

## CYNGOR SIR POWYS COUNTY COUNCIL

**Audit Committee**  
**27<sup>th</sup> June 2011-06-16**

**REPORT BY:** **Interim Commissioning and Contracts Manager  
(Adult Social Care)**

**SUBJECT:** **Internal Audit Report Grants to Voluntary Bodies  
Update of Action Plan**

**REPORT FOR:** **Information**

Attached is a copy of the updated Action Plan..

A formal performance Management framework was implemented in 2010/11 and this has been reviewed jointly with Powys teaching Health Board and the voluntary sector. The framework has been reviewed and will be amended by September in response to the findings in the review.

The process for the review of specifications and contract documentation for the major third sector contracts is well underway. These contracts will be for a period of 3 years. The smaller grant funded organisations were informed of their grant allocations prior to the start of the financial year. These annual service level agreements will be reviewed during the year to establish their strategic fit in delivering the Promoting Independence Strategy that is currently in development.

Work has commenced with other commissioners across the Council and Local Service Board partners to develop a co-ordinated approach to commissioning and contracting with the Third Sector (the Third Sector Commissioning Group). The Council's Commissioning and Procurement Transformation Project will provide a framework within which that can be developed for the Council. The work programme for the Third Sector Commissioning Group has commenced with a review of the specification for an umbrella organisation to develop capacity in the third sector and support third sector organisations in leveraging in other sources of funding (for example Big Lottery funding) and supporting them through formal procurement processes.

Capacity to move this action plan forward has been restricted due to the Commissioning and Contracts Officer post that is responsible for managing these contracts being vacant. It was hoped to recruit to the post jointly with Powys teaching Health Board. However this has not proved possible and recruitment is underway to fill this post with interviews set for the 11<sup>th</sup> July 2011.

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## ACTION PLAN - Grants to Voluntary Bodies

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
8.1	There are no procedures in place to document the grants process.	<ul style="list-style-type: none"> <li>• Grants are incorrectly processed.</li> <li>• Inadequate monitoring of grants and organisations is completed.</li> </ul>	Fundamental	<p>A process map will be developed with reference to the Third Sector Funding group for Grants, for funding for core funded organisations, for one off projects and for contracts for services.</p> <p>We currently have Project Management Boards that meet two or three times a year for the five largest organisations that monitor the performance of the organisations against their contracts. Set programme of meetings for 2011/12</p> <p>3 year contracts from April 2011 have/are being negotiated for 3 of these organisations for their core services (Powys Carers, Age Concern Powys, and Powys Citizen's Advice Bureau).</p> <p>The Crossroads respite at home contract is due to expire at the end of September 2011 and is subject to renegotiation.</p>	<p>By September 2011 BS</p> <p>Action completed</p> <p>By June 2011 BS</p> <p>Completed by Sept 2011 BS</p> <p>By Sept 2011 BS</p>

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Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
				<p>The Dewys Direct Payments support contract is being reviewed with a view to a new contract being in place from April 2012 .</p> <p>The Joint Performance Monitoring report is now in place and this will help us formally monitor the work being under taken in the Third Sector Funding Group.</p> <p>Year end performance summary report and review of process</p> <p>Third Sector Commissioning Group now set up across the County Council and the LHB which will agree how we commission third sector organisations in the future.</p> <p>Review of the specification for the support and capacity building of the third sector</p>	<p>By March 2012 BS</p> <p>Action Completed</p> <p>BS/PAVO Sept 2011</p> <p>Action Completed February 2011 BS</p> <p>Sept 2011 BS</p>

## 8 ACTION PLAN continued

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
8.2	Voluntary organisations have not had to reapply for their funding since their initial applications in 2002/03.	<ul style="list-style-type: none"> <li>• Changes in circumstances to the organisations may not be reported to the Authority.</li> <li>• New organisations are not able to apply for funding.</li> </ul>	Significant	During 2011/12 clear strategic criteria will be developed against which to measure the outcomes of grants in terms of maintaining and improving independence. This will be developed through the Promoting Independence Strategy being developed jointly with the LHB. All grants will then be assessed against these criteria and decisions made for future funding, and also setting up the process for allocating funding to develop these services for the future.	December 2011 BS/GD
8.3	No authorisation could be found for the decision to rollover funding for 2009/10 and 2010/11.	<ul style="list-style-type: none"> <li>• Unauthorised grants have been processed.</li> </ul>	Fundamental	<p>Unauthorised grants would not be able to be processed as these invoices are paid via EPROC and also there are set budgets within finance.</p> <p>Confirmation has been received from the HOS for the rollover of funding for 2010/11 and from Adult Social Care Senior Management Team for 2011/12.</p>	Action Completed

