

<h1 style="margin: 0;">AUDIT COMMITTEE</h1> <p style="margin: 0;">16 OCTOBER 2006</p>	AGENDA ITEM
NEIGHBOURHOOD RENEWAL FUND (NRF)	
<p>Summary of report: This report attaches the joint internal audit/Audit Commission report summarising their findings from the recent follow up of the implementation status of recommendations contained within three previous NRF internal audit reports. These reports were issued with audit committee's 4 September 2006 papers to enable preparation for discussion at this meeting.</p>	
<p>Background papers: Internal audit reports previously distributed – please bring with you to this meeting.</p>	
<p>Reason for scrutiny: To update members on actions taken on the recommendations contained within the 3 NRF reports issued at the 4 September 2006 meeting.</p>	
<p>Recommendations:</p> <ol style="list-style-type: none"> 1. To note the progress made in the status of implementation of recommendations contained within 3 NRF audit reports. <p style="margin-left: 40px;">Signed:</p> <p style="margin-left: 40px;">Executive Director: Carole Evans 6 October 2006</p>	
<p>Resource and legal considerations: None directly relating to this report.</p>	
<p>Citizen impact: None directly relating to this report.</p>	
<p>Environment impact: None arising directly from this report.</p>	
<p>Performance Management and Risk Management Issues: Many audit committee activities are an important and integral part of the council's performance management and corporate governance frameworks.</p>	
<p>Follow Up of NRF Reports The progress on the recommendations contained within the 3 unplanned / irregularity investigations regarding NRF have been jointly reviewed by internal audit and the Audit Commission. The 3 original reports were completed by internal audit under a joint arrangement with the Audit Commission.</p> <p>As part of the follow up, a review of 10 NRF allocations issued during 2005/06 was undertaken. The findings of this work are set out and any additional recommendations arising have been included as further recommendations / action plan at section E.</p>	

Progress on the Recommendations

Of the 99 agreed recommendations contained within the 3 reports, 61 had been implemented, 21 were partially implemented, 2 were no longer relevant and 4 have not yet been implemented. This follow up audit has also identified recommendations that officers have been unable to progress due to a lack of audit trail (being unable to source documentation). Without evidence of follow up, these 11 recommendations have been categorised within the report as incapable of implementation.

A summary of the status of implementation of recommendations for per NRF report is given in the table below.

Internal Audit Report:	Period subject to audit:	Status of Implementation of Recommendations
NRF Administrative Costs Internal Audit Report (November 2004)	2003/04 2004/05	3 Implemented 3 Partially Implemented
NRF Approvals & Spend Internal Audit Report (June 2005)	2003/04	13 Implemented 2 Partially Implemented 2 No Longer Relevant
NRF Internal Audit Report (February 2006)	2003/04 2004/05	45 Implemented 16 Partially Implemented 11 Unable to Implement 4 Not Yet Implemented

Overall, it is considered that satisfactory progress has been made in implementing the agreed recommendations contained within the 3 NRF reports. The follow up report is attached at **Appendix 1**.

Equality Implications:

None arising from this report.

Consultation:

All internal audit reports, including these, are discussed and agreed with relevant senior managers. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement recommendation(s) listed in the audit report action plan is sought.

Vision impact:

None directly related to this report.

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Walsall Council
Internal Audit Service

Neighbourhood Renewal Fund (NRF)
Follow up Report

Audit Report 2006/2007
October 2006

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EXECUTIVE SUMMARY

A. Introduction

1. The implementation status of previously agreed audit recommendations contained within the 3 unplanned/irregularity investigations regarding NRF namely:
 - NRF administrative costs (issued November 2004);
 - NRF approvals & spend (issued June 2005); and
 - NRF (issued in February 2006)

has recently been followed up by internal audit and the Audit Commission.
2. The 3 original NRF reports were completed by internal audit under a joint arrangement with the Audit Commission. The arrangement has been used again in undertaking this follow up.
3. To obtain assurance regarding controls operating in the administration of NRF in 2005/06, the Audit Commission and internal audit selected a sample of 10 NRF project / commission files for detailed review. The findings from this work have been incorporated into this follow up report. Any additional recommendations arising from this work have been included in section E further recommendations / action plan.
4. The scope of the audit is as set out on the contents' page. An overall opinion, points of good practice and an improvement action plan for each of the areas audited are attached. Audit recommendations, in general, are prioritised as high (***) , medium (**) or low (*).

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B. Overall Audit Opinion

1. Overall, satisfactory progress has been made in implementing the agreed recommendations contained within the 3 NRF reports. Generally, the structures and framework for improvement have been put in place, namely;

- a constitution and accountable body agreement have been finalised and approved by the council and the WBSP;
- procedures for LAA programme and performance management have been drafted and issued to all relevant staff; and
- roles and responsibilities for the management and administration of NRF have now been clearly defined.

This follow up audit has identified that the new arrangements are still in the process of being fully embedded and officers should therefore continue to work towards ensuring that these arrangements are fully implemented and evidenced as such.

2. Of the 99 agreed recommendations contained within the 3 reports, 61 had been fully implemented, 21 partially implemented, 2 were no longer relevant and 4 have not yet been implemented. This follow up audit has also identified recommendations that officers have been unable to progress due to a lack of audit trail (being unable to source documentation). Without evidence of follow up, these 11 recommendations have been categorised within the report as now being incapable of being implemented.

3. The table below summarises the status of implementation of agreed recommendations as shown in the report:

	No of Recs	Implemented	Partially Implemented	No Longer Relevant	Unable to Implement	Not Yet Implemented
NRF Administrative Costs	6	3	3	-	-	-
NRF Approvals & Spends	17	13	2	2	-	-
NRF	76	45	16	-	11	4
TOTAL	99	61	21	2	11	4

Note the definitions below:

- Implemented – the recommendation has been satisfactorily implemented.
- Partially implemented – while some / good progress has been made, the recommendation has not yet been fully implemented / embedded. Relevant officers should therefore revisit progress made against the recommendation to ensure full implementation is achieved.

