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| Title of Report: | Internal Audit Policing & Community Safety Partnership 2021/2022 financial year |
| Committee Report Submitted To: | Audit Committee |
| Date of Meeting: | 9th March 2022 |
| For Decision or For Information | Final Report for Information |

| Linkage to Council Strategy (2019-23) | |
|--|----------------------------------|
| Strategic Theme | Improvement and Innovation |
| Outcome | Satisfactory |
| Lead Officer | Audit, Risk & Governance Manager |
| Cost: (If applicable) | n/a |

| Budgetary Considerations | |
|------------------------------------|------------------------------------|
| Cost of Proposal | n/a |
| Included in Current Year Estimates | YES/NO |
| Capital/Revenue | Revenue |
| Code | n/a |
| Staffing Costs | Internal Staffing Cost to Complete |

| Screening Requirements | Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals. | | |
|--|--|--------|-------|
| Section 75 Screening | Screening Completed: | Yes/No | Date: |
| | EQIA Required and Completed: | Yes/No | Date: |
| Rural Needs Assessment (RNA) | Screening Completed | Yes/No | Date: |
| | RNA Required and Completed: | Yes/No | Date: |
| Data Protection Impact Assessment (DPIA) | Screening Completed: | Yes/No | Date: |
| | DPIA Required and Completed: | Yes/No | Date: |

Table of Contents

| | |
|---|-----|
| Executive Summary..... | 3 |
| 1 Objective | 4 |
| 2 Background | 4 |
| 3 Risks | 5 |
| 4 Audit Approach..... | 5 |
| 5 Findings and Recommendations | 5-8 |
| Appendix I: Definition of Assurance Ratings and Hierarchy of Findings | 9 |
| Appendix II: Points for the Attention of Management..... | 10 |
| Appendix III: Prior Year Internal Audit Recommendations..... | 11 |
| Appendix IV: Summary of Key Controls Reviewed..... | 12 |

Executive Summary

This internal audit was completed in accordance with the Council's approved annual Internal Audit Plan for 2021/22. It is a requirement to have an annual Internal Audit of the PCSP as per the accountability framework set by the Joint Committee in its Financial Guidelines. Consequently an internal audit of PCSP has been completed and with this report summarising the findings arising from audit of the management of PCSP arrangements within Council, hence satisfying the requirements of the Financial Guidelines.

During the audit we found examples of good practice including:

- PCSP members were involved in the development of the Annual Action Plan.
- Regular PCSP Committee meetings were held at which the Action Plan progress was presented and discussed.
- During the Covid-19 pandemic response plan, PCSP grants were issued to community groups to support the most vulnerable residents in the Borough.
- The use of the Funding Unit to assess and pay the PCSP grants is an effective and efficient independent service to use so that the independence and governance arrangements are strengthened within the delivery of the PCSP grants funding payments.
- Elected Members and Independent Members complete Declaration of Interest Forms declaring conflict-of-interests as contained within the Members Handbook. This action satisfies a previous internal audit recommendation, further recommendations for improvement is required in this area to ensure completeness.

A number of areas have been highlighted in this report where controls could be enhanced. The following table summarises the total number of recommendations from our audit:

| Risk | Number of recommendations & Priority rating | | |
|--|---|----------|----------|
| | 1 | 2 | 3 |
| There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements | - | - | 1 |
| There may be insufficient procedures in place to ensure that funding applications are appropriately assessed resulting in funding being allocated to activities or organisations which do not meet the PCSP's objectives | - | 3 | - |
| Insufficient documentation may be maintained on file as evidence that the project was completed in accordance with the original application and PCSP objectives have been achieved | - | - | - |
| There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council | - | 1 | - |
| Total recommendations made | - | 4 | 1 |

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The weaknesses identified during our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the normal audit work and are not necessarily all the weaknesses, which may exist. The content of this report has been discussed with the PCSP Manager and Funding Unit Manager to confirm factual accuracy. The assistance and cooperation received during our review is gratefully acknowledged.

Objective

The main objective of the audit was to review the key systems and controls in relation to the management of PCSP that are maintained by the Council.

This report has been prepared for the Members of Causeway Coast and Glens Borough Council and should not be disclosed to any third party, quoted or referred to without prior written consent of the author.

