

Executive Summary

To: Head of Policy, Performance and Partnerships
PPP Team Leader, Co-ordination & Support
Policy & Research Manager
Communications & Partnerships Manager

For Information: Community Development Team Leader
Head of Finance [Final Only]

Date Final Report Issued: 4th March 2009

1. Introduction

This report details the Internal Audit of the procedures and controls in place over Grant Funding and has been undertaken in accordance with the 2008-09 Internal Audit Plan. A risk based audit methodology has been applied in undertaking audit testing.

2. Findings and Recommendations

Based on our audit findings, Internal Audit has assigned **Moderate Assurance**¹ to the systems and procedures which underpin the Grant Funding process.

On the basis of the Internal Audit work undertaken, 2 high priority, 25 medium priority and 3 low priority recommendations to improve the control environment and to minimise the risks in achieving service objectives have been made. The high priority recommendations are:

- It is recommended that each quarterly Grant Funding Award payment is raised on a separate pro-forma and not authorised until seven days prior to the due date. The authorising officer should confirm the pre-requisite milestone report has been received prior to authorising payment.
- It is recommended that the approved Grant Aid payments are reconciled to the General Ledger, Integra, on a quarterly basis by the PPP Team Leader, Co-ordination & Support and reviewed by the Communications & Partnerships Manager. Reconciliation differences should be identified, investigated and appropriate corrective action taken. The reconciliation should be signed and dated as prepared and reviewed.

¹ See Appendix B for Assurance Opinion and Priority Definitions

The other recommendations relate to the following areas, Policy & Procedures, Applications, Appraisal, Awards and Appeals, Payments and Monitoring.

The detailed findings and recommendations are set out in the detailed report section. A Management Action Plan is attached as Appendix A and has been agreed and completed by the officers responsible, as identified on the Plan.

Detailed Report

Grant Funding 2008-09

1 Audit Objective

- 1.1 The audit was designed to establish whether management have implemented adequate and effective controls over Grant Funding.

2 Audit Approach and Methodology

- 2.1 The audit approach was developed with reference to the procedures in the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

- 2.2 The following procedures were adopted:

- documentation of the system;
- identification of risks within the system, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the system.

- 2.3 From these procedures where we have identified weaknesses in the system of control, we have produced specific proposals to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

3 Audit Scope

- 3.1 Audit work was undertaken to cover the following areas:

- Policy & Procedures
- Applications
- Appraisal
- Awards and Appeals
- Payments
- Monitoring

4 Audit Opinion

Based on our audit findings, Internal Audit has assigned **Moderate Assurance**¹ to the systems and procedures which underpin the Grant Funding process.

¹ See Appendix B for Assurance Opinion and Priority Definitions

5 Audit Findings

5.1 Our audit findings are reported on an exception basis.

5.2 The areas in the audit scope that require management consideration are detailed below.

5.3 Policy & Procedures

5.3.1 There is no documented policy specific to grant funding. The Head of Policy, Performance and Partnerships [PPP] has stated that as part of the 2009/10 grant aid process this year it has been recognised by officers and members that a review of grant aid is needed. It is anticipated that this review will commence in February 2009 so that recommendations can be agreed and implemented in time for the grant aid process for the following year. The Head of Service recognises that the results of the internal audit review will provide a useful starting point and is likely to cover many of the aspects already identified for the scope of the grant aid review.

5.3.2 In addition, two new members of staff, a Policy and Research Manager and a Communications & Partnerships Manager started January 2009. The new post holders will effect change in the Grant Funding process.

5.3.3 It is recommended that a policy for the Grant Funding be documented and approved by SMB and Executive Committee. An agreed policy review process be established and recorded as evidence on front page of policy, including:

- the date it was last reviewed and approved by the SMB and Executive Committee.
- the date of the next full review; and
- a version control number.

5.3.4 There are no documented procedures for the grant funding service. The Community Development Administrator and the Principal Community Development Manager both left the Council in 2008 and a lot of their knowledge of the processes and controls for Grant Funding went with them.

5.3.5 It is recommended that the procedures for the operation of the grant funding service should be agreed and documented by Communications and Partnerships Manager. These should be reviewed at least annually and signed off by Communications and Partnerships Manager. In addition, the front page of the Grant Funding procedures manual should include the following detail:

- the date it was last reviewed and approved by the service manager.
- the date of the next full review; and
- a version control number.

