g.
  - There was evidence of infrequent Board and/or AGM meetings.
  - There was no evidence that detailed income and expenditure reports were presented to the Board for the purpose of monitoring financial performance, or
  - Where financial information such as management accounts were presented to the Board, there was no evidence to show how they were linked to bank reconciliations or copies of the related programme expenditure returns submitted to Pobal.
  - Board minutes did not record all key financial decisions and they were not certified.
- Organisations did not have a comprehensive and appropriately documented **reserves policy** i.e. no reserves policies in place or where a reserves policy was available for review it was not up to date or sufficiently detailed.
- Internal control risks were identified with regard to the use of **Internet banking** / electronic funds transfer systems whereby Pobal's best practice guidelines were not observed.
- A review of **audited financial statements** (AFS) highlighted a large number of companies incurred annual deficits or reported net current liabilities. In addition, organisations were not complying with the Department of Public Expenditure & Reform's **Circular 13/2014** or separately reporting the Pobal funded expenditure.

## Section 5: Corporate Governance

### 5.1 Corporate Governance

Corporate governance is the process by which a Board of Directors ensures that a company is run properly and effectively. It is the system by which companies, including not-for-profit companies and charities, are directed and controlled. The term refers broadly to the rules, processes and laws by which businesses are operated and regulated and this equally holds true for not-for-profit organisations (Pobal, *Managing Better Volume 1: Good Governance*).



The Board of Directors of companies must ensure that the highest standards are sought and maintained in the operation and administration of all public monies awarded to them, including CSP-funding.

Pobal has revised its *Managing Better* series of guides for community, voluntary and not-for-profit organisations in 2018 to assist boards and management with implementing good governance in practice. CSP services are encouraged to read each of the 3 guides that can be accessed [via the CSP Portal here](#).

CSP service providers are also encouraged to adopt the voluntary code of practice for good governance of community, voluntary and charitable organisations in Ireland.

Further information on the Code of Practice is available at [www.governancecode.ie](http://www.governancecode.ie).

CSP service providers should also be aware of the new compulsory [Charities Governance Code](#) which will come into effect in 2020 launched by the Charities Regulator in November 2018. Further information on the Code is available at [www.charitiesregulator.ie](http://www.charitiesregulator.ie)

## 5.2 Governing Documents

Each CSP service provider is a recognised legal entity and operates under the rules and regulations of their constitution or governing documents such as Memorandum and Articles of Association, or rules in the case of co-operatives, as well as the [Companies Act 2014](#) and other relevant legislation. The memorandum sets out the objectives of the company, a statement that the liability of members is limited and the names and addresses of the first members. The articles set out the rules on how the company is run, including items such as the election of directors, rotation of directors, roles of officers, keeping accounts, meetings, quorums, etc. Although these are usually drafted in dry, legalistic language, they are essential documents to the operation of a company and essential reading for Directors and Managers. It is advisable to keep a copy of the governing documents (or rules) at hand during board meetings.

## 5.3 Directors

The Board of Directors of each company are ultimately responsible for safeguarding the assets of their company. The Board of Directors should ensure that all significant decisions that affect the company are discussed and approved at board level.

The Board of Directors must document and approve the policies and procedures to be applied by staff members and sub-committees, to ensure that the financial resources allocated to the CSP service provider are being used effectively and prudently in accordance with public accountability requirements. In particular, the documented policies and procedures of the CSP service provider must ensure that value for money is always sought and achieved.

It is important that each company director is aware of Irish Company Law requirements and ensures that they are up-to-date in complying with them. Failure to comply with legal obligations can result in prosecution and fines for the company the directors and company secretary personally, strike-off of the company from the Companies Register, and disqualification of the director from acting as a director in other companies.

For detailed guidance on the responsibilities of directors, refer to the website of the Director of Corporate Enforcement at [www.odce.ie](http://www.odce.ie)

#### **5.4 Register of Members and Directors**

The company must keep two registers which relate to the Register of Members and the Register of Directors. These must be kept up to date. The registers should be kept at the company's registered office and should be available for review at any time, during normal business hours, upon request.

#### **5.5 Company Secretary**

The directors of every company must appoint a company secretary. A company secretary may be appointed from the members of the company or be an employee of the company. The company secretary may also be a 'body corporate', such as a law firm or accountancy firm, in contract for services with the organisation. It is a matter for the board of directors to appoint the secretary and the onus is on the directors to ensure the person is capable of carrying out their duties and responsibilities, having requisite skills, qualifications and experience. The company secretary's role is to ensure that the organisation adheres to the company rules as set out in its governing documents, including the requirements of the Companies Office and relevant legislation. There are quite a few such requirements, and it is important that the company secretary is very familiar with the relevant obligations and with the company's own governing documents. The company secretary can enlist professional help from the company accountant or solicitor to ensure that all the requirements are met. Further guidance on the company secretary's role is available on [www.odce.ie](http://www.odce.ie) and also in Pobal's *Managing Better Volume 1: Good Governance* toolkit. The link is located [here](#).