Background

Causeway Coast and Glens Policing and Community Safety Partnership (PCSP) was established in May 2015 under the Justice Act (Northern Ireland) 2011. The PCSP receives grant funding from a Joint Committee of the Department of Justice and Northern Ireland Policing Board (NIPB). It is the Council's Chief Executive who is Accounting Officer for the funding provided by the Joint Committee. The PCSP is required to comply with the accountability framework set by the Joint Committee in its Financial Guidelines. Total funding for the Joint Committee for the 2021/22 is £363,256 plus an additional £18,000 to cover Councillors allowances.

The PCSP is made up of 10 political representatives, 9 independent members and representatives from statutory members from the following designated public bodies:

- Police Service of Northern Ireland
- Northern Ireland Housing Executive
- Probation Board for Northern Ireland
- Youth Justice Agency for Northern Ireland
- Health and Social Care Trusts
- Education Authority
- Northern Ireland Fire and Rescue Service

A Policing Committee has been established as part of the PCSP, to work with the local police service to develop the local policing plan and monitor their performance against the plan. The role of the PCSP is to:

- Consult and engage with the local community on issues relating to policing and community safety
- Identify and prioritise issues of concern and develop plans to address them
- Monitor (through the Policing Committee) the performance of the police
- Deliver a reduction in crime and enhance community safety in the area.

Although one size does not fit all, it is essential that each PCSP has in place a governance framework suitable to its needs to ensure the aims and objectives of PCSP are met, PCSP actions are transparently delivered to the community and PCSP actions are in line with relevant PCSP regulations and legislation.

As a result of the Covid-19 pandemic it became clear that certain planned PCSP initiatives could not proceed within the 2020/21 financial year. The PCSP team re-directed funds and activities and administering £47,598, as part of the Covid-19 Community Support Fund grants. Within 2021/22 two separate PCSP grants programmes have approved, one for larger grants and one for smaller grants (capped at £500). The larger grants application process was closed at the time of writing this report, the smaller grant programme is due to close at the end of January. Applicants who have received a letter of offer have until the end of March to submit a claim.

Risks

The risks identified relating to the management of the PCSP and agreed with management are as follows:

- There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements
- There may be insufficient procedures in place to ensure that funding applications are appropriately assessed resulting in funding being allocated to activities or organisations which do not meet the PCSP's objectives
- Insufficient documentation may be maintained on file as evidence that the project was completed in accordance with the original application and PCSP objectives have been achieved
- There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council

Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records

The table below shows the staff consulted with and Internal Audit would like to thank them for their assistance and co-operation.

Job title

Head of Community and Culture

Funding Unit Manager

PCSP Manager

PCSP & Funding Unit Officers

Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations.

6.1 Risk 1

Issue 1 – Gifts and Hospitality Policy

a) PCSP Observation-

PCSP officers comply with Causeway Coast and Glens Borough Council code of conduct in terms of the gifts and hospitality procedures. Elected Members are required to comply with the Council code also. From testing of the latest returns it was noted that no gifts and hospitality had been accepted or received by Elected Members who are nominated to sit on the PCSP.

It is not clear what assurance is obtained or to what process is applied for those PCSP members from other statutory partners and independent members.

b) Implication-

There is a risk that gifts and hospitality may not be declared in some instances.

c) Priority Rating-

3

d) Recommendation-

PCSP Manager to consider whether a specific Gifts and Hospitality return should be circulated, with a register maintained for independent Members of PCSP.

e) Management Response-

Members Handbook issued to all members states the process for the PCSP Member to follow in Page 58 (Members trained on this Handbook locally and by NIPB):

‘HOSPITALITY, GIFTS AND ENTERTAINMENT As a result of carrying out official duties, PCSP / DPCSP Members may on occasion be offered gifts/hospitality from third parties. Before accepting, PCSP / DPCSP Members should consider if it would be acceptable to the public for such a gift/hospitality to be received. Where a PCSP / DPCSP Member, having considered this issue accepts a gift/hospitality, it should be notified immediately to the PCSP Manager to be recorded in the Council Hospitality, Gifts and Entertainment Register. This disclosure requirement also relates to gifts/hospitality which are presented to a Member’s immediate family and persons living in the same household. 59 PCSP / DPCSP Members may only offer hospitality, at the expense of the PCSP, with the prior approval of the Chair or in his/her absence the Vice-Chair and notification to the PCSP Manager following approval. A pre-condition for any such hospitality is that it will be in the direct interests of the PCSP and will assist the PCSP in fulfilling its statutory responsibilities.