- 5.3.6 It is recommended that when completed, the approved policy and procedures should be made available to all relevant staff via a shared computer drive; and training to be provided where necessary.
- 5.3.7 There is no procedure in place for staff or members to declare any conflicts of interest they may have in the voluntary bodies applying for grants.
- 5.3.8 It is recommended that a conflict of interest register is implemented, in which any potential conflicts of interest, PPP staff or Council Members have, are declared. When a potential conflict of interest has been declared, the service manager should take steps to prevent the interest from interfering with any judgement. Clear policy and procedures in the declaring and dealing with potential of conflicts of interest should also be included in the policy and procedures manual.
- 5.3.9 A Grant Funding File 2008/09 is retained in the PPP office which holds copies of all key documentation, communications and spreadsheets relevant to the year. However, there is no checklist or index to indicate what is or should be available to the reader.
- 5.3.10 It is recommended that a checklist is created for the Grant Funding File to indicate what is and should be available to support the Grant Funding Process.

5.4 Applications

- 5.4.1 The applications are entered on to a Grant Aid spreadsheet, but no unique reference number is given and the date received is not recorded. This is not sufficient to evidence proof of applications received.
- 5.4.2 It is recommended that all applications are date stamped as received and given a unique reference number. The date received and unique reference number should then be entered against the relevant application on the Grant Aid spreadsheet when registering the application.
- 5.4.3 When the Applications and supporting documents are passed to the Accountants or Link Officers for appraisal, there is nothing to identify if the application is complete and what documents were received.
- 5.4.4 It is recommended that a checklist is created to be completed by the Grants Administrator and passed to Accountancy and the Link Officers to show what is incomplete on the application form and what documents were received or to follow in support of the application.
- 5.4.5 Data received on applications forms cannot be used to protect public funds as part of the National Fraud Initiative [NFI], because the grant

application form does not have an NFI Fair Processing Notice declaration.

- 5.4.6 It is recommended that an NFI fair processing notice be added to the application form.

Good Practice wording suggested by the Audit Commission:

This authority is under a duty to protect the public funds it administers, and to this end may use the information you have provided on this form for the prevention and detection of fraud. It may also share this information with other bodies responsible for auditing or administering public funds for these purposes. For further information, see <http://www.stevenage.gov.uk/fairprocessingnotice>

- 5.4.7 Testing of six organisations that were awarded grant funding, identified that one organisation, Stevenage Citizens Advice Bureau [CAB], did not have a completed grant funding application form. Further testing identified that a second organisation, Stevenage CVS, also did not have a completed grant funding application form. Internal Audit were informed that application forms were not completed for these organisations as they are subject to an SLA [service level agreement] with the Council. The SLAs held on file were not signed, the Head of PPP confirmed that signed copies were not available.

- 5.4.8 The Head of PPP has stated that the use of SLAs for these bodies is uncertain and the way in which these two organisations are supported by the Council is to be reviewed as part of the pending Grant Funding Service review.

- 5.4.9 It is recommended that application forms are completed for all organisations applying for grant funding. If an SLA is in place then all of the required information and supporting documents [as per the application form] should be evidenced and retained on file in support of the grant award.

- 5.4.10 When an application is received after the closing date, it should be returned with a rejection letter attached. There is no list of late applications maintained.

- 5.4.11 It is recommended that late applications are identified and a record made on the Grant Aid spreadsheet, of a rejection letter being sent. If, the rejection is then appealed against this should be documented and the Appeals process instigated.