#### **5.6 Sub-Committees**

The Board may delegate a function of their responsibility to a sub-committee, where this is deemed appropriate. The terms of reference and matters reserved for all sub-committees must be clearly documented and approved at Board level, to ensure the directors as well as the sub-committees are aware of the powers, duties and responsibilities delegated by the Board. The terms of reference must also outline all or any financial limits imposed by the Board to the decisions that can be taken by the sub-committee. All sub-committees must maintain comprehensive minutes of their meetings and the decisions approved. The sub-committees are required to submit a copy of their sub-committee meeting minutes to the Directors at Board meetings at regular intervals and provide explanations where requested.

This will allow clarity and openness about how financial decisions are made, who makes these decisions and how they are implemented, monitored and reported on.

### **5.7 Audit & Finance Sub-Committee**

An Audit & Finance sub-committee can play a key role in monitoring and overseeing all of the finances of the company, to ensure the highest standards of good financial management are implemented fully at all times. The membership of the Audit & Finance sub-committee should include the Chairperson or the Vice Chairperson of the Board of Directors, as well as a minimum of two other Board members. At least one of the members on this sub-committee should have the necessary financial experience or qualifications. The Audit & Finance sub-committee must be responsible for monitoring and reviewing the actual expenditure to the budgeted expenditure on a monthly basis and they must submit written reports to the Board of Directors in this regard.

### **5.8 Reporting to the Board, Directors and Minutes**

In order to discharge their statutory and contractual obligations, it should be a normal part of the Board's business to consider, decide on and formally record the minutes of all Board and sub-committee meetings. The minutes must document all financial decisions. They should be clear, concise, impartial and free from ambiguity. The minutes must clearly list the names of directors present and other advisors or observers in attendance. The minutes should be signed and dated by the Chairperson following their review and acceptance. The minutes should be filed in a logical order and any documents discussed at the meeting (e.g. management accounts, etc.) should be filed along with the minutes. For further information, refer to Pobal's *Managing Better Volume 1: Good Governance* toolkit. The link is located [here](#)

### **5.9 Code of Conduct**

The directors must fully comply with the Ethics in Public Office Act 2001, which requires a general ethos for all directors including loyalty, integrity, fairness, impartiality and independence etc. It is considered national and international best practice that all companies have a documented Directors' Code of Conduct. For further information, refer to section 7 in Pobal's *Managing Better Volume 1: Good Governance* toolkit. The link is located [here](#).

## 5.10 Disclosure of Interests

The CSP service provider must have comprehensive documented procedures that enable them to identify situations where there may be possible conflicts of interest with any director, the company secretary or a key staff member. If a conflict of interest arises, the organisation must ensure that the nature of this interest is formally disclosed and the conflict must be addressed and resolved, and is not allowed to persist in a manner that would have adverse effects or perceived adverse effects for the company. Aside from the Company Law obligations, it is in any event recommended as best practice that where a conflict of interest arises in a matter being discussed, that individual should formally declare the nature of their interest and absent him/herself from the discussion on the matter, and the minutes must record that this was done.

## Section 6: Statutory and Other Compliance

### 6.1 Charities Regulator

If you operate in the Republic of Ireland, have a charitable purpose only and provide public benefit then you are a charity.

According to the Charities Regulator definition, Charitable purposes are “*those for the prevention or relief of poverty or economic hardship, the advancement of education, the advancement of religion or any other purpose that is of benefit to the community (purposes that are of benefit to the community include - but are not limited to - integration of the disadvantaged, promotion of health, environmental protection, animal welfare and the arts)*”.

The 2009 Charities Act requires all charities to register with the Charities Regulator as per the following clause:

*(3) A charitable organisation that intends to operate or carry on activities in the State shall, in accordance with this section, apply to the Authority to be registered in the register, and it shall be the duty of the charity trustees of the charitable organisation concerned to make the application on behalf of the charitable organisation.*

If your organisation has a charitable purpose, then you are required to apply to the Charities Regulator to be registered. If your organisation does not need to register with the Charities Regulator, Pobal requires you to provide confirmation to that effect from the Charities Regulator.

Additional information on how to register is available on the Charities Regulator website. <https://www.charitiesregulator.ie/en/information-for-charities/apply-for-charitable-status>.



## 6.2 Data Protection

Companies controlling or processing data on individuals must register their company with the Data Protection Commission as data processors or data controllers or both, depending on what they do with the information. Data protection compliance is an essential legal requirement for all companies. It is best to put data protection procedures in place before problems occur, to avoid legal liability, negative publicity and cost of regulatory enforcement. Information may only be retained for as long as the purpose for which it was collected remains. If that purpose ceases, the personal data must be deleted. If it is desired to use the information for another purpose, such as research for e.g., the owners of the data should be informed and the relevant data extracted and information made anonymous to remove any identifying characteristics.