Responsible Officer & Implementation Date-

PCSP Manager will reissue Handbook reminding members of their obligations with regards to this issue.

February 2022

6.2 Risk 2

Issue 2 – Review of essential information submitted

a) Grant Funding Observation-

There is no limit established within the grant guidelines stating when full accounts are required as opposed to just annual statement of income and expenditure. If the funding unit require this information there is a lack of evidence on the grants file that an officer with the necessary financial background to assess the financial viability of the group has been considered and the appropriate level of due diligence undertaken.

b) Implication-

There is a risk that inconsistent criteria may be applied to groups applying for grant aid.

c) Priority Rating-
2

d) Recommendation-

Internal audit recommends that a limit is established within grant guidelines stating when full accounts are required as opposed to just the annual statement of income and expenditure.

e) Management Response-

Many comm/vol organisations are now registered with the charity commission and are thereby required to comply with annual reporting (a/cs/ trustee Reports, Independent Examiner/Auditor). These would usually be organisations applying for grants over £1,500 and are generally applicants to other funders as well.

Smaller community / voluntary organisations, such as those in receipt of small or micro-grants from Council, are not required to produce full accounts, an annual statement of income and expenditure is sufficient to be eligible to receive grant-aid from Council. These organisations are generally not registered with Companies House or the Charities Commission and Council is quite often their only funder.

We can accept that a limit could be applied and if organisations have an income and expenditure above this limit then full accounts will be required. Please advise on what this limit should be.

Responsible Officer & Implementation Date-

An Officer from the FU checks to ensure that accounts and constitutions are submitted, are up to date, appropriately signed & dated. Going forward the Compliance & Verification Officer will assess the financial viability of small and large grant applicants. Micro grants (under £1,500) will not be included.

6.3 Risk 2

| Issue 3 – Assessment Panel | |
|---|---|
| a) PCSP Observation- | <p>The Policing and Community Safety Partnership (PCSP) is made up of 9 independent members and 10 Elected Members.</p> <p>Internal audit noted that the PCSP grant scoring panel is 7 member volunteers who can be called to sit on an assessment panel. The minimum number for a panel is 4 however if a PCSP board member declares a conflict of interest with any organisation/group/company applying for grants, tendering to provide services or carrying out services on behalf of the PCSP, and the panel member leaves the room then the total panel number may be reduced to 3 for the assessment which falls below the required number.</p> |
| b) Implication- | <p>There is a risk that the number of panel members may not be sufficient to allow for an effective assessment of applications.</p> |
| c) Priority Rating- | <p>2</p> |
| d) Recommendation- | <p>It is recommended that the PCSP manager and officers actively seek to increase the number of members who sit on assessment panels. Audit recommend that the number of 7 members be increased to 9 to draw from a larger pool of available panel members.</p> <p>Members who have declared an interest should not sit on the assessment panel. If members have a conflict of interest, every effort should be made to ensure governance and best practice guidance is adhered to when assessment panels are undertaking its duties. The Member should leave the meeting when discussions are taking place and the assessment is ongoing. These controls are considered essential to maintain public trust and confidence in the work performed by the PCSP.</p> |
| e) Management Response- | <p>PCSP Manager and Lead Officer for Grants will increase the panel number to 6 and have a pool of 10 in total.</p> |
| Responsible Officer & Implementation Date- PCSP Manager/Officer before the next funding round | |