5.5 **Appraisal**

- 5.5.1 In 2008/09 and previous years, the Link Officers appraised the applications for projects / bodies that they were involved with. For the 2009/10 grant process, it was aimed to give applications for appraisal to Link Officers that did not have any involvement in the organisation. However, some applications were still appraised by Link Officers with

- involvement in the organisations such as the Older Peoples Service/Strategy Manager and the Childrens Services Manager.
- 5.5.2 It is recommended that all appraisals are completed by an independent officer with no association to the Applicant. When this is not practical or possible, the Communications & Partnerships Manager should indicate on the appraisal form what steps were taken to maintain impartiality.
- 5.5.3 It was noted that the appraisal form final page details 'A Recommendation by Appraisal Panel' to the Grant Aid Management Board Committee'. This recommendation is signed and dated by the Assessor [Link Officer]. To maintain independence and ensure separation of duties, the Link Officers should not approve the application, only sign to confirm that the application is correct and the scores have been allocated appropriately.
- 5.5.4 It is recommended that the appraisal form be updated to allow the Communications & Partnerships Manager to sign and date, to evidence authorisation of the Appraisal decision and Grant Approval recommendation.
- 5.5.5 Applications are assessed using a points scoring system on the appraisal form. There is no documented guidance available to appraisers to indicate how points should be allocated and used in completing the appraisal forms and the approving and awarding of grants.
- 5.5.6 It is recommended that guidance notes are produced for the assessors on how to award points to applicants when assessing applicants using the appraisal forms. Guidance notes should also be developed for the Executive Portfolio Holders [Grant Aid Management Board] when approving and awarding the grant amounts. Training needs should be assessed and where gaps in training are identified, then an appropriate training provision should be made.
- 5.5.7 Testing of six Appraisal Forms identified that one successful applicant had not been appraised using the official appraisal form. Management informed Internal Audit that the application was successful on the basis that it already had an SLA in place with the Council.
- 5.5.8 It is recommended that appraisal forms are completed for all organisations applying for grant funding. If an SLA is in place then all of the criteria should be evidenced as complied with and a signed copy of the SLA retained on file.
- 5.5.9 There is a timetable in place for key grant funding deadlines which includes a date for completed appraisals to be returned to the Administrator. It was not known who received this timetable and the adherence against deadlines was not recorded.
- 5.5.10 It is recommended that the timetable in place for key grant funding deadlines is issued to all relevant officers and members to enable

monitoring and prompt action to be taken to address any missed deadlines. A record should be maintained of who the timetable is sent to and the dates when key deadlines are met.

5.6 Awards and Appeals

- 5.6.1 There are no procedures to require or remind Officers and Members to declare any conflict of interests prior to discussing and approving the grant awards.
- 5.6.2 It is recommended that Officers and Members are reminded to declare any conflicts of interests before the commencement of the Link Officers meeting and Executive Portfolio Holders when discussing the approval to recommend grants to Full Council. This could be prompted as an agenda item for the relevant meetings.
- 5.6.3 A panel of Link Officers meet to decide the final grant award amounts to be recommended to Members for approval. The agreed awards are recorded on the Grant Aid spreadsheet, with comments detailed. There are no minutes of this meeting or a signed copy of the spreadsheet to evidence agreement by the Link Officers present.
- 5.6.4 It is recommended that the Link Officers meeting, to agree and assess applications and recommend awards, is minuted to include:
- the amended spreadsheet as an appendix;
 - details of who made the decisions;
 - a summary of outstanding supporting documents to be chased;
 - summary of outstanding appraisals to be completed.
 - confirmation of who will complete the follow up action.
- 5.6.5 It is recommended that the minutes for the Link Officers meeting, to agree and assess applications and recommend awards should be distributed to the Executive Portfolio Holders meeting for consideration when approving the recommended grant awards.
- 5.6.6 The 2008/09 Appraisal Forms have provision for a second signature and date of approval as a decision by the Grant Aid Management Board. Internal Audit identified that this was not being completed and there is no knowledge of who the Grant Aid Management Board is and there is no agreed policy for who should be signing to authorise the Appraisal forms. The Head of PPP advised that the authorising body is the Executive Portfolio Holders including Members and Senior Officers.
- 5.6.7 It is recommended the Officers and Members responsible for the countersigning, authorisation and approving grant awards are clearly identified in the service review and documented in the policy and procedures to be written. Thereafter, the wording and layout of the Appraisal form be reviewed and updated.

- 5.6.8 There is no formal appeals procedure for Grant Funding. There is the possibility of inconstant approach to letters of appeal dealt with by different officers.
- 5.6.9 It is recommended that a formal Grant Funding appeals procedure is developed and implemented.
- 5.6.10 There are no records to evidence that grant application outcome letters have been sent to all Applicants.
- 5.6.11 It is recommended that confirmation of grant application outcome letters sent to all Applicants is recorded, checked and signed as completed by Grant Administrator. In addition copies of the outcome letters should be retained in an electronic file.