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- No longer relevant – the recommendation is no longer relevant. For example, the requirement no longer exists or satisfactory compensating systems or controls have been introduced in place of the original recommendation.
 - Unable to implement – officers have not been able to implement the recommendation. For example, audit trail is incomplete; original documentation could not be sourced.
 - Not yet implemented – the recommendation has not yet been implemented and therefore remains outstanding. Relevant officers should therefore ensure that the recommendation is implemented promptly.
5. Following despatch of the final reports for each of the three areas in November 2004, June 2005 and February 2006, a memorandum was issued on 17/5/06 to the head of finance (regeneration & neighbourhood services), the WBSP partnership director and the principal partnership officer seeking their formal response to the progress made in implementing the agreed action plan recommendations. On 25 May 2006 a response was received from the WBSP director confirming that all 6 administrative recommendations had been implemented, 17 of the 18 approvals and spend recommendations had been implemented and 42 of the 76 NRF recommendations had been implemented. The outstanding recommendations were covered under three specific pieces of work:
- a review of 2003/04 project files;
 - implementation of the WBSP constitution and accountable body agreement; and
 - a review of the commissioning process.

C. Acknowledgements

1. Please thank officers for their help, support and co-operation during this follow up audit.

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D. FOLLOW UP AUDIT OPINION

1. NRF – ADMINISTRATIVE COSTS

ACTION PLAN							
No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
1.1	1	***	<p>Consultation with GOWM regarding the use of NRF to support LSP administrative costs should be sought as a matter of urgency. This should constitute a letter to GOWM detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. The letter should seek GOWM's consultation on these costs. The letter should also demonstrate how this expenditure is considered proportionate and represents good value for money. Further, evidence from GOWM that this expenditure is acceptable should be obtained and retained on file.</p>	<p>Letter sent to GOWM dated 18 August 2004 detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. GOWM's consultation was requested. A recent discussion with GOWM confirms that a response has been prepared which will be forwarded on receipt.</p>	<p>Partnership Director / August 2004</p>	<p>A letter was sent to GOWM on 18.08.04 seeking consultation on 2003/04 and 2004/05 administrative costs. No response, however, was received from GOWM.</p> <p>A further letter was sent to GOWM on 16.8.06 seeking consultation on 2004/05; 2005/06; 2006/07 and 2007/08 administrative costs. GOWM responded on 23.8.06 that consultation was no longer a requirement; but that costs quoted for 2005/06 and 2006/07 seem to be within historic guidelines.</p>	<p>Implemented</p>

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1.2	2	***	In 2005/06, NRF guidance from GOWM should be reviewed and action taken where necessary to ensure the council's full compliance with government expectations.	This recommendation assumes that government guidance will be available for 2005/06.	Partnership Director / 2005/06	It was confirmed by the principal policy officer (JL) that the guidance for 2005/06 had been received and reviewed.	Implemented
1.3	3	***	Formal approval should be obtained (and clearly minuted) for WBSP administrative costs at the next meeting of the LSP. Any subsequent spend identified as not formally approved in minutes of the LSP should also be sought as a matter of urgency.	This can be undertaken at the WBSP Board on 11 November 2004. This will be programmed in for the next year at the AGM on March / April 2005.	Partnership Director / November 2004 Partnership Director / March /April 2005	The 8/9/06 executive committee retrospectively approved WBSP administrative costs of £462,388 for 2004/05 and £501,801 for 2005/06. In 2005/06 a further £10,000 was approved under officer delegations on 1 September 2005. However, a copy of the signed delegated letter of approval was not placed on the project file.	Partially Implemented
1.4	4	***	Accounting arrangements for administration costs of the LSP should be reviewed. This should include the urgent address of the following:- <ul style="list-style-type: none"> • Each NRF project should be accounted for separately under a 	With the move to the commissioning framework and a major change in the way NRF funding is allocated i.e. by monthly claims based on evidence of defrayed expenditure, the accounting arrangements have been fundamentally restructured.	Implemented. To date GOWM have not agreed a final definition of 'administrative costs' the NRF guidance refers to 'core costs' to 'run' the LSP.	Accounting arrangements have been reviewed: <ul style="list-style-type: none"> • Each NRF project, including WBSP administration is allocated under a discrete ledger code. • WBSP administrative costs clearly 	Partially implemented

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			<p>discrete ledger code.</p> <ul style="list-style-type: none"> • Administrative costs of the LSP should be clearly identifiable and transparent on the ledger. A definition of what constitutes LSP administrative costs should be sought from GOWM and applied. • Where spreadsheets are used to monitor NRF spend, the balance should be reconciled to ORACLE on a regular monthly basis. • Support from a finance professional should be sought as a matter of urgency. 	<p>A procedure note for reimbursement following approval by the commissioning executive has now been produced. All claims for projects / commissions will be reimbursed from the specific code. Income received by Walsall Council as accountable body will be held on a specific NRF Oracle code set up for that purpose.</p> <p>Spreadsheets are still maintained and will be reconciled to Oracle, within WBSP secretariat to ensure no unauthorised expenditure is allocated to this code.</p> <p>The head of finance, RHBE and group accountant, community, regeneration and housing, both have an active role in providing financial support to the partnership director and commissioning</p>		<p>identifiable on the ledger, guidance notes referring to the definition of administrative costs have been obtained.</p> <ul style="list-style-type: none"> • Spreadsheets continue to be used to monitor NRF spend. A reconciliation to the ledger has so far not been undertaken due to the absence of access to Oracle; or receipt of regular monthly Oracle reports. Oracle reports are now, however, being received (as at 3 October 2006) and this recommendation will be fully implemented shortly. • Professional financial support is provided by the group accountant, regeneration and leisure. 	
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				executive.			
1.5	5	***	The LSP should ensure that administrative costs remain proportionate to the total NRF spend and represent good value for money. Consideration could be given to applying the 5% rule (a ceiling of 5% of total cost of grant funded scheme can be spent on management and administration) as recommended for other programme management arrangements such as Single Regeneration Budget (SRB).	The total cost of the staff supporting NRF is £450,526 (including revenue costs and programme management). This equates to 6.4% of the current year's allocation of £7.12 million and includes programme management support, finance support and operational management. This is well within the 10% limits set for NDC and European funding programmes. Furthermore, a meeting is scheduled for 4 November 2004 with key partners to discuss the implications for mainstreaming the costs of the WBSP secretariat.	Partnership Director / November 2004.	Administrative costs remain proportionate. The finance report to the executive committee on 26/5/06 shows that at 5/5/06 the total spend on LSP support & administration was £484,134 from a total spend of £6,568,573 which equates to 7.4%.	Implemented
1.6	6	***	The partnership director should receive regular and prompt financial information detailing NRF spend against codes and the available budget should be provided. Budgets should be monitored	RHBE finance provide a monthly financial monitoring report to the commissioning executive which details:- <ul style="list-style-type: none"> • The amount allocated to each project / 	Head of Finance, RHBE / Group Accountant RHBE Implemented.	Regular and prompt financial information from Oracle had not been received. Oracle reports are now, however, being received (as at 3 October 2006) and this recommendation will	Partially implemented

