

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

13 January 2011

REPORT BY: Interim Contracts & Commissioning Manager

SUBJECT: Update on the Management of Grants to Voluntary Bodies

REPORT FOR: Information/Decision

1.0 Introduction

The Internal Audit Report released on 30/06/10, raised concerns with respect to the Contract and Commissioning Unit's management of grants to voluntary bodies with respect to procedures, arrangements for applications and approvals / authorisations, budget and organisation monitoring and contract reviews. The Report highlighted that the previous recommendations raised in the Internal Audit Report of April 2007 had not been implemented.

As Members may be aware, the Contracts and Commissioning Unit has experienced inconsistent leadership and staffing capacity difficulties for some time. To improve the situation, an interim Manager has been appointed who is a qualified accountant with senior management experience in social services and health settings and who has commenced addressing the serious concerns highlighted by the Audit reports.

2.0 Concerns Raised in Audit

The following control weaknesses were identified

- **Contract processes**
 - No procedures in place documenting grants to voluntary bodies
 - Voluntary organisations have not had to reapply for their funding since their initial applications in 2002/03
 - No authorisation could be found for roll over of funding for 2009/10 and 2010/11
 - The budget spreadsheet maintained by the Contracts and Commissioning Officer if not verified by any other officers.

- **Payment errors**
 - A number of organisations have not received their allocated funding or have been underpaid their budget for the financial year 2009/10
 - 4 organisations were missed from the 15% reduction for the first six months of the financial year
 - Approved signed off notification formally agreeing the calculations for the 15% cut for 6 months was not available

- **Performance monitoring and contract compliance**
 - The voluntary organisations are not submitting their end of year accounts annually within 6 months of the end of the financial year
 - There is no evidence of enforcement of grant conditions as the monitoring information that has been received doesn't appear to have been reviewed
 - Contracts have not been reviewed as stated in the contract terms and conditions

3.0 Current Situation

The following actions have been taken to address the control weaknesses identified through the Internal Audit review.

- Contract register set up for Voluntary Bodies detailing value of contracts and to enable tracking of receipt of performance monitoring information
- Roll over letters for 2010/11 authorised and sent by Senior Manager Policy, Development, Contracts and Commissioning.
- Payments to Voluntary Bodies checked against contracts and authorised by Interim Commissioning and Contracts Manager
- Third Sector Funding Group set up to
 - Agree process for reapplying for funding for 2011/12
 - Agree and update process for performance monitoring during 2010/11
- Third Sector Commissioning Group to be set up to:
 - Agree a Council wide approach to commissioning services from the Voluntary Organisations from 2011/12
- Contract Management Boards set up to undertake quarterly performance review for 4 largest contracts

4.0 Summary of Future Action to Build Further Improvement in the Management and Control of Voluntary Sector Grants.

Whilst some of the current actions are addressing immediate difficulties and deficits, a more radical approach to addressing wider and ongoing concerns with our Contracts and Commissioning Unit is required. Components of our approach are as follows:-

- A process mapping and gapping exercise has been undertaken by the Interim Manager and the Senior Manager for Policy and Development together with the Contracts and Commissioning and Policy and Development staff teams. An Action Plan is being developed to use the combined resources of the teams to address the future Adult Services Contract and Commissioning requirements
- Discussions have commenced with the PtHB about opportunities for integration of contracts and commissioning functions
- In order to inform our future grant giving and contracting with the voluntary sector, a strategic review has commenced of information, advice and prevention service requirements which will inform our review

of current contracts and enable us to deliver the related strand of the Adult Living Programme.

Recommendation:	Reason for Recommendation:
That Audit Committee consider and endorse the approach to strengthen the management of Voluntary Sector Grants as outlined in this report	To ensure that a more robust approach is put in place to manage Voluntary Sector Grants

Contact Officer Name	Tel:	Fax:	Email:
Barbara Smith	01597 826802		Barbara.smith@powys.gov.uk