5.7 Payments

- 5.7.1 The notice of grant awarded letter sent to the successful applicants states that the 'acceptance of grant pro-forma' must be received and signed by the recipient by 31 March or grants will not be released. Internal Audit sample testing identified that one out of six organisations (Stevenage Caribbean & African Association) awarded grant funding had not returned a signed 'acceptance of grant pro-forma'.
- 5.7.2 It is recommended that the master Grant Aid spreadsheet is updated to incorporate a check to ensure that a signed 'acceptance of grant pro-forma' has been received for all grants awards. This check should be undertaken before grant funding payments are released.
- 5.7.3 Internal Audit testing identified that there was insufficient control over quarterly grant payments for October 2008 and January 2009. In particular, there were no checks to ensure the required six month progress reports on milestones had been received prior to payment being released. Quarter 3 and 4 payments were inappropriately authorised, as all payments for 2008/09 including the quarterly ones had been signed in advance and passed to exchequer in April 2008 for processing payment. In addition, the officers that had authorised payments in advance had left the employment of the Council. Immediate action was taken by Exchequer to get the Head of Policy, Performance and Partnerships to authorise the remaining Quarter 4 payments.
- 5.7.4 It is recommended that each quarterly Grant Funding Award payment is raised on a separate pro-forma and not authorised until seven days prior to the due date. The Communications and Partnerships Manager should confirm the pre-requisite milestone report has been received prior to authorising payment.
- 5.7.5 There was no evidence available and the Grant Administrator had no knowledge of any payment reconciliation being completed for 2007/08. There was a partial reconciliation completed at the request of the

Strategic Director; reviewing the actual spend against grants approved for year 08/09 as at 30 December 2008. Internal Audit identified the following differences between the Payments reconciliation spreadsheet and the Grants approved spreadsheet:

- there is no explanation offered for the differences identified, which result in a net difference of £11,609.
- CVS was paid £4,000 less than awarded.
- the Volunteer Centre Stevenage was paid £4,000 more than awarded.
- the pro-forma completed for payment to the Volunteer Centre Stevenage shows a different name for payment which is 'Stevenage Volunteer Agency'. However, the Council's creditors system [Integra] show the actual payee is 'Volunteer Centre Dacorum'.

5.7.6 It is recommended that the approved Grant Aid payments are reconciled to the General Ledger, Integra, on a quarterly basis by the PPP Team Leader, Co-ordination & Support and reviewed by the Communications & Partnerships Manager. Reconciliation differences should be identified, investigated and appropriate corrective action taken. The reconciliation should be signed and dated as prepared and reviewed.

5.7.7 An authorised journal is used to move the awarded amounts for rent in kind from Grant Aid Budget to the Estates budget. It was noted that in addition to those Organisations receiving rent in kind, the Grant Aid main spreadsheet detailed another 15 Organisations that were given a 'peppercorn rent and free maintenance', with no amounts shown for the value of the rent and maintenance. The Estates section was aware of leases being in place for 13 of the organisations, which were mainly Community Centres. However, for two, 'Age Concern Stevenage' and 'Douglas Drive Senior Citizens Association' the Estates section had no record of leases with 'peppercorn rent and free maintenance'.

5.7.8 It is recommended that Grant funding service in conjunction with Estates review the Council provision of peppercorn rents and free maintenance that are shown on the Grant Aid 2008/09 spreadsheet; with particular attention to Age Concern Stevenage and Douglas Drive Senior Citizens Association for which the Estates section had no knowledge of any leases with these conditions.

5.7.9 It is also recommended that the 'peppercorn' rent and free maintenance are quantified and used in assessment for the grants awarded. Then as per the terms and conditions of grants awarded, the organisations be asked to acknowledge the Council's support and receipt of the 'peppercorn rent and free maintenance in all publicity and any reports including annual reports.