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			<p>and managed by the partnership director in accordance with the council budget management and control manual and corrective action taken where necessary. Should administration costs exceed that budgeted / consulted to GOWM, GOWM should be notified immediately to enable appropriate action to be taken.</p>	<ul style="list-style-type: none"> • Actual spend to date / profiled spend to date and forecast out-turn; • Approved funding for future years; and • Traffic light risk indicators. <p>NRF spend etc. is also incorporated into the monthly consolidated RHBE financial monitoring report that is reported to the RHBE management team (of which the partnership director is a member). The report is also incorporated in the corporate monitoring report that is reported to cabinet. While recognising the significance of this issue, as accountable body we need to put into context against the backdrop of the risk to the council of NRF spend in total. This is a more significant risk and therefore we should be mindful</p>		<p>be fully implemented shortly.</p> <p>Sound budgetary control is, however, demonstrated by the finance report to the executive committee on 26/5/06, which shows that a total of £484,134 had been spent against the 2005/06 WBSP administrative costs budget of £511,851, resulting in an under spend of £27,717.</p>	
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				about notifying government office immediately of overspending on administration costs. GOWM are not prepared to establish a precedent of approving funding for one LSP in the country, where there are no processes or mechanisms in place to approve funding of any LSP.			
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2. NRF – APPROVALS & SPEND

APPROVALS

ACTION PLAN

No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
2.1	E2.4	***	NRF spend on projects initially 'approved' by the council as part of the 2001/02 allocation, but funded in subsequent years (i.e. 2002/03, 2003/04, 2004/05 and 2005/06) which have not been formally approved by the LSP, should be retrospectively approved by the LSP, to ensure an open and accountable approach to the use of NRF. This will also ensure complete compliance with government guidance which states <i>'the local authority shall agree the use of (NRF) grant with the LSP'</i> .	The majority of these have since received subsequent approval at the WBSP board. Any outstanding projects identified will be ratified by the board's July 2005 meeting.	Head of Finance (RHBE) July 2005.	A report of all projects funded from 2002/03 onwards is to be submitted to the executive committee sub group on 9 October 2006 for approval.	Implemented - subject to approval on 9/10/06
2.2	E2.4 E2.5 E2.8	***	Formal approval from the LSP should be retrospectively obtained for all projects where formal evidence of approval has not been	Any outstanding projects identified will be ratified by the board's July meeting. This will be for actual expenditure incurred.	Head of Finance (RHBE) July 2005.	As 2.1.	Implemented - subject to approval on 9/10/06

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			<p>formally obtained or where approval is not clear. This review should include all projects funded via NRF in 2002/3, 2003/04 and 2004/05.</p> <p>Further, it should be ensured that amounts retrospectively approved match actual expenditure for the year approval is being sought.</p>				
2.3	E2.4	***	<p>Where additional allocations of NRF are made to existing projects from the amount originally approved, any additional amounts allocated should also be taken for approval or retrospective approval by the LSP.</p>	<p>Agreed – any outstanding projects will be ratified at the board’s July 2005 meeting.</p> <p>Now under the Commissioning Framework, both original and additional allocations are approved by the Commissioning Executive.</p> <p>Any budget changes are reflected in the monthly financial monitoring report.</p>	Head of Finance (RHBE) July 2005.	<p>As 2.1.</p> <p>The principal partnership officer confirmed that additional awards where applicable are approved by the executive committee or by delegated approval.</p> <p>Officers have been reminded that payments in excess of the amount approved should only be made with sufficient prior approval. A copy of the approval details and the letter of approval are now held on the project file and recorded on the documentation record</p>	Implemented - subject to approval on 9/10/06

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						<p>held at the front of each project file.</p> <p>A review of a sample of 3 files in 2005/06 identified that approval had been obtained where necessary for additional allocations. On 1 occasion (H09) the additional approval had not been detailed on the project file. This has now been placed on the file.</p>	
2.4	E2.4 E2.6	***	<p>Where NRF allocations are approved by the LSP in future periods, the following should be clear from the minutes:-</p> <ul style="list-style-type: none"> • the name of the project / commission; • the amount (£) of NRF allocated; and • the financial period to which funding will relate (i.e. 2004/05, until 2005/06 etc.). 	<p>The commissioning executive minutes now reflect all of these requirements. Letters are issued to each commission lead officer detailing what has been approved, as reflected in the minutes.</p> <p>Grant agreements / commissioning agreements are issued each financial year, which detail milestones and financial profiles, per month.</p>	Implemented.	<p>The executive committee meetings, where NRF project allocations are approved, are attended for minuting purposes by the principal partnership officer (JL) who confirmed that she ensured that all the necessary information is detailed within the approved minutes.</p> <p>In the sample of 10 2005/06 files selected for review it was found that minutes clearly showed the name of the project / commission,</p>	Implemented

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				<p>A monthly financial monitoring report is taken to each commissioning executive meeting. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / commissions and overall NRF allocation.</p>		<p>the amount of NRF allocated and the funding period to which it related. However, it was identified that in 1 case the amount of NRF approved for 2004/05 and 2005/06 was unclear from the minutes as only the total approved for the 2 years was recorded. The letter of approval did however make clear the amounts approved for each financial year. (A23).</p>	
2.5	E2.4	***	<p>Where projects are known under similar names, for example: domestic violence unit management and domestic violence stepping stones; Walsall work and health (employees) and Walsall work and health (employers), care should be taken to ensure that the LSP and NRF administrators do not confuse projects. Approvals, payments and management of projects should be clearly identifiable to the relevant project.</p>	<p>This is ensured through the commissioning process and commissions maintain their title throughout all documents.</p> <p>Each commission has an individual project reference.</p>	Implemented.	<p>The principal partnership officer confirmed that each commission / project now has a unique reference number which is used to identify documentation to a project (audit trail) and care is taken to ensure consistency in the project name.</p> <p>In examining 10 2005/06 files, however, 1 project was identified (B15) which was referred to in all documentation on the project file as</p>	Partially implemented

