

Causeway Coast and Glens Borough Council

Internal Audit Report Policing and Community Safety Partnership

February 2017
Final Version

MOORE STEPHENS

INTERNAL AUDIT REPORT

Policing and Community Safety Partnership

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2016/17. This report summarises the findings arising from a review of the Policing and Community Safety Partnership which was allocated 6 days.

Through our audit we found the following examples of good practice:

- PCSP members were involved in the development of the Annual Action Plan
- Regular PCSP Committee meetings were held at which Action Plan progress was presented and discussed
- The Funding Hub provides a user-friendly environment and efficient mechanism for capturing grant applications, and facilitates a 2-step assessment of PCSP grants applications
- The PCSP demonstrates compliance with the Joint Committee regulations e.g. testing a sample of payments made relating to grant funded projects revealed that controls and checks on supporting financial documentation were in place and these were being adhered to.

Some areas (Priority 2) where controls could be enhanced were noted during our review:

- A record should be retained of the reasons for decisions relating to the amount of grant to be awarded (especially where the full amount applied for has not been awarded). In addition, the list of 'costs excluded' (section 1.5 of the grantee guidance notes) should be reviewed and updated with the PCSP members and further guidance for grant assessment panel members on eligible and ineligible costs and on recording reasons for decisions on the amount of the award should also be documented.

The following table summarises the total number of findings/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	-	-	-
There may be insufficient procedures in place to ensure that funding applications are appropriately assessed resulting in	-	1	2

Risk	Number of recommendations & Priority rating		
	1	2	3
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	-	-	2
There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council	-	-	1
Total recommendations made	0	1	5

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.

Points for the attention of Management

In addition to the recommendations noted above we have identified a number of system enhancements during the course of the audit which do not form part of our formal findings, but may help enhance the existing controls. These are detailed at Appendix III.

Table of Contents

Executive Summary..... 2
 1 Objective 5
 2 Background 5
 3 Risks 5
 4 Audit Approach..... 6
 5 Findings and Recommendations 7
 5.1 Risk 1 – Compliance with Statutory Functions and Council’s Requirements 7
 5.2 Risk 2 – Procedures for Allocation of Funding to Meet PCSP Objectives 7
 5.3 Risk 3 – Evidence of Project Activities and Completion 9
 5.4 Risk 4 - Inadequate Reporting and Monitoring of PCSP 11
 Appendix I: Definition of Assurance Ratings and Hierarchy of Findings 12
 Appendix II: Summary of Key Controls Reviewed..... 13
 Appendix III: Points for the Attention of Management 15

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	February 2017

Audit progress	Date
Audit commenced	21 February 2017
Draft Report issued to senior management for response	31 st March 2017
Responses Received	4 th April 2017
Responses Agreed	24 th April 2017
Report Issued	3 rd May 2017

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council’s internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with management and to meet the requirements of the letter of offer to Council for the PCSP. We considered the main risks facing the PCSP and reviewed the key systems and controls in place to address these, concentrating on the main risk areas relating to:

- Governance
- Awarding of grant funding
- Performance management.

2 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 is funded by the Department of Justice and the Northern Ireland Policing Board.

The PCSP is made up of political representatives, independent members and representatives of relevant agencies. At present, the PCSP has 10 political members, 9 independent members and 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 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.

3 Risks

The risks identified by Internal Audit relating to the PCSP and agreed with management are as follows:

1. There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements
2. 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
4. There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council

4 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 we would like to thank them for their assistance and co-operation.

Job title
PCSP Manager
Funding Unit Officers
PCSP Administration Officer

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Compliance with Statutory Functions and Council’s Requirements

We have no findings or recommendations to make in relation to this risk area.

5.2 Risk 2 – Procedures for Allocation of Funding to Meet PCSP Objectives

ISSUE 1 – Assessment of Grant Applications

a) Observation-

General guidance for grantees making applications is well documented. A short guidance note to support the assessment of grant applications is provided to the panel members and testing indicated the 2-stage assessment process was generally properly applied. However, the guidance note for the assessment panel does not contain sufficient information on how to assess the financial costs. Panel members were, however, provided with the hard copy applicant guidance note which included details of ineligible costs at section 1.5.