## 8 ACTION PLAN continued

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
8.4	A number of organisations have not received their allocated funding or have been under-paid their budget for the financial year 2009/10.	<ul style="list-style-type: none"> <li>• Organisations are financially not secure due to not receiving their funding.</li> <li>• Duplicate payments could be made in error.</li> </ul>	Significant	<p>Letters have been sent to organisations informing them of the level of funding granted for 2011/12. It is the responsibility of the provider to Invoice for the correct amount.</p> <p>It is unlikely that duplicate payments can be made due to the EPROC system being in place.</p>	Action Completed March 2011 BS
8.5	The budget spreadsheet maintained by the Contracts and Commissioning Officer is not verified by any other officers.	<ul style="list-style-type: none"> <li>• Lack of separation of duties.</li> <li>• Errors in the budget monitoring may go unnoticed.</li> </ul>	Merits Attention	Since August 2010 the budget spreadsheet has been maintained by the Admin staff and overseen by the Interim Commissioning and Contracts Manager. When the vacant Commissioning and contracts officer post is appointed to, then that post will provide oversight.	September 2011 Commissioning and contracts officer

## 8 ACTION PLAN continued

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8.6	4 organisations were missed from the 15% funding reduction for the first 6 months of the financial year.	<ul style="list-style-type: none"> <li>Reduced savings from the overall reduction in funding.</li> </ul>	Significant	<p>The 4 organisations were eventually picked up and the 15% reduction applied for the final 6 months of the financial year.</p> <p>This issue is ongoing. There is an ongoing problem with other Departments funding third sector organisations and not notifying the CCU. This will be resolved by the setting up of the Third Sector Commissioning Group.</p>	February 2011 onwards Third sector commissioning group
8.7	Approved signed off notification, formerly agreeing the calculations for the 15% cut over 6 months for the four organisations was not available.	<ul style="list-style-type: none"> <li>Incorrect funding has been processed.</li> </ul>	Fundamental	Future calculations will be signed off by Finance	There have not been any further cuts to grants to voluntary sector organisations since the last audit.

## 8 ACTION PLAN continued

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8.8	The voluntary organisations are not submitting their end of year accounts annually within 6 months of the end of the financial year.	<ul style="list-style-type: none"> <li>• Non compliance with the contract terms and conditions.</li> <li>• Monitoring of the use of the funding is not completed.</li> </ul>	Fundamental	Charitable organisations are required (by the Charities Commission) to submit their end of year accounts within 10 months of the end of their financial year. Future contracts will be amended to reflect this requirement. A database has been set up to monitor receipt of quarterly monitoring reports and end of year reports and accounts.	<p>September 2011 BS</p> <p>Action completed</p>
8.9	There is no evidence of enforcement of grant conditions as the monitoring information that has been received doesn't appear to have been reviewed.	<ul style="list-style-type: none"> <li>• Organisation information is not verified for accuracy.</li> <li>• Organisations are providing false information.</li> </ul>	Fundamental	The new Joint Performance report has been rolled out. This new method of monitoring is more robust. It is part of the role of the Commissioning and contracts manager to proactively monitor the performance of third sector organisations and once filled, the post will work to a robust programme of reviews.	<p>Action Completed</p> <p>From September 2011 Commissioning and Contracts Officer</p>

## 8 ACTION PLAN continued

Ref	Control Weakness	Consequences / Risk	Grading	Agreed Actions by Client	When and by Whom
8.10	Contracts have not been reviewed as stated in the contract terms and conditions.	<ul style="list-style-type: none"> <li>• Funding has been rolled over for 5 financial years without reviews of the original contracts.</li> <li>• Non compliance with contract terms and conditions</li> </ul>	Fundamental	<p>Contracts for core services with 3 major organisations have been reviewed.</p> <p>All contracts will be reviewed during 2011/12</p>	<p>April 2011 BS</p> <p>March 2012 Contracts and Commissioning Officer</p>