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						<p>'increasing life expectancy by reducing inequality commission'; but as 'reducing inequality commission' on the spreadsheet compiled for the annual return to GOWM.</p> <p>Examination of a further 3 2005/06 files identified that:</p> <ul style="list-style-type: none"> • the NIACE learning toolkit (C23) had been recorded as the learning champions commission when submitted to the commissioning executive for approval; learning champions toolkit in the minutes of the commissioning executive meeting and NIACE learning toolkit in the grant agreement. • the caper recycling commission (H08) file recorded caper project in the report to the commissioning executive and minutes of the 	
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						commissioning executive meeting. However, the grant agreement detailed caper/dry recycling commission.	
2.6	E2.4 E2.5 E2.6	***	Where decisions are taken on projects or commissions by the LSP, care should be taken to ensure the correct project name / commission is minuted against the decision, for the avoidance of doubt.	As above.	Implemented.	As 2.5.	Partially implemented
2.7	E2.5	***	Where projects are submitted for approval by the LSP but are either 'delegated' elsewhere, 'approved in principle', or 'approved subject to the provision of further information', the appropriate follow up action should be included on the agenda of the next meeting of the LSP to ensure issues have been appropriately resolved and decisions made are clearly minuted as such.	The commissioning executive is the only group to approve any NRF spend, therefore, removing the need to delegate approval to another group. Any "agreed in principle" are reported back to the Executive for approval. This is recorded in the minutes and actions brought forward to the following meeting.	Implemented.	An agenda for each meeting is produced and there is now a standing item regarding delegated authority decisions. The principal partnership officer (JL) confirmed that where further information is requested for the next meeting, it is ensured that a report is submitted. In examining the executive committee minutes for January to May 2006, it was noted that a report had been submitted to the commissioning executive on 13/1/06	Implemented

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						requesting funding for additional WBSF support posts. The minutes show that this had been agreed in principle with a request for a further report to the next meeting. This had continued to be reported and discussed at the meetings on 3/2/06, 3/3/06, 7/4/06 and 26/5/06. No exceptions were noted.	
2.8	E2.5 E4.3	***	<p>Duplicate payments from NRF have been identified. A clear procedure for the processing of payments in respect of NRF should be drafted, detailing relevant roles and responsibilities and should be communicated to officers. Further, prior to allocations / payments being made, officers responsible for authorising such transactions should be reminded to ensure:</p> <ul style="list-style-type: none"> • that payment / allocation is in respect of an approved 	<p>Programme management is now solely responsible for processing claims / payments and ensuring that evidence is collected to back up any claim. A working group meets which brings together the principal partnership officer (leading on commissioning {NRF}), programme management and finance to ensure spend is on track, claims are being made and milestones are reached.</p> <p>A monthly financial</p>	Implemented.	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p>	Implemented

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			<ul style="list-style-type: none"> • project; • that payment / allocation has not already been made; • that payment / allocation is accurate; • that the correct ledger code has been applied; • and that payment is made against an appropriate invoice in the case of external payments. 	<p>monitoring report is taken to the commissioning executive by head of finance (RHBE), to determine what the current position is, ask questions and see areas of responsibility for any under-performance. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / commissions and overall NRF allocation.</p> <p>The executive is chaired by executive director (corporate services), which allows for robust advice / guidance on the accountable body contract and financial and contract rules. A joint performance report is being developed to give feedback on both</p>			
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				performance (indicators) and financial overview of each commission.			
2.9	E2.6	***	Officers should be reminded that all decisions made at meetings of the LSP should be made by a quorate LSP. Where a decision is made at an inquorate LSP, it must be approved at the next available quorate meeting.	<p>Meetings are now recorded as quorate / inquorate. Support from the council's constitutional services for the WBSP board now ensures decisions are implemented and actions reported back to next meeting.</p> <p>For the commissioning executive, a robust system of agenda planning and financial reporting alleviates these issues.</p>	Implemented.	A review of both executive committee and WBSP board minutes between January and May 2005 identified that core members and support officers are listed separately. No issues with quoracy were identified.	Implemented

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EVIDENCE OF SPEND

No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
2.10	E4.3	***	<p>The process of raising cheques in advance within programme management requires urgent review by the programme management team. This point was raised in the 2003/04 SRB internal audit report.</p> <p>It is recommended that this practice ceases immediately in respect of NRF payments and the recommendation made at 1.8 of this report is immediately implemented.</p>	<p>No payment is made for a claim unless sufficient and auditable evidence has been received.</p> <p>In some cases, claims have not been fully paid, while evidence is sought to back up the full claim. This allows some payment to go through to the relevant organisation, but also shows commitment to providing the correct evidence.</p>	Implemented.	<p>A procedure note has been compiled for "LAA Programme and Performance Management". This gives guidance on the submission and payment of grant claims and specifies that "expenditure will be defrayed by the commission lead agency before any claim is made".</p> <p>It was noted that a payment in advance for £1.2m was made to SERCO in 2005/06. On this exceptional occasion, the payment in advance was considered appropriate and justified in order to assist schools with their budgets and was approved by the commissioning executive on 13/1/06. In examining the 2005/06 learning commission file it was identified that full evidence of spend had been provided.</p>	Implemented

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2.11	E4.3	***	<p>The overall process for management and administration of NRF payments within the programme management team requires review. This review should include a documented and agreed procedure by which NRF is managed within that section and what deliverables are required from the partnership to enable the team to robustly administer and control payments made from NRF. It is recommended that the following is established and communicated to relevant members of staff:-</p> <ul style="list-style-type: none"> • evidence of approval of NRF spend communicated to the programme management team from the partnership; and • authorisation 	<p>See above.</p> <p>All payments are authorised by the NRF accountant and the head of programme management and neighbourhoods, before being issued.</p> <p>Improved programme management monitoring forms have been produced, which will allow for better management of each commission, monthly profiled spend, earlier warnings if a commission is not performing (either financially or milestones), which allows the commissioning executive to take actions at the earliest opportunity and makes the lead officers more accountable.</p> <p>Grant agreements / commissioning agreements are issued to lead officers, by programme management, signed by the partnership director, head of programme management and neighbourhoods, and finance, as well as the lead</p>	Implemented.	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims. These procedure notes have been issued to all relevant officers who have signed to acknowledge receipt. Roles and responsibilities are now clearly defined.</p>	Implemented
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			required before payments are made.	officer.			
2.12	E4.3	***	<p>An overall review of the roles and responsibilities in relation to the council's management and administration of NRF between the partnership and programme management is required. This should provide a clear demarcation of responsibilities which are documented and communicated to relevant staff.</p> <p>An accountable body agreement for the management and administration of NRF is also recommended between the council and the LSP to assist in this respect.</p>	<p>As 2.1 / 2.2 above.</p> <p>Currently under discussion.</p>	<p>Implemented.</p> <p>Head of finance (RHBE) July 2005.</p>	<p>See 2.11</p> <p>The constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. Cabinet approval was obtained on 27/9/06. An accountable body agreement has been finalised and was approved by WBSP on 25.09.06.</p>	<p>Implemented</p>
2.13	E4.3	***	NRF recipients requesting payment	As 2.1 / 2.2 above.	Implemented.	Invoices are no longer submitted. Payments are	No longer relevant

