East Lothian Council

REPORT TO: Audit and Governance Committee

MEETING DATE: 17 March 2015

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Partnership Funding

1 PURPOSE

1.1 To inform the Audit and Governance Committee of the recently issued audit report on Partnership Funding.

2 RECOMMENDATION

2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

3.1 A review of Partnership Funding was undertaken as part of the audit plan for 2014/15.

3.2 The objective of the audit was to review the adequacy and effectiveness of the internal controls in place for Partnership Funding.

3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

4.1 None

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6   RESOURCE IMPLICATIONS

6.1   Financial - None

6.2   Personnel - None

6.3   Other - None

7   BACKGROUND PAPERS

7.1   None

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DATE	5 March 2015

EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PARTNERSHIP FUNDING

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2014/15 a review was undertaken of Partnership Funding. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Detailed guidance on the Council's Partnership Funding Grant Scheme is available to community and voluntary organisations applying for funding.
- Standard documentation has been developed to ensure a consistent approach is adopted to all awards made under the Partnership Funding Grant Scheme.
- Adequate payment arrangements are in place **–** a payment schedule has been set up for grant amounts paid in instalments.

1.3 Areas with Scope for Improvement

- No corporate policy is in place providing a framework for the partnership funding of external organisations. *Risk – an inconsistent approach may be adopted across the Council.*
- There was a lack of consistency in the approach adopted to the approval and reporting of grant awards – in some cases grant awards were approved by Council, in other cases awards made had been reported through Members' Library, while in a number of cases approval had been given under delegated authority, although these awards had not been reported. *Risk – lack of transparency.*
- In a number of cases grant awards were made to organisations who did not submit an annual application form or have a Service Level Agreement in place. *Risk – inappropriate grant awards may be made.*
- There was a lack of documentation on file to support grant applications submitted – in a number of cases applicants had failed to submit relevant supporting documentation as required by the guidance. *Risk – inappropriate grant awards may be made.*
- There was a lack of evidence to demonstrate how individual applications had been assessed, the basis on which award recommendations had been made or how the level of grant award had been established. *Risk – lack of a clear audit trail.*
- The monitoring of grant funding and the associated reporting of outputs require review. *Risk – failure to ensure that grants are used for their intended purpose.*

1.4 Summary

Our review of Partnership Funding identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager   **March 2015**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.1	Management should ensure that a corporate policy is in place to provide a framework for the partnership funding of external organisations.	Medium	Service Manager – Community Partnerships	A corporate policy is to be developed		September 2015
3.2.1	Management should ensure that a consistent approach is adopted for the reporting of all grant awards made – all grants approved under delegated authority should be reported through the Members' Library.	Medium	Service Manager – Community Partnerships	Members' Library report to be written following all awards approved under delegated authority		April 2015
3.3.1	For all awards made to organisations under the Partnership Funding Grant Scheme, Management should ensure that a fully completed application form has been submitted to the Council. Management should ensure that all application forms are date stamped when received and allocated a reference number.	Medium	Service Manager – Community Partnerships	Completed application forms will be available for all organisations Applications will have a unique reference number		June 2015

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.2	Management should ensure that all applications are supported by relevant documentation as outlined in the guidance.	Medium	Service Manager – Community Partnerships	All applicants' folders will have a checklist covering what information has been received		March 2015
3.4.1	Management should ensure that there is clear evidence to demonstrate how individual applications have been assessed – the Partnership Funding Scoring form should be used.	Medium	Service Manager – Community Partnerships	Scoring sheets will be applied to all applications		April 2015
3.5.1	Management should ensure the effective monitoring of grant funding provided – End of Project forms received should be reviewed prior to any grant awards being made for subsequent years.	Medium	Service Manager – Community Partnerships	End of project forms to be completed by all applicants		End of January each year

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.