6.4 Risk 4

| Issue 4 – Government Funding Database | |
|---------------------------------------|---|
| a) PCSP Observation- | <p>Section 23 of the Funding Agreement between the Department and CCGBC PCSP states the following:</p> <p>The Council will ensure that:</p> |

| |
|---|
| <ul style="list-style-type: none"> • Details of grant applications from voluntary and community organisations have been checked against the Government Funding Database; and • Details of all grant awards/payments to voluntary and community organisations have been recorded on the Government Funding Database. <p>As previously noted by Internal Audit there is no evidence held on file to confirm that the Government Funding Database (GFD) had not been reviewed to identify potential duplication of funding, nor was GFD updated to reflect any PCSP funding awarded in 2020/21 and 2021/22. This has been an oversight due to a lack of clarity between the Council's Funding Unit and Business Support staff.</p> |
| <p>b) Implication- There may be a duplication of funding where applicants for the same project apply and receive additional funding.</p> |
| <p>c) Priority Rating- 2</p> |
| <p>d) Recommendation- At the grant application assessment stage the grant funding officers should review and evidence that the Government Funding Database for grants already awarded has been checked for evidence of duplicate funding.</p> <p>Project officers should be reminded of their role in updating the Government Funding Database as promptly with the details of all PCSP grants awarded after acceptance of the letter of offer has been returned by the group.</p> |
| <p>e) Management Response- Business Support have already begun to update this and should be completed after the last grant is paid.</p> |
| <p>Responsible Officer & Implementation Date- PCSP Manager and Business Support - ongoing and when last grant paid out</p> |

6.5 Risk 4

| Issue 5 – Declarations (Conflicts) of Interests |
|--|
| <p>a) PCSP Observation- Audit notes that Declarations of interests are completed by all Staff, Elected and Independent members of the PCSP. Audit noted occasions when declarations of interest received were not be complete, with personal interests/relationships not being disclosed on these forms.</p> |
| <p>b) Implication- There is a risk that declarations of interest may be incomplete and therefore that potential conflicts are not being appropriately managed.</p> |
| <p>c) Priority Rating- 2</p> |
| <p>d) Recommendation- It is recommended that the PCSP manager and officer reviews the declarations of interests received and confirm with the members of PCSP that they are complete. Refresher training in the area of declarations of interest for elected members, staff and independent members may need to be refreshed.</p> |

Conflicts of interests are a normal and unavoidable part of decision making and so it is vital that they are appropriately disclosed and managed. Where a declaration of interest has been declared the PCSP manager and/or officer should ensure that when a related item of business is being discussed the PCSP member with the declared interest should not sit on the assessment panel.

The management of perceived conflicts of interest are vital to maintain public trust and confidence. Where a conflict of interest is perceived not to have been appropriately managed, it can lead to reputational damage and bring decision making into disrepute.

e) Management Response-

Members will be reminded of their obligation to complete their Declaration of Interest.

Responsible Officer & Implementation Date-

When they join the Partnership and annually thereafter.

Conclusion

Although five recommendations have been made to improve the control environment, overall Internal Audit are satisfied with the governance, risk management, reporting and monitoring arrangements in place within the PCSP. Internal Audit are satisfied that the internal systems are adequate and were operating effectively at the time of this review.

As a result of the audit, senior management have been reminded of their statutory obligations in relation to the management of PCSP. Internal Audit has made five recommendations, four medium and one low. Additional points for the consideration of management have been noted in Appendix V to this report. The recommendations have been accepted by management and procedures put in place to address the issues.

The internal control environment, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include but are not limited to the possibility of poor judgement in decision – making, human error, control processes being deliberately circumvented by employees and others, management overriding of controls and unforeseen circumstances arising.

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix III: Prior Year Recommendations

Issue – Publication of PCSP Documents & Council Website

a) Observation-

Audit reviewed the most recent PCSP Action Plans and Annual Report. It was found that they were prepared in a timely manner and submitted in line with agreed deadlines.

Audit did note that although many PCSP documents and information are available on the Council's website, that the most recent Annual Report published was 2017/18.

b) Implication- If published documents are not the most recent available there is a small risk of a perception of a lack of transparency and accountability.

c) Management Update-

Website updated. Currently developing a Portal for Members of the Partnership and PCSP website page to be reviewed as part of this.

Issue – Declarations of Interest

a) Observation-

As part of the application process to become an independent member of PCSP persons are requested to complete a conflict-of-interest form. In addition, conflict of interest is a standing item on every PCSP meeting agenda. Audit also notes that each member involved in a grants' assessment panel must note no conflict of interest. Elected members should also regularly update their respective Declarations of Interest (as requested by Council's Democratic Services team).

A review of PCSP meeting minutes revealed Conflict of Interest was an agenda item at every meeting.

