

Causeway Coast and Glens Borough Council

Internal Audit Report Review of Partnerships

December 2016
Final

MOORE STEPHENS

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 Partnership Working which was allocated 6 days.

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

- The Neighbourhood Renewal Programme files are well maintained and all documentation and information was available as needed for audit purposes.
- The application process for Peace IV funding is progressing well, a draft partnership agreement is in place and Council officers have given thought to the staffing needs and processes which will need to be put in place once funding has been approved.
- The role of Council is well defined in Neighbourhood Renewal, Peace IV and also within the Causeway Coast and Glens Heritage Trust (CC&GHT). In addition to being well defined, Council's involvement in the CC&GHT strongly benefits the Borough's strategic aim of protecting the environment and promoting tourism. Through Council awareness of the activities of CC&GHT duplication of effort in these aims is avoided and Council can ensure appropriate support in a timely manner when CC&GHT activities take place on Council land.

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

- A registry (or registries) of all partnerships should be maintained to ensure Council understands the partnerships in which it is engaged in order to avoid uninformed decisions or delays in decisions regarding Council partnership activities.
- Clear guidance should be developed for all Council staff and elected members regarding partnership working. This should include a definition of what partnership means for Council which will help reduce the risk of Council being involved in partnerships which do not add value.
- Staff should ensure that up-to-date partnership agreements are in place for every partnership.
- Each partnership should have a partnership file, with a checklist of information that should be retained.

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 no clear guidelines in place when considering whether to engage in a partnership working arrangement leading to potential ineffective use of Council time and resources.	-	2	1
There may be inadequate reporting and monitoring of partnership arrangements leading to potential ineffective allocation and use of Council time and resources, and a lack of accountability to the Council	-	2	3
Total	0	4	4

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 3 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 2.

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Distribution:	Chief Executive Director of Finance Director of Leisure and Development Audit Committee
	December 2016

Audit progress	Date
Audit commenced	4 th October 2016
Draft Report issued to senior management for response	8 th November 2016
Responses Received	6 th December 2016
Responses Agreed	6 th December 2016
Report Issued	6 th December 2016

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 the Director of Leisure and Development and Head of Community and Culture. The scope of this audit was to review the arrangements in place within the Council in relation to Partnership Working, focusing on the main risks associated with:

- Decisions to engage in partnerships
- Reporting & monitoring of partnership arrangements
- Role of staff and elected members on partnerships

2 Background

A partnership can be defined as ‘an agreement between two or more independent bodies to work collectively to achieve a shared objective’.

Working in partnership has become central to the work of local authorities in achieving wider strategic objectives. The number and range of partnerships in Councils has grown in recent years in response to central Government requirements and as a result of local responses to particularly challenging issues. More organisations are working together to tackle complex problems which cannot be resolved by one agency working alone. Partnership arrangements also assist in reducing financial and operational strains on an organisation’s resources.

The Council recognises that effective partnership working with other Councils, public bodies, and private and community organisations helps to enhance its capacity to deliver services to the local community in a more efficient and effective manner, aids in the delivery and meeting of its strategic objectives and assists in maximising the potential of the Borough.

The Council has formed partnerships with a number of other Councils and organisations to deliver urban regeneration, promote peace and reconciliation, encourage tourism, promote economic and community development and reduce deprivation in the Borough. In addition the Council provides financial assistance to many community associations and organisations in order to help them work with or provide services in the Borough.

3 Risks

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

1. There may be no clear guidelines in place when considering whether to engage in a partnership working arrangement leading to potential ineffective use of Council time and resources.
2. There may be inadequate reporting and monitoring of partnership arrangements leading to potential ineffective allocation and use of Council time and resources, and a lack of accountability to the Council.

4 Audit Approach

For the purposes of this audit we concentrated on the partnerships where there is a clear Council interest in the partnership:

- through elected members being nominated to the Boards or management committees of organisations
- through Council officers being closely involved in the work of the partnership
- through significant levels of funding from Council to the partnership
- where the Council is the primary funder of the partnership.