### **The General Data Protection Regulation (GDPR)**

This new Data Protection Law came into force across the European Union on 25th May 2018, replacing and repealing national data protection law. While encompassing existing data protection concepts, the GDPR has introduced significant changes including enhanced rights for individuals and compliance obligations for data controllers.

The GDPR provides six principles that must be followed when processing personal data:

- 1) Lawfulness, fairness and transparency
- 2) Purpose limitation
- 3) Data minimisation
- 4) Accuracy
- 5) Storage limitation
- 6) Integrity and confidentiality

The GDPR introduced a new accountability principle as well which means that data controllers must be able to *demonstrate* compliance. This involves putting policies in place, record-keeping and audits so that organisations can prove compliance. Data Controllers are required to take a pro-active method of collecting, using and keeping personal data and how this is documented. Services should visit [www.dataprotection.ie](http://www.dataprotection.ie) or [www.gdprandyou.ie](http://www.gdprandyou.ie) for further information. Further guidance on data protection under CSP will be provided via the CSP Portal from time to time and services will be notified of any new guidance in this regard.

### 6.3 Freedom of Information

As a public body, Pobal comes under the legislation of the Freedom of Information (FOI) Act 2014. This newly amended Act states that companies in receipt of large amounts of public funding will be subject to compliance with the legislation. The legislation imposes various duties all bodies subject to the Act and gives certain rights to individuals to access the records of the public body concerned and reasons for decisions made by the body. Pobal will hold records about your company and these will be subject to FOI requests. As a matter of courtesy, Pobal will inform you if records pertaining to your company are being released. If, at the time of providing information to Pobal, your company considers certain information to be commercially sensitive, confidential or of a personal nature and should not be subject to FOI, there is a need to identify the relevant information and specify the reasons for its sensitivity. Please visit the Freedom of Information's website for more information. Here is the [link](#).

### 6.4 Child Protection Guidelines

The state child protection and welfare guidelines "*Children First*" were updated and revised in 2017 and have now been placed on a legislative footing. If your organisation works with children or has ongoing contact with children, please ensure that you read and understand the guidelines and that the recommended child protection arrangements are in place in your organisation. As of 11<sup>th</sup> December 2017, there is now a legal responsibility on professionals who work with or have ongoing contact with children to report to Túsła any concerns they have regarding a child's welfare and protection. There is also now an obligation on all services working with children to devise a Child Safeguarding Statement outlining measures being taken by the service to mitigate any potential risk to a child in their service. Further information and details are available from the Túsła website <http://www.tusla.ie/children-first>

### 6.5 Garda Vetting

In line with The National Vetting Bureau (Children and Vulnerable Persons) Acts 2012-2016, which came into effect on 29 April 2016, it is mandatory for people working with children or vulnerable adults to be vetted by the Garda Síochána National Vetting Bureau. Under the Acts, any person whose work or activity involves access to children or vulnerable adults must be vetted. Workers include all staff, volunteers and those on student placements working for a service through which they have access to children and/or vulnerable adults. Responsibility for Garda vetting of staff/volunteers rests with the employing body/service provider. Re-vetting is considered good practice after 5 years.

## 6.6 Other Areas of Consideration

It is required that companies supported through CSP are fully compliant with all laws applicable to their organisation including (but not limited to) those referenced below. It is also important that all CSP service providers who work with specific vulnerable groups such as children, older people and people with disabilities comply with all requirements associated with such work. For instance, CSP service providers need to ensure that in the context of staff working on an unsupervised basis with children and vulnerable adults that such staff are Garda Vetted.

- ▶ Tax legislation – payment of taxes & compliance with tax laws
- ▶ Organisation of Working Time Act 1997 – working hours and annual leave/break entitlements
- ▶ Protection of Employees (Fixed-Term Work) Act 2003 –types of contracts applicable to an employment (i.e. fixed term or indefinite duration)
- ▶ Irish Pension Regulations – provision of access to PRSA
- ▶ National Minimum Wage Act – payment of staff
- ▶ Companies Acts –filing of returns, holding of AGMs etc.
- ▶ Public Procurement- All goods and services purchased with public funding must be procured on the basis of the public procurement guidelines available at <http://www.etenders.gov.ie>. A brief synopsis is provided in the table below. While not directly related to the CSP funding contribution, it is important that you familiarise yourself with the full requirements of the public procurement guidelines.

<b>Less than €5,000 (Record to be maintained)</b>	Obtain verbal quotes from <b>one or more</b> competitive suppliers. Select lowest price/most suitable. Maintain written record of quotes sought.
<b>€5,000.01 to €25,000.00 (Record to be maintained)</b>	A minimum of <b>3 written quotations</b> sought from competent suppliers who ordinarily supply the relevant service.
<b>€25,000.01+ (Record to be maintained)</b>	Full Tender Action