5.8 Monitoring

- 5.8.1 The Organisations receiving grants agree identified milestones for their projects. They should be sending 6 & 12 month milestone reports to the Council by the 30th September and 31st March depending on the amount of grant. If these reports are not received then future funding may be withheld. Management advised that some reports have been received and passed to the Community Development Officer's for review. However, there is no formal check to confirm that all milestones reports expected to be received have actually been received.
- 5.8.2 It is recommended that a check is undertaken to confirm that all milestones reports expected to be received from grant funded bodies have actually been received. If these reports are not received then the Council should consider exercising their right to withhold future grant funding payments.
- 5.8.3 There is no record of action being taken to follow up non achievement of project milestones, attempts to recover monies or stop future funding if mis-use of funding is identified.
- 5.8.4 It is recommended that a process is established to identify non achievement of milestones, misuse of award payments and action to recover payments. This should be done by introducing a post appraisal form that encompasses the terms and conditions signed by the Organisation when accepting the grant. The results of the post appraisals should be reported to the Communications and Partnership Manager.
- 5.8.5 It is recommended that physical spot checks and visits are made to the Projects / Bodies in receipt of the grants to establish proper use of the Council Grant. These visits should be during the grant year and a visit report written, which assesses progress in the achievement of project milestones and determines whether the grant is being used for the purposes intended. The results of these visit reports should be summarised and reported to the Communications and Partnership Manager.
- 5.8.6 It is recommended that a Grant Funding year end report be presented to the Executive Portfolio Holders, SMB and Executive Committee. The report should include whether the Grants that were awarded achieved their intended outcomes and milestones.

6 Follow up of previous recommendations

- 6.1 In February 2006 Internal Audit issued a final report which had 13 recommendations due to be implemented by October 2006. Internal Audit has followed up the progress made in implementing previous recommendations and report that 5 out of 13 recommendations have

been fully implemented. The remaining 8 have been incorporated into the recommendations made in this report.

Acknowledgement

We would like to take this opportunity to thank the management and staff of the Performance, Policy and Partnerships for their assistance during the Grant Funding audit.

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
1	5.3.3	<p>It is recommended that a policy for Grant Funding be documented and approved by SMB and Executive Committee. An agreed policy review process be established and recorded as evidence on front page of policy, including:</p> <ul style="list-style-type: none"> • the date it was last reviewed and approved by the SMB and Executive Committee. • the date of the next full review; and • a version control number. 	M	Policy and Research Manager	<p>Agreed – This will form part of the full Grant Aid Policy review.</p> <p>To be reported to Exec in June</p>	June 2009
2	5.3.5	<p>It is recommended that the procedures for the operation of the grant funding service should be agreed and documented by service management. These should be reviewed at least annually and signed off by Communications and Partnership Manager. In addition, the front page of the Grant Funding procedures manual should include the following detail:</p> <ul style="list-style-type: none"> • the date it was last reviewed and approved by the Communications & Partnerships Manager. • the date of the next full review; and • a version control number. 	M	Communications and Partnership Manager	An annual procedural review to take place between April/June each year	Annually by June

MANAGEMENT ACTION PLAN
Grant Funding 2008-09

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
3	5.3.6	It is recommended that when completed, the approved policy and procedures should be made available to all relevant staff via a shared computer drive; and training to be provided where necessary.	M	Communications and Partnership Manager	Agreed – New Policy 1. Awareness training on new policies /procedures to relevant officers. 2. Implement shared area	Early July End July
4	5.3.8	It is recommended that a conflict of interest register is implemented, in which any potential conflicts of interest, PPP staff or Council Members have, are declared. When a potential conflict of interest has been declared, the service manager should take steps to prevent the interest from interfering with any judgement. Clear policy and procedures in the declaring and dealing with potential of conflicts of interest should also be included in the policy and procedures manual.	M	Communications and Partnership Manager	Agreed This will be implemented as part of the 2010/11 Grant Aid allocation process	April/June
5	5.3.10	It is recommended that a checklist is created for the Grant Funding File to indicate what is and should be available to support the Grant Funding Process.	M	PPP Team Leader, Co-ordination & Support	Agreed – Checklist to be developed for 2009/10 files The procedural review will include a procedural checklist	April 2009 June 2009