The review focused on:

- the overall partnership environment within the Council
- examining the following specific partnerships as case studies:
 - Neighbourhood Renewal
 - Peace IV
 - Twinning (Pourrières in the Var region of Southern France)
 - Safer Causeway
 - Causeway Coast and Glens Heritage Trust (CC&GHT)

Our audit fieldwork comprised:

- Consideration of the key risks within each audit area
- Discussions with key staff
- Examining relevant partnership documentation for 5 case studies
- 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
Director of Leisure and Development
Head of Community and Culture
Head of Tourism and Recreation
Democratic Services Manager
Development Services Officers

5 Findings and Recommendations

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

5.1 Risk 1 – Ineffective Engagement in Partnership

Finding No. 1 – Register of Partnership Details

a) Finding-

There is no listing of existing partnerships.

b) Implication-

When there is a lack of comprehensive data on partnerships, there is a risk that Council does not understand the partnerships in which it is engaged which could result in uninformed decisions or delays in decisions regarding Council activities and a potential ineffective use of Council time and resources.

c) Priority Rating-

2

d) Recommendation-

Council should, in consultation with all Heads of Service, prepare a register (or registers) of all existing partnerships including such details as:

- Partnership name
- Type of partnership
- Category of partnership e.g. limited company
- Council's role
- Names of Councillors and Officers involved
- Date partnership began
- Date of approval at appropriate Council level
- Date partnership agreement signed
- Date partnership agreement will expire
- Location of partnership files

e) Management Comment- Agreed. This will be set as an objective for Business Support for 2017

f) Responsible Officer & Implementation Date - June McDowell, Business Support Manager, 30th June 2017.

Finding No. 2 – Guidelines for Partnership Working

a) Finding-

There are no documented guidelines for partnership working.

b) Implication-

In the absence of guidelines containing clear definitions, roles and responsibilities and checklists for engaging with and managing partnerships Council runs the risk of creating partnerships in situations when more cost effective, resource effective and lower risk alternatives could be put in place. In addition, Council risks missing

opportunities to engage in appropriate partnerships which add value to Council business by facilitating sharing of risks and resources.
c) Priority Rating- 2
d) Recommendation- Council should develop guidelines for partnership working which should contain as a minimum: <ul style="list-style-type: none"> • Definitions of partnership • Procedures to be followed and checklists to be used when creating new Partnerships; e.g. assessing and getting approval at appropriate levels of Council, putting appropriate procedures in place for oversight and payment of any funding, defining roles and responsibilities of Council officers and members • Guidance (and checklists) for risk assessment • Pro forma(s) for agreement(s) • Procedures to be followed and checklists to be used when managing existing Partnerships • Guidance (and templates) on monitoring and reporting progress of partnerships • Protocol for Elected Members involved in any work with Partnerships • Protocol for employees involved in any work with Partnerships • Procedures to be followed and checklists to be used for an annual review of existing partnerships
e) Management Comment- Agreed. I will outsource the requirement to achieve a 'clean sheet' approach for the development of a Council Partnership Policy.
f) Responsible Officer & Implementation Date- Richard Baker, Director, 30 th June 2017.

Finding No. 3 – Training

a) Finding- Training in partnership working has not been provided to staff or Council members.
b) Implication- In the absence of training, staff and Council members may not be aware of their role, responsibility and any legal implications of working with partnerships. There is also a risk that staff and Council members are not adequately aware of the issues when considering whether to engage in a partnership working arrangement, which could lead to a potential ineffective use of Council time and resources
c) Priority Rating- 3
d) Recommendation- Appropriate training on partnership engagement and management should be provided for Council members and staff.
e) Management Comment- Agreed. Training is required to brief / train Members and Officers on Finding No. 2, Partnership Guidelines.

f) Responsible Officer & Implementation Date- June McDowell, Business Support Manager – Q3 2017.