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			<p>on invoice should be asked to make clear on their invoice the following information:-</p> <ul style="list-style-type: none"> • the name of the project / commission to which their invoice relates; • the financial year for which the allocation relates; and • a correct invoice date. <p>Any invoice received without this information should be queried and resolved before payment is made.</p>			<p>made based on grant claims which are submitted on a monthly basis with evidence of spend</p> <p>Grant claims are submitted monthly detailing the name of the project/commission, the relevant financial year and are signed and dated.</p> <p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p>	
2.14	E4.3	***	<p>Officers should be reminded that payment should only be made in respect of a proper VAT invoice and in accordance with financial procedure rule 8.2.2.</p>	<p>Advice on VAT is sought from finance.</p>	<p>Implemented.</p>	<p>Advice was provided on VAT issues for grant payments by the group accountant (KG) on 7/10/03. This was forwarded to the programme management officer (LT) on 16/12/05.</p> <p>A review of VAT arrangements will be undertaken when arrangements for the LAA are audited in</p>	<p>Implemented</p>

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						November 2006.	
2.15	E4.3	***	The process by which payments are made from NRF in respect of SERCO should be clarified and communicated to relevant officers.	Now contained within the learning commission. Invoices and full evidence are received. Journal transfers are processed. All finance communication with SERCO is undertaken with their accountant.	Implemented.	As 2.13.	No longer relevant
2.16	E4.3	***	Officers should be reminded that payments from NRF should not be raised to external organisations based on a Walsall MBC pro-forma invoice.	Not Agreed. It is important to recognise that some external organisations cannot raise invoices to the council. The process is that claims are submitted by the external organisation, along with satisfactory evidence to validate the claim, eg, invoices paid. A pro forma invoice is then raised to pay the claim.	NA	N/A	N/A
2.17	E4.4	***	Officers should be reminded to ensure that journal input forms detailing the internal transfer of NRF to council budgets are filed securely.	Files have been standardised. These are being updated on advice from Head of Finance (RHBE). A journal only takes place if we have received a valid claim, with the appropriate supporting evidence.	Implemented.	In examining 10 2005/06 project files, it was identified that a copy of the journal transfer completed by programme management is placed on the project / commission file.	Implemented
2.18	E4.4	***	Officers responsible for internally managed NRF projects should	Covered in monthly commissioning executive finance report.	Implemented	A monthly finance report is submitted to the executive committee by	Implemented

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		<p>be reminded that expenditure should be kept within the initial allocation of NRF. Where overspends are likely, relevant approvals should be sought from the relevant sub group of the LSP.</p> <p>Management information in respect of internally managed NRF allocations should be reviewed by a responsible officer. This review should ensure that any potential overspends are identified and the relevant corrective action taken on a timely basis.</p>	<p>Advice sought from Head of Finance (RHBE) regarding management information.</p> <p>Commissioning executive approvals are all evidenced.</p>		<p>the head of finance – regeneration and neighbourhood services.</p> <p>A report is also submitted to each executive committee regarding the performance of commissions.</p> <p>In examining 10 2005/06 project files no overspends were identified.</p>	
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3. NEIGHBOURHOOD RENEWAL FUND

ACTION PLAN							
No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
3.1	1.2	***	Management should consider undertaking a complete file review of 2003/04 NRF projects to ensure that files clearly detail evidence of how NRF funded projects benefit priority neighbourhoods / floor or local targets set out in the local neighbourhood renewal strategy. Where discrepancies are identified, project managers should be asked to source the relevant supporting documentation and place clearly on file. Project Officers should be reminded to ensure that such supporting documentation is present on all currently funded projects and commissions.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	The WBSP director has informed audit that a complete review of all 2003/04 projects cannot be undertaken due to:- <ul style="list-style-type: none"> • documents now being virtually impossible to source; • staff resources required to undertake this task; • the time lapse involved; • changes in officers responsible; No evidence has therefore been provided to audit to enable follow up.	Unable to implement
3.2	1.2	***	Project submission forms should be identified for the projects cited in 1.2.2 and placed on the relevant project	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF)	As 3.1.	Unable to implement

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			file.		January 2006		
3.3	1.2	***	The 6 project submission forms cited in 1.2.2 should be forwarded to the applicant for signing before being placed on the relevant project file.	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.1.	Unable to Implement
3.4	1.2	***	Management should consider undertaking a complete file review of all commissions funded in 2004/05 to ensure that a completed commissioning pro-forma is detailed on each commission file. A review should include the project cited in 1.2.3. Project officers should further be reminded to ensure that a completed commissioning pro-forma is detailed on each currently funded project file.	Complete file review of 2004/05 files undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The principal partnership officer has confirmed that all 2004/05 and 2005/06 files have been reviewed and a project file documentation record placed at the front of each file to detail documents held on the file. An examination of the project files highlighted in 1.2.3 of the audit report identified that a commissioning pro-forma had now been placed on the commissioning file. In examining 10 2005/06 files it was, however, identified that in 2 cases a project submission had not been placed on file (LSP admin/C20). The	Implemented

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						principal partnership officer stated that project submissions were not completed at the time the original approvals were made.	
3.5	1.2	***	A complete file review of 'non commissioned' project files in 2004/05 should be considered to ensure that completed pro-formas are detailed on all non 'commissioned project' files. This review should include those projects cited in 1.2.4. Project officers should further be reminded to ensure that a completed pro-forma is detailed on all currently funded 'non commissioned' files.	Complete file review of 2004/05 files undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.4. An examination of the 6 project files highlighted in 1.2.4 of the audit report identified 4 cases where a copy of the project submission had not been placed on the file (G10 / UG1 / G03 / F17). The principal partnership officer (JL) stated that project submissions were not completed at the time the approvals were made.	Implemented
3.6	1.5	***	The WBSP has benefited from the minute taking expertise of officers from constitutional services. The commissioning executive should consider utilising the services of constitutional services for the production of their minutes.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity.	Principal partnership officer (JL)/chair of commissioning executive Implemented	After due consideration, the WBSP executive committee minutes remain the responsibility of the principal partnership officer (JL) using the new LAA programme and performance management procedure note which states that the minutes	Implemented