MANAGEMENT ACTION PLAN
Grant Funding 2008-09

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
6	5.4.2	It is recommended that all applications are date stamped as received and given a unique reference number. The date received and unique reference number should then be entered against the relevant application on the Grant Aid spreadsheet when registering the application.	L	PPP Team Leader, Co-ordination & Support	Agreed This will be implemented as part of the 2010/11 process	July 2009
7	5.4.4	It is recommended that a checklist is created to be completed by the Grants Administrator and passed to Accountancy and the Link Officers to show what is incomplete on the application form and what documents were received or to follow in support of the application.	M	PPP Team Leader, Co-ordination & Support	Agreed The procedural review will include a procedural checklist for 2010/11 funding applications	June 2009
8	5.4.6	It is recommended that an NFI fair processing notice be added to the application form. Good Practice wording suggested by the Audit Commission: This authority is under a duty to protect the public funds it administers, and to this end may use the information you have provided on this form for the prevention and detection of fraud. It may also share this information with other bodies responsible for auditing or administering public funds for these purposes. For further information, see http://www.stevenage.gov.uk/fairprocessingnotice	M	PPP Team Leader, Co-ordination & Support	Agreed Part of the procedural review for 2010/11 to include a statement in the application form	June 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
9	5.4.9	It is recommended that application forms are completed for all organisations applying for grant funding. If an SLA is in place then all of the required information and supporting documents [as per the application form] should be evidenced and retained on file in support of the grant award.	M	Communications and Partnership Manager + Policy Manager	Agreed The use of SLA's for these bodies is uncertain and the way in which these two organisations are supported by the Council is to be reviewed as part of the pending Grant Aid Policy review. Responsibility for implementation will be assumed by Communications & Partnership Manager	June 2009 October 2009
10	5.4.11	It is recommended that late applications are identified and a record made on the Grant Aid spreadsheet, of a rejection letter being sent. If, the rejection is then appealed against this should be documented and the Appeals process instigated.	M	PPP Team Leader, Co-ordination & Support	Agreed Procedural review – procedure for 2010/11 funding to identify late applications	June 2009

MANAGEMENT ACTION PLAN
Grant Funding 2008-09

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
11	5.5.2	It is recommended that all appraisals are completed by an independent officer with no association to the Applicant. When this is not practical or possible, the Communications & Partnerships Manager should indicate on the appraisal form what steps were taken to maintain impartiality.	M	Policy and Research Manager	Agreed To be identified in Policy review - Appraisal forms updated to show authority required. Responsibility for implementation will be assumed by Communications & Partnership Manager	June 2009
12	5.5.4	It is recommended that the appraisal form be updated to allow the Communications & Partnerships Manager to sign and date, to evidence authorisation of the Appraisal decision and Grant Approval recommendation.	M	PPP Team Leader	Agreed Appraisal Form will be reviewed as part of the Procedure Review.	June 2009
13	5.5.6	It is recommended that guidance notes are produced for the assessors on how to award points to applicants when assessing applicants using the appraisal forms. Guidance notes should also be developed for the Executive Portfolio Holders [Grant Aid Management Board] when approving and awarding the grant amounts. Training needs should be assessed and where gaps in training are identified, then an appropriate training provision should be made.	M	Policy and Research Manager	Agreed Part of Policy review Responsibility for implementation will be assumed by Communications & Partnership Manager	June 2009

MANAGEMENT ACTION PLAN
Grant Funding 2008-09

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
14	5.5.8	It is recommended that appraisal forms are completed for all organisations applying for grant funding. If an SLA is in place then all of the criteria should be evidenced as complied with and a signed copy of the SLA retained on file.	M	Communications and Partnership Manager.	Agreed Where appropriate, will form part of scope of review.	June 2009
15	5.5.10	It is recommended that the timetable in place for key grant funding deadlines is issued to all relevant officers and members to enable monitoring and prompt action to be taken to address any missed deadlines. A record should be maintained of who the timetable is sent to and the dates when key deadlines are met.	M	PPP Team Leader, Co-ordination & Support	Agreed Evidence of email sent to all relevant officers.	June 2009
16	5.6.2	It is recommended that Officers and Members are reminded to declare any conflicts of interests before the commencement of the Link Officers meeting and Executive Portfolio Holders when discussing the approval to recommend grants to Full Council. This could be prompted as an agenda item for the relevant meetings.	M	PPP Team Leader, Co-ordination & Support	Agreed Expect formal agendas to be issued that include a standard agenda item. Procedural review – formal Agenda item	June 2009