5.2 Risk 2 – Inadequate Reporting and Monitoring

Finding No. 4 – Partnership Agreements

- a) Finding-**
Up to date agreements were not in place for all of the partnerships we reviewed. In one case (Safer Causeway) the Service Level Agreement is 6 months out of date, and payment of monthly invoices has continued. In another instance (CC&GHT) the draft agreement has been discussed with the partnership and agreed in principle but awaits formal signature. In the case of the Twinning (arrangement with Pourrières in the Var region of Southern France) no agreement was available for review.
- b) Implication-**
Where a formal agreement is not in place, the risk exists of working with a partnership which is not fully accountable to Council for its actions or deliverables.
- c) Priority Rating-**
2
- d) Recommendation-**
Formal agreements should be put in place for all existing and new partnerships in a timely manner i.e. before any activities occur and before the expiration of any existing agreements.
- e) Management Comment-** On completion of Finding No. 1 Officers will review all existing arrangements: firstly defining the purpose of the partnership.
- f) Responsible Officer & Implementation Date-** Richard Baker, Director and Heads of Service. Q3 2017.

Finding No. 5 – Partnership Documents

- a) Finding-**
Relevant documentation for partnerships was not readily accessible for two of the partnerships reviewed i.e. Twinning and Safer Causeway. There was no documentation available for Twinning to explain the role of Council, and no documented Governance document for Safer Causeway or Twinning.
- b) Implication-**
If relevant documentation is not readily available there is a risk of insufficient governance and monitoring to ensure efficient operation of the partnership, and achievement of the shared objective.
- c) Priority Rating-**
2
- d) Recommendation-**
Each partnership should have a partnership file, with a checklist of information that should be retained. The information can be retained in hardcopy within the file or the location of the hardcopy or softcopy should be noted.
- e) Management Comment-** On completion of Finding No. 1 all existing documentation will be reviewed and a system will be prepared for future record retention.

f) Responsible Officer & Implementation Date- June McDowell, Business Support Manager. Q3 2017.

Finding No. 6 – Partnership Risk Assessment

a) Finding-

We found a lack of evidence of appropriate levels of risk assessment having taken place before entering into 3 of the partnerships reviewed.

b) Implication-

If a risk assessment has not taken place there is a risk of Council exposing itself to unacceptable levels of risk through the partnership.

c) Priority Rating-

3

d) Recommendation-

Each partnership should undergo a risk assessment; this can be facilitated by developing a partnership risk checklist. This should be completed for existing and proposed partnerships and retained within the partnership file. This should also be included as part of the information provided when making any recommendation to Council to approve or extend a new partnership

e) Management Comment- Agreed.

f) Responsible Officer & Implementation Date- Richard Baker, Director and Heads of Service. Q3 2017.

Finding No. 7 – Payments

a) Finding-

For the Twinning Association, the payment of the annual grant from Council is made upon production of annual financial statements but no report of activities is sought. For Safer Causeway monthly invoices are only paid following receipt of the CCTV Incident Report, however the SLA for this partnership expired 6 months ago.

b) Implication-

If payments are made without appropriate agreements being in place and insufficient evidence of partnership activities and progress, there is a risk of potential ineffective allocation and use of Council time and resources.

c) Priority Rating-

3

d) Recommendation-

Council should review the practice of making payments to partnerships in the absence of an up to date partnership agreement in place and provision of a progress report.

e) Management Comment- Agreed. In the case of Safer Coleraine, this is not a partnership agreement per se, it is a service provision. The CCTV provision is currently under review.

f) Responsible Officer & Implementation Date- Richard Baker. Q1 2017

Finding No. 8 – Monitoring and Oversight**a) Finding-**

From our review of Safer Causeway, we did not identify any evidence of senior management or Council members' oversight of the impact of the partnership activities. A report was prepared but was not presented to Council.

b) Implication-

If there is insufficient oversight of partnership activities and progress, there is a risk that partnership activities are not in line with Council objectives, are not in line with the partnership agreement and opportunities for possible improvements are not identified

c) Priority Rating-

3

d) Recommendation-

The activities and impact of each partnership must be appropriately monitored by Council

e) Management Comment- Ongoing work will be presented to SMT/Committee/Council aligned to Council's Corporate Plan and Draft Partnership Policy, Finding No. 2.

f) Responsible Officer & Implementation Date- Richard Baker, Heads of Service.