Page 53 of PCSP members Handbook states that the PCSP Manager should retain a register of interests and update it annually. In order to do this the PCSP Causeway Coast and Glens Borough Council 7 Internal Audit – PCSP support team periodically request updated Declarations from PCSP members. Audit notes delays in obtaining this information from members.

Audit requested from Democratic Services the completed Declarations of Interest for elected members who are current members of PCSP. Audit found that 6 Councillors had updated Conflict of Interest declarations as of 2020, while for 4 Councillors the most recent Conflict of Interest Declarations dated from 2019.

b) Implication-

If Elected members do not submit up to date Declarations of Interest to Council's Democratic Services team, and in response to PCSP requests for updates, there is a risk of a perception of inadequacy in the governance framework.

c) Management Update-

Members were sent out a reminder regarding Conflicts of Interest.

Appendix IV: Summary of Key Controls Reviewed

| Risk | Control issues |
|---|--|
| <p>There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements</p> | <ul style="list-style-type: none"> • The PCSP has terms of reference • Members and staff receive training to understand the role of the PCSP • An action plan has been developed for the PCSP to ensure it fulfils its statutory roles and objectives • The PCSP has a mechanism for gathering the views of and engaging with the public and other stakeholders |
| <p>There may be insufficient procedures in place to ensure that funding applications are appropriately assessed resulting in funding being allocated to activities or organisations which do not meet the PCSP's objectives</p> | <ul style="list-style-type: none"> • A register of funding provided by the PCSP to external bodies or groups is maintained • Open calls for applications for funding are made and evidence of advertising is retained for audit purposes • Clear criteria are available as guidance for applicants • Funding applications are made in writing and providing sufficient detail • Applications received after the designated deadline are not accepted • Where procurement staff are involved in a PCSP funded project the appropriate Council Procurement policies have been adhered to • Procurement assessment panel guidelines have been followed where a tender process has been completed • Those assessing funding applications declare all interests (including details of any gifts or hospitality received) prior to the assessment process • Funding applications are assessed in accordance with the set criteria and approval by the PCSP is documented before funding is issued • Letters of Offer are held on files together with an applicant's acceptance where applicable • Letters of rejection are held on files where applicable • Funding claims are processed in a timely manner by the PCSP • Other funding schemes are researched to identify any funding provided to applicants for the same project to prevent duplication of funding • Government Grant Database is updated to include details of new funding issued by PCSP |

| Risk | Control issues |
|--|---|
| Insufficient documentation may be maintained on file as evidence that the project was completed in accordance with the original application and PCSP objectives have been achieved | <ul style="list-style-type: none">• PCSP Financial Guidelines are adhered to for all funding awarded• Supporting documentation is held on file to demonstrate that expenditure claimed is eligible and approval has been received• Project monitoring procedures are in place to ensure the conditions of the letter of offer have been met and PCSP objectives have been achieved• Supporting evidence is obtained as proof that projects were completed in accordance with the original application (e.g., photographs, leaflets, site visits) |
| There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council | <ul style="list-style-type: none">• Regular monitoring of progress against a PCSP action plan is completed and progress is reported to the PCSP members• Progress is reported to the Council• Progress is reported to the Department of Justice• PCSP meetings are documented and actions agreed are followed up |

Appendix V: Points for the attention of Management

Issue – Fraud Awareness Training

a) Observation-

It is recommended that all PCSP officers attend the fraud awareness training that is being rolled out across the Council to increase officer's knowledge in this area.

b) Management Response-

ODHR has added PCSP Officers to training list on 10/1/22

Issue – Information held on Payment File 2021/22

a) Observation-

Internal audit recommend that a full audit trail is attached to invoices held on the PCSP payment file to confirm that quotations have been received.

In addition, internal audit would like to see evidence on file of verification of the invoices received to ensure that the appropriate expenditure has taken place.

Whilst internal audit acknowledge Council are working towards moving paperless, due to the sensitives around policing it is felt that a full audit trail should be held on file to facilitate the annual internal audit, DoJ audit and NIAO audit testing in this area.

b) Management Response-

PCSP Business Support will file all PO requests and procurement information into an electronic file. This folder will have sub folders for each project for ease of use. This will begin March 2022