MANAGEMENT ACTION PLAN
Grant Funding 2008-09

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
17	5.6.4	<p>It is recommended that the Link Officers meeting, to agree and assess applications and recommend awards, is minuted to include:</p> <ul style="list-style-type: none"> • the amended spreadsheet as an appendix; • details of who made the decisions; • a summary of outstanding supporting documents to be chased; • summary of outstanding appraisals to be completed. • confirmation of who will complete the follow up action. 	M	PPP Team Leader, Co-ordination & Support	<p>Agreed</p> <p>Will form part of the scope for service review.</p> <p>Procedural review – formal Agenda item</p>	June 2009
18	5.6.5	<p>It is recommended that the minutes for the Link Officers meeting, to agree and assess applications and recommend awards should be distributed to the Executive Portfolio Holders meeting for consideration when approving the recommended grant awards.</p>	M	PPP Team Leader, Co-ordination & Support	<p>Agreed</p> <p>Procedural review – formal Agenda item</p>	October 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
19	5.6.7	It is recommended the Officers and Members responsible for the countersigning, authorisation and approving grant awards are clearly identified in the service review and documented in the policy and procedures to be written. Thereafter, the wording and layout of the Appraisal form be reviewed and updated.	M	Policy and Research Manager PPP Team Leader, Co-ordination & Support	Agreed Will form part of the scope for both the policy & procedural review Incorporate into Appraisal form	June 2009
20	5.6.9	It is recommended that a formal Grant Funding appeals procedure is developed and implemented.	M	Policy and Research Manager	Agreed Will form part of the scope for both the policy & procedural review	June 2009
21	5.6.11	It is recommended that confirmation of grant application outcome letters sent to all Applicants is recorded, checked and signed as completed by Grant Administrator. In addition copies of the outcome letters should be retained in an electronic file.	L	PPP Team Leader, Co-ordination & Support	Agreed Procedural review - Spreadsheet to be signed by Grant Administrator	June 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
22	5.7.2	It is recommended that the master Grant Aid spreadsheet is updated to incorporate a check to ensure that a signed 'acceptance of grant pro-forma' has been received for all grants awards. This check should be undertaken before grant funding payments are released.	M	PPP Team Leader, Co-ordination & Support	Agreed Procedural review – Incorporate column into current Master Grant Aid Spreadsheet	April 2009
23	5.7.4	It is recommended that each quarterly Grant Funding Award payment is raised on a separate pro-forma and not authorised until seven days prior to the due date. The Communications and Partnership Manager should confirm the pre-requisite milestone report has been received prior to authorising payment.	H	Communications and Partnership Manager.	Agreed Create a sign off sheet for the front of Pro-Forma's Specify dates milestone reports required on outcome letter.	April 2009
24	5.7.6	It is recommended that the approved Grant Aid payments are reconciled to the General Ledger, Integra, on a quarterly basis by the PPP Team Leader, Co-ordination & Support and reviewed by the Communications & Partnerships Manager. Reconciliation differences should be identified, investigated and appropriate corrective action taken. The reconciliation should be signed and dated as prepared and reviewed.	H	Communications and Partnership Manager.	Agreed Will form part of procedural review.	April 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
25	5.7.8	It is recommended that Grant funding service in conjunction with Estates review the Council provision of peppercorn rents and free maintenance that are shown on the Grant Aid 2008/09 spreadsheet; with particular attention to Age Concern Stevenage and Douglas Drive Senior Citizens Association for which the Estates section had no knowledge of any leases with these conditions.	L	Communications and Partnership Manager / Head of Estates	Agreed Approach to be agreed with Estates and will form part of review.	July 2009
26	5.7.9	It is also recommended that the 'peppercorn' rent and free maintenance are quantified and used in assessment for the grants awarded. Then as per the terms and conditions of grants awarded, the organisations be asked to acknowledge the Council's support and receipt of the 'peppercorn rent and free maintenance in all publicity and any reports including annual reports.	M	Communications and Partnership Manager	Agreed Part of procedure introduce method to spot check evidence of publicity and reports to acknowledge council support	April 2009
27	5.8.2	1. It is recommended that a check is undertaken to confirm that all milestones reports expected to be received from grant funded bodies have actually been received. 2. If these reports are not received then the Council should consider exercising their right to withhold future grant funding payments.	M	1.PPP Team Leader, Co-ordination & Support 2.Communications & Partnership Manager	Agreed Procedural review	April 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
28	5.8.4	It is recommended that a process is established to identify non achievement of milestones, misuse of award payments and action to recover payments. This should be done by introducing a post appraisal form that encompasses the terms and conditions signed by the Organisation when accepting the grant. The results of the post appraisals should be reported to the Communications and Partnership Manager.	M	Communications and Partnership Manager.	Agreed Procedural review	April 2009
29	5.8.5	It is recommended that physical spot checks and visits are made to the Projects / Bodies in receipt of the grants to establish proper use of the Council Grant. These visits should be during the grant year and a visit report written, which assesses progress in the achievement of project milestones and determines whether the grant is being used for the purposes intended. The results of these visit reports should be summarised and reported to the Communications and Partnership Manager.	M	Communications and Partnership Manager.	Agreed Implementation process/appraisal mechanism introduced	May 2009