We found during our testing of grant applications and their assessment that insufficient detail was recorded to explain why a specific project was awarded the full amount sought or less than the full amount sought. Scoring details were recorded on the funding hub system, which also noted reductions or disallowing of any costs which were considered ineligible for funding, but it was difficult to determine if a consistent approach had been applied as the rationale was not always recorded.

b) Implication-

While it is understood that some subjectivity may be applied to deciding whether a cost is reasonable, the assessors lack of sufficient guidance on reviewing and recording decisions in relation to costs leaves greater room for subjectivity in deciding the amount of the grant awarded. The higher the level of subjective decisions, especially those without detailed recording of justification, the greater the risk of funding decisions being open to criticism.

c) Priority Rating-

2

d) Recommendation-

A record should be retained of the reasons for decisions relating to the amount awarded. In addition, the list of costs excluded (section 1.5 of the grantee guidance notes) should be reviewed and updated with the PCSP members. Further guidance for grant assessment panel members on eligible and ineligible costs, and on recording reasons for decisions on the amount of the award should also be documented.

e) Management Response- *A more complete record of panel members reasons for decisions in respect of the amount of award will be kept for the 2017/2018 PCSP Grants Programme, including awards of a lesser amount than sought.*

f) Responsible Officer & Implementation Date - *PCSP Manager within 2017/2018 PCSP Grants Programme.*

ISSUE 2 – Government Funding Database

a) Observation-

We were advised 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 2016/17. This had been an oversight due to a lack of clarity between the Council's Funding Unit and PCSP staff over the responsibility to do this – we were advised that this will be rectified in future years.

b) Implication-

There may be a duplication of funding where applicants for the same project apply and receive additional funding.

c) Priority Rating-

3

d) Recommendation-

At the grant application assessment stage the Governments Funding Database for grants already awarded should be checked for evidence of duplicate funding. All PCSP grants awarded should also be recorded on the Government Funding Database. The PCSP Manager and the Funding Unit Manager should agree whose responsibility it is to carry out these tasks.

e) Management Response- *As noted, there was a misunderstanding between the Funding Unit and the Service area in relation to responsibility for this task in 2016-2017. This will be fulfilled by PCSP staff team in 2017/2018.*

f) Responsible Officer & Implementation Date- *PCSP Administrative Officer within 2017/2018 Grant Programme prior to awards.*

ISSUE 3 – Tender Procedures**a) Observation-**

We found from testing of a sample of 4 tender processes for Action Plan projects (3) and other activities (1) that projects and activities implemented via tendering were procured in line with the Council's procurement policy and procedures. We noted however that the assessment panel members for the tender of the consultation activity did not complete any conflict of interest declarations.

b) Implication-

In the absence of a declaration of conflict of interests, there is a risk that a conflict of interest is not identified and managed in line with Council's Procurement policy and procedures.

c) Priority Rating-

3

d) Recommendation-

In line with Section 6.2 of Councils Procurement Policy and Procedures, the PCSP should ensure that the following be present in the tender folder, "Signed conflict of interest forms from all persons participating in the evaluation of the tender."

e) Management Response- *Staff will all sign conflict of interest declarations prior to scoring future submissions.***f) Responsible Officer & Implementation Date-** *PCSP Manager from 01 April 2017***5.3 Risk 3 – Evidence of Project Activities and Completion****ISSUE 4 – Evidencing Project Activities****a) Observation-**

From our testing of a sample of payments made relating to 7 grant-funded projects and 3 Action Plan projects we found that there is some evidence available of project progress and completion (where projects had completed). We found however that the level and type of evidence varied from project to project and is not always sufficient

b) Implication-

Without sufficient evidence that a project is being completed in accordance with the original agreement, there is a risk that PCSP objectives may not have been met.

c) Priority Rating-

3

d) Recommendation-

PCSP officers should ensure that organisations maintain sufficient evidence, which should be available for officers to review at the time a claim for payment is made. PCSP officers should then record their review of such evidence before authorising any claims for payment. To support this PCSP may wish to consider putting in place

a specific checklist with each grantee of the type of evidence required, and this could be retained on the project file or shared folder.

e) Management Response- *Checklist would be challenging as projects vary significantly as does supporting documentation. Grant recipients are advised of the documentation that we require at finance workshops at award stage. A review sheet recording officer's feedback can be implemented prior to the authorisation of payments.*

f) Responsible Officer & Implementation Date- *PCSP Manager within 17/18 PCSP Grants Programme*

ISSUE 5 – Grant Funded Project Progress Reports

a) Observation-

We found from our testing of a sample of (5) payments made relating to 7 grant-funded projects that controls and checks were in place and these were being largely adhered to. We found however that the progress reports provided in relation to the grant-funded Phoenix project were not in the required CCAG format and had not been signed (by the Project or by Council).

