

REPORT TO: Corporate Policy and Performance Board

DATE: 31st January 2017

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Community and Sport

SUBJECT: Local Area Forums

WARD(S): Borough-wide

1. PURPOSE OF REPORT

- 1.1 To provide Members with details of the impact of recommendations contained within an Internal Audit report and subsequent follow-up audit review.
- 1.2 **RECOMMENDATION: That the Policy & Performance Board receive and comment upon the report.**

2. SUPPORTING INFORMATION

- 2.1 At their meeting of 6th September 2016, Members of the Board received a report on Local Area Forums project deliver for 2015/16. Arising from a discussion on the report Members asked that a further report be brought to the Board on the impact of Internal Audit recommendations with regard to Local Area Forums. This report seeks to provide the information requested by Members.

Internal Audit of Local Area Forums – 2015

- 2.2 In July 2015, an audit of Local Area Forums was conducted by the Council's Internal Audit Team. The audit was not undertaken as a result of any concerns around the Local Area Forums, but rather as part of the planned Internal Audit Programme for 2015/16. A report on Internal Audit's findings was produced in August 2015 which identified several areas of good practice. The report also contained a number of recommendations which led to some changes in practice to the way Area Forum grant funding applications were processed, approved and managed, and to the way in which goods and services for approved projects were procured. These changes came into effect in November 2015.

Audit Review of Local Area Forums – 2016

- 2.3 A follow-up Internal Audit review of Local Area Forums was carried out in October 2016. The purpose of the follow-up audit was to assess how effectively any issues identified in the original audit report had been addressed and to consider the impact of the changes that were made to the project approval and delivery processes following the Internal Audit recommendations in 2015.
- 2.4 Members had provided feedback on a number of the new arrangements introduced following the audit report. In particular, Members felt that some aspects of the new processes led to delays in projects being approved or delivered, and that, the required process for sourcing suppliers or service providers was restrictive and could lead to value for money not being achieved in some instances.
- 2.5 Members' comments were taken into consideration as part of the follow-up review which resulted in some further changes being made to processes. The changes sought to address Members' concerns whilst ensuring that efficient and robust systems remained in place for the delivery of approved projects.
- 2.6 The key change resulting from the follow-up audit relates to the procurement of goods and services. As per the recommendations contained within the original report where project-related expenditure exceeded £1,000, goods or services were required to be procured through corporate contracts or procurement processes. However, moving forward, the opportunity will exist for procurement options to be considered to ensure that best value is achieved. Three quotations will continue to be submitted to the Council with all funding application forms, however, where appropriate, the quotations will be compared to prices available via the Council's corporate contracts to determine the best procurement option. Where it can be demonstrated that greater value for money can be achieved by doing so, goods or services will be procured from suppliers other than those contained on the Council's approved list.
- 2.7 The follow-up audit reaffirmed the recommendation contained within the original audit report that all invoices should be paid directly by the Council. As well as preventing inappropriate use of funding, this will enable the Council to recover VAT on project expenditure. The only exception will be minor expenditure items where invoices would be difficult to obtain, for example; £100 awarded for food supplies for a community fun day.
- 2.8 Overall, the outcome of the audit and subsequent follow-up review identified a number of opportunities to strengthen controls and improve the efficiency of the project approvals and delivery process. Both exercises ensured that there remains a clear, transparent and robust approach to the use of Local Area Forum funding.
- 2.9 The revised processes ensure a prudent approach to the use of Area Forum grant funding and take account of Members desire to ensure

that supported projects can be delivered in the most cost-effective and appropriate way when taking into account the nature of the application, the level of funding, the service or initiative to be delivered or the goods to be procured.

- 2.10 In line with normal practise, the follow-up audit report will be presented to a future meeting of the Business Efficiency Board and details of the revised processes will be cascaded to Area Forum Lead Officers for implementation.

3. POLICY IMPLICATIONS

- 3.1 There are no policy implications associated with this report.

4. OTHER/FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising from this report.

5. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

Local Area Forum projects support the delivery of activities and provision of facilities for children and young people.

5.2 Employment, Learning and Skills in Halton

Many of the community initiatives delivered with the support of Local Area funding provide local people with access to learning and skills development opportunities as well as volunteering opportunities.

5.3 A Healthy Halton

Many of the community initiatives delivered with the support of Local Area funding have a positive impact on health and well-being.

5.4 A Safer Halton

Many of the community initiatives delivered with the support of Local Area funding have a positive impact upon the physical appearance of the borough and help provide increased security measures. These initiatives help improve residents' overall satisfaction with where they live and reduce their fear of crime; meaning that they are likely to feel a stronger sense of belonging and safety in their local community.

5.5 Halton's Urban Renewal

The projects delivered with the support of Local Area Forum funding will help make the borough a more attractive location for investment.

6. RISK ANALYSIS

- 7.1 The key risk in respect of this report is that financial due diligence could be negatively affected if the recommendations contained within the Internal Audit reports are not fully implemented.

7. EQUALITY AND DIVERSITY ISSUES

- 7.1 There are no equality or diversity issues as a result of this report as Local Area Forums grant support is open and accessible to all Members of Halton's community.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are no background papers within the meaning of the Act.