**MANAGEMENT ACTION PLAN
Grant Funding 2008-09**

Rec. No.	Para. No.	Recommendation	Priority	Responsible Officer	Management Response	Deadline
30	5.8.6	It is recommended that a Grant Funding year end report be presented to the Executive Portfolio Holders, SMB and Executive Committee. The report should include whether the Grants that were awarded achieved their intended outcomes and milestones.	M	Communications and Partnership Manager.	Agreed Report to Exec in June will reflect issues of previous years. By 2010, this will form part of the process.	June 2009

Assurance Opinion and Priority Definitions

In order to assist management in using our reports we categorise our **Assurance opinions** according to our assessment of the controls in place and the level of compliance with these controls.

Assurance Opinion	Definition
Full	<p>Evaluation opinion: there is a sound system of control designed to achieve the system objectives; and Testing opinion: the controls are being consistently applied.</p> <p>Full Assurance will be attributed to a system where no recommendations are made or where in the auditor's judgement the recommendations relate to actions that are considered desirable and which should result in enhanced control or better value for money.</p>
Substantial	<p>Evaluation opinion: basically a sound system but there are weaknesses which put some of the control objectives at risk, and/or; Testing opinion: there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.</p> <p>Substantial Assurance will be attributed to a system where in the auditor's judgement the recommendations relate to actions that are considered necessary to avoid exposure to significant risks.</p>
Moderate	<p>Evaluation opinion: basically a sound system of control but there are some more significant/serious weaknesses which put system objectives at risk, and/or; Testing opinion: the level of non-compliance with some controls may put certain system objectives at risk.</p> <p>Moderate Assurance will be attributed to a system where in the auditor's judgement the recommendations relate to actions that are considered necessary to avoid exposure to more significant risks.</p>
Limited	<p>Evaluation opinion: weaknesses in the system of controls are such as to put the system objectives at risk, and/or; Testing opinion: the level of non-compliance puts the system objectives at risk.</p> <p>Limited Assurance will be attributed to a system where in the auditor's judgement the recommendations relate to actions that are considered imperative to ensure that the Council is not exposed to high risks.</p>
No	<p>Evaluation opinion: control is generally weak leaving the system open to significant error or abuse, and/or; Testing opinion: significant non-compliance with basic controls leaves the system open to error or abuse.</p> <p>No Assurance will be attributed to a system where in the auditors' judgement they can place no reliance on the controls and procedures in operation either because they do not exist or because they are weak leaving the system open to abuse or error.</p>

Priority Categories

We categorise our **recommendations** according to their level of priority and we consider the level of risk associated with the weaknesses identified.

High	Recommendations relate to major issues that have a significant impact on achieving service objectives and are to be implemented immediately or within one month where practical.
Medium	Recommendations relate to issues that are expected to impact on achieving service objectives and are to be implemented within two months where practical.
Low	Recommendations relate to issues that have a lesser impact on achieving service objective and are to be implemented within six months where practical.