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						of the executive committee will reflect the decision(s) taken, including amount of funding, which financial year(s) the funding relates and any other conditions that need to be addressed. As 2.4.	
3.7	1.5	***	Although improvements have been noted, it would be prudent for minute takers to be reminded to ensure that any documentation presented to either the WBSP or the commissioning executive is clearly referenced within the appropriate minutes.	Minute takers have been reminded and minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all referring to the same information for clarity. As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.	Principal partnership officer / chair of commissioning executive Implemented	As 3.6.	Implemented
3.8	1.6	***	Officers should be reminded to ensure that where work / consultancy is commissioned by either the WBSP or the commissioning executive, that the findings of this work should be presented	A programme of agenda items is kept (currently by the principal partnership officer), including standing agenda items, and follow up on actions are reported back to the commissioning executive at the appropriate time.	Principal partnership officer (JL) Implemented	The principal partnership officer (JL) confirmed that this now was the case. An example of this was now given as the economic development and communication commission where a presentation had been	Implemented

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			and discussed in full.			given to the commissioning executive on 8.04.05 on the findings of the research undertaken via this commission.	
3.9	1.6	***	Officers may consider undertaking an evaluation exercise at the end of each commission of consultancy work to ascertain the value of the work together with any learning points for future.	An independent review of commissioning and commissions is being developed with IDeA.	Principal partnership officer (JL) / assistant programme manager (BF) February 2006	A report is presented annually to the executive committee detailing the outcomes and achievements of all NRF funded projects. The last report of this nature went to the executive committee on 8.09.06 for all 2005/06 projects.	Implemented
3.10	1.7	***	Officers should be reminded to ensure that the appropriate approval has been obtained before NRF commission / grant recipients are informed of their award of NRF.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	A procedure note has been compiled for LAA programme and performance management giving guidance on the approval and notification process. The procedures state that a letter will be issued by the executive committee chair to the commission lead officer detailing amount of funding approved, for which financial year the funding relates and other conditions that need to be addressed.	Partially implemented

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						<p>In examining 10 2005/06 files it was identified that:</p> <ul style="list-style-type: none">• In 1 case there was no project approval on the file (C20). The approval for C20 has now been placed on the file.• In 4 cases there was no letter of approval on the file (LSP admin/A23/C20/E04). In the case of A23 the letter of approval has now been placed on file. The principal partnership officer stated that C20, E04 and LSP admin had been approved prior to the use of the letter of approval.• In 1 case the amount approved for 2004/05 and 2005/06 was unclear from the minutes as only the total approved for the 2 years was recorded. The letter of approval	
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						<p>did however make clear the amounts approved for each financial year. (A23).</p> <ul style="list-style-type: none"> In 1 case the approved date recorded on the project file documentation record did not agree with the actual date the project was approved (LSP admin). 	
3.11	1.8	***	<p>Consideration should be given to providing a standard entry on the commissioning pro-forma and pro-forma for non commissioned NRF funded projects, to ensure that projects submitted for approval are not already subject to existing funding (to prevent duplicate funding); or existing regeneration activity. The council should extend this recommendation to all council funding regimes to ensure that there is a specific requirement to check for duplicate</p>	Agreed.	<p>Principal partnership officer (JL)</p> <p>Implemented</p>	The pro-forma has been amended.	Implemented

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			funding.				
3.12	2.2	***	Officers should ensure that evidence of the appropriate approval (for example, the minutes of the relevant commissioning executive) should be clearly documented on project files, including those cited in 2.2.2.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.10. An examination of the 4 projects files highlighted in 2.2.2 of the audit report identified that in: <ul style="list-style-type: none"> • 2 cases (UG1 / UG6) where the projects had been approved, evidence of the approval had not been documented on the project files. Evidence of the approval has now been placed on the file. • in 1 case (C22) the total amount approved was not clear from the minutes. A report of all projects funded from 2002/03 onwards is, however, to be submitted to the executive committee sub group on 9 October 2006 for approval, which will include approval for this project. 	Partially implemented

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3.13	2.2	***	Officers should be reminded that only the NRF amount approved should be awarded. Payments in excess of the amount approved should only be made with sufficient prior approval.	Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report for approval as necessary to the level of additional funding required.	Principal partnership officer (JL) / head of finance (regeneration & neighbourhood services) (PS) Implemented	See 2.3.	Implemented - subject to approval on 9/10/06
3.14	2.2	***	Officers should further be reminded that minuted approval should include the project name, amount awarded and financial year(s) to which this award relates	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 2.4.	Implemented
3.15	2.2	***	Approval for the amount of NRF awarded to the improving employability in Walsall project should be clarified. Should retrospective approval be required, the opportunity for this should be pursued.	Investigation to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	The principal partnership officer confirmed that the file had been examined and it had not been possible to verify the approved amount from the documentation held on the file. A report of all projects funded from 2002/03 onwards is to be submitted to the executive committee sub group on 9 October 2006 for approval.	Implemented - subject to approval on 9/10/06
3.16	2.2	***	The wider issue of	A comprehensive review of	Head of finance	A governance review	Implemented

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			<p>approval of NRF projects / commissions should be considered as part of a recommended review of the overall governance arrangements of the partnership and their associated groups. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Officers of the council, as representatives of the accountable body, only, have such delegations. A review of governance arrangements should therefore seek to ensure that payments are authorised in accordance with an appropriate scheme of council delegation.</p>	<p>the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p>	<p>(regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p>	<p>has been undertaken and the resulting constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. Cabinet approval was obtained on 27/9/06.</p> <p>An accountable body agreement was finalised and was approved by the WBSP board on 25/9/06.</p>	
3.17	3.1	***	<p>Grant agreements should be sourced and detailed on the project files of those 2003/04 projects referenced in 3.1.1. Also, where possible and for completeness,</p>	<p>Complete file review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	<p>As 3.1 and 3.2.</p>	<p>Unable to Implement</p>

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			signatures should be sought on the grant agreements referenced in 3.1.1.				
3.18	3.1	***	The revised grant agreement form should include the date of the signatures of the grant recipients and the council to ensure evidence is available of the timeliness of the agreement.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The grant agreement now includes the date of the signatures of the grant recipients and the council. In all 10 2005/06 files examined it was found that all grant agreements had been signed and dated by appropriate officers/ grant recipients.	Implemented
3.19	3.1	***	Where commissions are £100k or over, officers should ensure that all relevant sections of the grant agreement are completed and actioned including those referenced in 3.1.2.	This appears to be a "hangover" from the fact that the NRF grant agreements are based on SRB agreements. This procedure is not necessary and will be stopped.	Head of finance (regeneration & neighbourhood services) (PS) March 2006	This section has now been removed from the grant agreement.	Implemented
3.20	3.1	***	Where grant agreements have been amended, each amendment must be signed and dated by all parties to the agreement. Dependent on the number of amendments, consideration should be given to issuing a revised grant	Agreed.	Assistant programme manager (BF) Implemented	The LAA programme and performance management procedure now includes this.	Implemented