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

Risk	Key controls
<p>There may be no clear guidelines in place when considering whether to engage in a partnership working arrangement leading to potential ineffective use of Council time and resources.</p>	<ul style="list-style-type: none"> • There is a clear record of partnerships in which Council is engaged – subject to an audit recommendation • Partnership agreements and documentation kept – subject to an audit recommendation • Assessment checklist or criteria for engaging in new partnerships developed – subject to an audit recommendation • Formal guidelines issued on partnership working – subject to an audit recommendation • Agreement from Council to engage in a new partnership is documented • Accountability template for external partnerships with significant levels of Council financial input has been developed • Role of Councillors on partnerships has been identified - – subject to an audit recommendation • Role of Officers on partnerships has been identified - – subject to an audit recommendation • Training undertaken for Councillors on partnership working – subject to an audit recommendation • Training undertaken for Officers on partnership working – subject to an audit recommendation • There is a consistent approach to partnerships across Council departments
<p>There may be inadequate reporting and monitoring of partnership arrangements leading to potential ineffective allocation and use of Council time and resources, and a lack of accountability to the Council</p>	<p>For each case study:</p> <ul style="list-style-type: none"> • Partnership agreements are in place and signed by all parties – subject to an audit recommendation • Key information about the partnership is maintained – subject to an audit recommendation • Risks to engaging in the Partnership have been considered – subject to an audit recommendation • Resource implications for the Council have been fully considered • Clear objectives have been established for the partnership • Clear governance arrangements have been established and documented - subject to an audit recommendation • The role of the Council in the partnership is well defined - – subject to an audit recommendation • There are agreements in place for any funding provided by the Council to the Partnership - subject to an audit recommendation • Officers and elected members declare any conflicts of interest as appropriate at partnership meetings or discussions about the partnership at Council meetings • Officers and elected members nominated to the partnership attend partnership meetings • There is evidence of monitoring of the partnership by Council and feedback on the partnership to Council officers and members – subject to an audit recommendation

Risk	Key controls
	<ul style="list-style-type: none"><li data-bbox="694 322 1423 389">• Up-to-date partnership files (eg minutes of meetings) are kept – subject to an audit recommendation

Appendix III: Points for the Attention of Management

1. Review of Existing Partnerships

Once Council has created a central registry of all partnerships and agreed a definition of partnership, a review should be undertaken of all existing partnerships.

At a minimum, the review should determine the main function of each partnership (e.g. service, policy setting, networking etc.) and why the partnership, in its current form, is considered to benefit Council.

A more complex review could involve considering additional elements e.g. the cost to Council, the role of Council within the partnership, the form of partnership agreement, the partnership governance arrangements, the performance management of the partnership (clear milestones, outcomes, indicators, delivery dates), and Council oversight.

Based on the review and the newly agreed definition of partnership, Council may decide some partnerships would be better managed in an alternative manner e.g. service contract.

Management response: Agreed, the Director supports the recommendations made.

2. List of Partnership Members

Lists of partnership members are available for some partnerships, various hardcopies on file and some softcopies, but the list would be of greater benefit if its location is noted in the partnership file, and each list contained the additional information:

- up to date contact details (telephone and e-mail)
- a record of the date members joined
- if appropriate when they have resigned the Board.

For Neighbourhood Renewal only, useful additional information on the list of members could include:

- the date they signed the Declaration (that they will comply with the Code of Practice and Guiding Principles
- a signed Conflict of Interest statement (the DfC NR Code of Practice and Guiding Principles 2012 (page 11), requires that partnership members should declare any conflicts of interest upon joining the Partnership. In order to meet this obligation Council should ask each member to sign a statement confirming no conflict of interest, and record the date of this on the members list.)

Management response: Agreed.

3. Review of Twinning

Council should consider including a report from each Twinning Association (TA) in the planned review of the current twinning arrangements covering areas such as:

- The objectives of the TA and it's benefit for Council
- Evidence of an appropriate agreement in place with the twinned towns, and investigate the need to update the agreements in light of the merged Council
- Past and planned twinning activities
- Any risks identified for the Council
- The name of the main Council liaison(s) for the TA
- The governance arrangements within the TA
- The expected role (including oversight) of Council elected members and staff in the twinning
- The cost to Council and arrangements for payment to the TA

Management response: The Director considers this to be a Civic function, and therefore responsibility lies with Corporate Services.