b) Implication-

Without signed evidence in the appropriate and required format there is an increased risk that a project is not being completed in accordance with the originally agreement and that PCSP objectives are not being met.

c) Priority Rating-
3

d) Recommendation-

To ensure that the PCSP receives the level of information and assurance required to allow proper approval of grant claims, all grantees should use the required progress report format, and no payment should be authorised or made unless the required format is used and signed.

e) Management Response- *This has now been implemented. Single instance of non-compliance by a grant recipient.*

f) Responsible Officer & Implementation Date- *Complete*

5.4 Risk 4 - Inadequate Reporting and Monitoring of PCSP

ISSUE 6 – Reporting to PCSP Committee

a) Observation-

We found from a review of PCSP minutes and associated reports, that PCSP members are well informed of:

- Progress of planned projects in the Action Plan, actions taken, events held etc. but there are no reports on budgeted expenditure against actual expenditure.
- Progress of the grants process - in summary form, not a list of projects and expenditure per project
- Development of the next year's Action Plan and budget.

The current year budget situation was reported to the Committee in December 2016 and budget re-profiling was discussed in October 2016 and December 2016; however, we found that reporting of expenditure against budget is not a regular agenda item at PCSP meetings and grant-funded project progress and claims are not discussed in detail.

b) Implication-

If the PCSP members do not receive regular reports on the financial position and individual grants progress, there is an increased risk that they cannot fulfil their duty to ensure appropriate management of the funds allocated and PCSP and Council may suffer reputational damage in the event of any funding issues arising.

c) Priority Rating-

3

d) Recommendation-

A process should be put in place whereby budget reports and a summary of each grant's progress including expenditure/claims to date are placed before the Committee at regular intervals e.g. quarterly to coincide with the claims and progress reports to the Joint Committee and monthly in the second half of the financial year.

e) Management Response- *Whilst budget reports are currently not formally presented, staff update the Partnership monthly on project progress and inform members of any slippage requiring re-profiling for decision by members. Going forward, formal reports will be presented quarterly in line with claims to DoJ/NIPB.*

f) Responsible Officer & Implementation Date- *PCSP Manager from April 2017.*

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: Summary of Key Controls Reviewed

Budgetary Control

Risk	Key Controls
There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements	<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
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	<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 - this is subject to an audit recommendation • Funding applications are assessed in accordance with the set criteria and approval by the PCSP is documented before funding is issued - this is subject to an audit recommendation • 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 - this is subject to an audit recommendation
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 – this is subject to an audit recommendation • Project monitoring procedures are in place to ensure the conditions of the letter of offer have been met and PCSP objectives have been achieved -this is subject to an audit recommendation

Risk	Key Controls
<p>There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council</p>	<ul style="list-style-type: none"> • Supporting evidence is obtained as proof that projects were completed in accordance with the original application (e.g. photographs, leaflets, site visits) - this is subject to an audit recommendation • Regular monitoring of progress against a PCSP action plan is completed and progress is reported to the PCSP members - this is subject to an audit recommendation • 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 III: Points for the Attention of Management

File Management

Because of the unexpected absence of a PCSP officer (due to illness) at the time of our fieldwork, evidence of the evaluation of the RADAR project by participants could not be located when requested during the audit. Consideration should be given to reviewing the procedure for filing evidence and documents, so that the location is known to more than just one PCSP officer. This would ensure availability of information should a member of the PCSP team be absent from work unexpectedly for a prolonged period.

Management response: noted. Officers will be reminded of the need to regularly save progress onto their shared PCSP drive

Evaluation of PCSP Activities

The Annual Report 2015/16 provided details of the PCSP priorities and a synopsis of PCSP activities and expenditure. However, there is no evaluation of the effectiveness of PCSP activities in meeting the PCSP and Council's strategic objectives. It is important to periodically assess and evaluate activities to ensure that they are as effective as they can be. Evaluation can help identify areas for improvement or activities that need to be adapted or reconsidered, and can also better communicate the impact of PCSP activities to the wider public.

It is noted that PCSP did issue a term of reference (in September 2016) for an evaluation of the 2016/17 PCSP Programme, but received no responses.

Consideration should be given to revisiting the need for evaluation as soon as is practical; and identify a way of introducing a form of periodic (preferably annual or alternatively biennial) evaluation. The results of such an evaluation should be reported to the PCSP Committee and Council, and be published. The reason for a lack of quotations (in September 2016) should be clearly understood before any decision is made in relation to running a procurement process for any future evaluation exercise.

Management response: PCSP is required, from April 2017, to comply with Outcomes Based Accountability and to report in this format quarterly.