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			agreement.				
3.21	3.2	***	Where additional amounts are approved to the original NRF approval, officers should be reminded that either a revised grant agreement form or a variation to the original grant agreement should be issued. Revised grant agreements / variations should also be subject to the same authorisations / approvals as grant agreements themselves.	Agreed.	Assistant programme manager (BF) Implemented	As 3.20. In examining 10 2005/06 files it was identified that in one case the amount of funding had reduced but a revised grant agreement or a variation to the original grant agreement had not been issued (C20). In carrying out a review of a further 3 2005/06 files it was found that delegated approval had been granted on 27/2/06 for an additional £600 for the State of the Environment project (H09). However, it was found that this approval had not been placed on file. This approval has now been placed on the file.	Partially Implemented
3.22	3.2	***	In light of the recommendation above, a check of all projects currently funded back to their original grant agreements should be undertaken and revised grant agreements /	Complete review of 2004/05 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.1 (unable to implement) and 3.4 (implemented). Audit's examination of the 2 projects files highlighted in 3.2.1 of the audit report	Partially implemented

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			variations to the original grant agreement issued where required. This should include the projects referenced in 3.2.1.			identified that in both cases (G03 / F17) a revised grant agreement had not been issued.	
3.23	4.2	***	Robust and regular monitoring arrangements of project outcomes/ targets / spends should be completed. This should include evidence that the project has met / is targeted to meet the outcomes agreed at project approval, including those relating to floor targets and tackling deprivation. Evidence of such monitoring should be clearly recorded on project files.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes</i> 	Principal partnership officer (JL) Implemented	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p> <p>A monthly finance report is submitted to the executive committee by the head of finance – regeneration and neighbourhood services.</p> <p>A report is also submitted to each executive committee regarding the performance of commissions.</p> <p>Grant claims have to be submitted on a monthly basis with evidence of spend. These detail the name</p>	Partially implemented

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				<p><i>colour flags to highlight the overall financial 'health' of each project</i></p> <ul style="list-style-type: none"> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been employed.</p> <p>The financial support to NRF</p>		<p>of the project/ commission, the relevant financial year and is signed and dated. In examining 10 2005/06 project files it was identified that:</p> <ul style="list-style-type: none"> • in 2 cases the monthly claim for NRF spend had not been signed by the grant recipient on 2 occasions (LSP admin/C20). The claims for C20 have now been signed but the LSP admin claims have not. • In one case full evidence of spend of £43,964 was not held on file (C20). • Invoices from activity providers were not submitted with the grant claims for £250,000 (G09). This project is managed within leisure, culture and lifelong learning and due to the high volume of invoices held it 	
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				<p>(and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>		<p>was agreed that the evidence of spend would not have to be provided in full. Although the programme officer carried out a spot check examination of invoices held, no record of this check was evidenced.</p> <p>Monitoring visits are required by programme management officers, although the number of visits per year is not specified. In examining 10 2005/06 project files it was identified that:</p> <ul style="list-style-type: none"> • in 2 cases only one monitoring visit had been undertaken (A21 / A23) during 2005/06. • in 8 cases no monitoring visits had been undertaken (LSP admin/C22/C20/D12 / B15/E04/G09/D15). • in 1 case the monitoring visit form was incomplete 	
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						(A21). • In 4 cases a monitoring return had not been completed by the grant recipient (A23/G09/D12/D15).	
3.24	4.2	***	Where monitoring reveals that a grant recipient has failed / is in danger of failing to meet agreed outcomes, then a procedure should be drafted detailing actions / reporting requirements in the event of a projects failure to deliver.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very</i> 	Principal partnership officer (JL) Implemented	A procedure note has been compiled for LAA programme and performance management which details the action that should be taken when a target or programme is identified as having problems.	Implemented

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				<p><i>clear, and includes colour flags to highlight the overall financial 'health' of each project</i></p> <ul style="list-style-type: none"> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been</p>			
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				employed. The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.			
3.25	4.2	***	A review of projects cited in 4.2.1 should be undertaken to ensure that sufficient evidence of NRF spend has been obtained and that duplicate evidence has not been accepted to support evidence of spend.	Investigations to take place.	Principal partnership officer (JL) / assistant programme manager (BF) February 2006	As 3.1.	Unable to implement
3.26	4.2	***	Officers should be reminded that all project correspondence should be date stamped.	Agreed.	Assistant programme manager (BF) Implemented	Examination of 3 2005/06 project files (H08, H09 and C23) identified not all correspondence on file had been date stamped.	Partially implemented
3.27	4.2	***	The overpayments to SERCO and neighbourhood management detailed in 4.2.2. should be addressed and recovered as a matter of urgency.	This is being investigated currently.	Head of finance (regeneration & neighbourhood services) (PS) January 2006	The overpayment to SERCO has not been recovered. It was agreed by the head of finance (regeneration and neighbourhood services) that as evidence of spend had been duplicated, that if SERCO could provide further evidence of spend for the sum identified of	No longer relevant

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						<p>£41,773.86, the payment would not be recovered. Full evidence of spend was provided by SERCO.</p> <p>The overpayment of £5,400 in respect of neighbourhood management has not been recovered. On 23 June 2006 retrospective delegated approval was obtained to cover the over spend on the neighbourhood management 2004/05 project. However the copy of the delegated approval letter had not been signed by the delegated officers. Further the delegated approval had not been submitted to the executive committee. The details are to be submitted to the executive committee sub group on 9.10.06.</p>	Not yet implemented
3.28	4.2	***	Officers should ensure that grant recipients complete claim forms for all funding requested.	Claim forms have been made more robust, including the supporting evidence.	Assistant programme manager (BF) Implemented	As 3.23.	Partially implemented
3.29	4.2	***	VAT arrangements require immediate	Agreed.	Head of finance (regeneration &	As 2.14.	Implemented

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			clarification.		neighbourhood services) (PS)		
					March 2006		
3.30	4.2	***	The practice of raising cheques and holding them should be ceased. Cheques should not be returned to originators as this represents a control risk. Such events should only be in exceptional / emergency circumstances. This issue has been the subject of previous internal and external audit reports, regarding programme management (including SRB audit report 2003/04).	Agreed.	Programme management team / finance support Implemented	The programme officer (LT) confirmed that most payments are now made by BACS. Collection of cheques did, however, take place on 2 exceptional occasions towards the end of 2005/06 for Walsall Lifelong Learning Alliance and Walsall Black Sisters Collective.	Implemented
3.31	4.2	***	The anomalies identified in the improving employability in Walsall project should be investigated and resolved. Officers should be reminded to ensure consistency between figures quoted in finance reports, grant	Investigation to be undertaken. Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006 Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.15. As 3.10.	Implemented - subject to approval on 9/10/06 Partially implemented

