

Audit and Assurance Services Kingston House 438-450 High Street West Bromwich B70 9LD

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Date: 8 October 2014

To: Anne Court Director of Services

John Dickson Interim Chief Financial Officer

From: Tim Ridout Chief Internal Auditor

Re: Internal Audit Review 2014/15 – Partnership Working and Funding

Dear Anne and John,

As part of the 2014/15 Internal Audit Plan and at the request of members a review of the Council's arrangements in relation to the above has been completed through discussions with relevant staff, consideration of relevant processes and review of key documents.

## Background, Scope and coverage

The Council works in partnership with other organisations notably Leicestershire County Council (LCC) and the Police to provide increased sporting opportunities, safer communities etc for its residents. At the Policy, Finance and Development Committee meeting in March 2014 members requested that we consider aspects of partnership working and related funding given possible/expected changes and risks to such funding. Our letter of engagement agreed in July 2014 set out the scope and coverage of the review, which aimed to address in particular the following issues:

- To establish which partnerships the Council was involved in (for example with LCC/ Police etc) during 2013/14 and 2014/15.
- To determine the funding arrangements for these partnerships and how they have been reflected in the 2013/14 and 2014/15 budget process.
- To determine the draft 2014/15 budgetary and service delivery outcomes for these partnerships.
- To confirm by consultation with the Interim Chief Financial Officer potential partnership arrangements in 2015/16 and beyond.

- Depending on the results of the above, to liaise with the Interim Chief Financial Officer to select a sample of partnership schemes for VFM reviews.
- To consider the impacts on accountability and service delivery when/if funding ceases or is changed.

The review considered the various areas referred to above. It did not consider the accuracy, completeness and validity of the data provided in relation to grant applications and receipt and any compliance with the terms and conditions of grants as this was deemed to be outside the agreed scope of the review. We did confirm that where grants had been applied for and/or received, these amounts had been reflected in the Council's accounting records and that where monitoring and reporting to funders on the use of grants was required, arrangements were in place to ensure this would be done. We have also considered the potential consequences of the cessation of funding.

Due to the funding received it was agreed with the Director of Services that a review of VFM issues was not appropriate as the more significant amounts of funding received were already subject to monitoring by the funding organisations. We also confirmed with the Director of Services that at this point in time potential partnerships in 2015/16 and beyond were as yet unknown.

## **Findings and Conclusions**

We were able to confirm that the Council was in receipt of a limited number of grants during 2013/14 totalling £327k and expected in 2014/15 to total £331.6k including an application to the Arts Council England for £35k, the result for which is due in November 2014.

The material funding is summarised as follows:

Funding Source	2013/14 (£)	2014/15 (£)	2015/16 (£)
Leicestershire and Rutland Sport	243,250	218,043	Uncertain
Commissioners and Partners			
Positive Action for Young Persons	62,699	36,863	Uncertain
(PAYP) & 515 Funding – (LCC)			
Domestic Abuse Commissioning - (LCC)	9,000	9,000	Uncertain
Police and Crime Commissioner	12,000	7,700	Likely 19,800
Edith Murphy Foundation	-	25,000	Likely more may be available but amounts
			unknown
Arts Council England	-	35,000 *	Uncertain

It is our opinion that the amounts received in grants is relatively small in relation to the Council's overall net budget and would suggest that the Council's future approach to identifying available grant funding could be reviewed with a view to maximising such income received and hence benefit for residents of the borough. We also found there was no central coordination point within the Council for all grant applications and funding receipts with undue

dependence sometimes being placed on Finance staff to provide details, in some cases which

they were not fully aware of. We would therefore recommend a central coordination point for

grants and donations be considered for the future.

We have provided separately in more detail the sources and amounts of funding we have

identified as part of this review, and an assessment of the potential impact if funding ceased,

by the officers directly responsible for administering the funding received.

We will report on the outcome of this review to the next Policy, Finance & Development

Committee meeting accordingly.

If you would like to discuss further please do not hesitate to contact me. Thanks to those

involved with this review for their co-operation.

Yours sincerely

Tim Ridout

**Chief Internal Auditor** 

## Compliance with applicable standards

Our review of compliance against the applicable audit standards has confirmed that this engagement has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. In conducting this assignment we can confirm that there have been no impairments to our independence or objectivity, either as an organisation or as individual auditors involved in delivering this service.

## **Responsibility Statement**

We have prepared this document solely for your use and, therefore, we believe that it would not be appropriate for it to be made available to third parties. If such a third party were to obtain a copy, without our prior written consent, we would not accept any responsibility for any reliance that they might place upon it.

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