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			agreements and amounts subsequently paid out in respect of projects. Where variances exist a clear audit trail, documenting the necessary approvals should exist.				
3.32	4.2	***	The difference between the compact officer project amount included on the finance report and that included on the project file should be investigated and resolved.	Investigation to take place.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	Investigation to take place.	Not yet implemented
3.33	4.2	***	The monitoring visit form should be updated to include the signature and date of the officer undertaking the visit.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The monitoring and audit visit form has been updated.	Implemented
3.34	4.2	***	As unspent NRF can be subject to claw back by GOWM, care should be taken with the commissioning approach to ensure that projects / commissions are approved in sufficient time to enable sufficient project expenditure to be defrayed within the financial year.	One of the key requirements of the commissioning approach is the ability of the project to deliver within the timeframe of a financial year. This is rigorously monitored during the course of the year and each finance report highlights the risk of not spending the total allocation in year. As a "back-up" a sub-group of the executive meet to re-allocate funding to other commissions where	Head of finance (regeneration & neighbourhood services) (PS) Implemented	A monthly finance report is submitted to the executive committee by the head of finance – regeneration and neighbourhood services to maintain the focus on ensuring resources are fully utilised. A report is also submitted to each	Partially implemented

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				<p>underspends are forecast.</p> <p>It should be noted that GOWM allow a 5% carry forward, and the carry-forward from 04/05 was well within this limit, which is particularly pertinent given that the carry forward was in excess of £1m in the previous year.</p>		<p>executive committee regarding the performance of commissions.</p> <p>A procedure note has been compiled for LAA Programme and Performance Management which details the action that should be taken when a target or programme is identified as having problems.</p> <p>In the finance report to the executive committee on 26/5/06 it was reported that from a total budget of £7,711,476 for 2005/06 a total of £7,471,169 claims had been settled resulting in a provisional out-turn for 2005/06 of an underspend of £240,307 which equates to 3.1%. This is below the 5% threshold allowed by GOWM.</p> <p>In examining 10 2005/06 files it was identified that:</p>	
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						<ul style="list-style-type: none"> • in 3 cases claims were not being submitted until the latter part of the financial year (A21/D12/D15). This was due to problems being encountered with the recipients submitting late claims. • in 1 case 16 claims were submitted in March 2006 (A23). 	
3.35	4.7	***	Procedure notes should be produced regarding the financial and performance management arrangements of NRF project administration. Once complete, these should be issued to all relevant officers who should sign for their receipt.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) / head of finance (regeneration & neighbourhood services) (PS) Implemented	A procedure note has been compiled for LAA programme and performance management and issued to all relevant officers. These procedure notes have been issued to all relevant officers who have signed to acknowledge receipt. A copy of the procedure is also issued to all grant recipients who sign to acknowledge receipt.	Implemented
3.36	5.2	***	The procedure for declaration of interests of members of the commissioning executive and LSP;	To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director	The constitution stated that agendas for both the executive committee and WBSP board should include	Implemented

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			when decisions regarding the use of NRF funds are made, should be clarified with constitutional services to ensure that sound governance arrangements exist. This should form part of the overall review of governance recommended previously in this report.		March 2006	declaration of interests.	
3.37	5.3	***	Minute takers should be reminded that care should be taken in providing concise and accurate minutes of meetings of the LSP to ensure there is little scope for alternative interpretation of a comment.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity. Draft minutes are overseen by the chair, commissioning executive, and WBSP director. These are then agreed at the next meeting.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.6.	Implemented
3.38	5.6	***	A quorate membership should always be present when the minutes of the previous meeting are being	This is now the case for both the WBSP board and the commissioning executive. Quoracy is checked at the	WBSP director / minute taker / chair of commissioning executive	As 2.9. In examining a sample of agendas and minutes for both	Implemented

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			formally approved. To assist this process the agenda item of the approval of the previous meeting minutes should be brought forward to one of the first items of business.	start of the meeting.	Implemented	executive committee and WBSP board meetings it was found that <ul style="list-style-type: none"> • the minutes of the previous meeting are one of the first items of business. • core members and support officers are listed separately. • the meetings were quorate. • substitutions are listed in the minutes of each meeting. 	
3.39	5.7	***	Where a meeting becomes inquorate, minute takers should be reminded to notify the meeting as such and record this in the minutes.	This is agreed. To ensure that decisions are taken in accordance with established constitutional arrangements, minute takers notify the meeting if / when a meeting becomes inquorate.	Principal partnership officer / chair of commissioning executive Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.38.	Implemented
3.40	5.8	***	The membership of the WBSP should be clarified at the start of each meeting. Where substitutes are allowed	Membership is clarified at the start of each meeting. Nominated substitutes have been made for the	WBSP director February 2006	As 3.38.	Implemented

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			and appointed, these should be determined in advance and included within the terms of reference / constitutional arrangements of the WBSP.	commissioning executive. Nominated substitutes for the WBSP board are being sought.			
3.41	5.8	***	A review of the minutes of meetings attended by Ety Martin in which she substituted for Terry Mingay, while acting in her capacity as interim civic commissioning manager, should be reviewed to confirm the validity of the decisions made.	A letter confirming these arrangements has been signed by Ety Martin and Terry Mingay.	WBSP director Implemented	The principal partnership officer (JL) confirmed that there was a letter confirming the arrangements signed by Ety Martin and Terry Mingay but a copy of the letter could not be located.	Unable to Implement
3.42	5.9	***	The WBSP should continue to ensure that it holds its AGM in accordance with its constitution.	Agreed. To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	A governance review has been undertaken and the resulting constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. The constitution was approved by cabinet on 27.09.06.	Implemented
3.43	5.10	***	Officers should be reminded to ensure that the board are fully aware of any associated consequences / implications of all proposed actions.	Reports detail consequences / implications of proposed actions.	WBSP director Implemented	The pro-forma completed for the executive committee includes environment / liveability implications and equalities / diversity implications.	Implemented

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						A report is also submitted to each executive committee regarding the performance of commissions.	
3.44	5.13	***	Where decisions are made based on delegated approval, they should be documented as such on project / commission files. These decisions should also be reported back for information to the next available meeting of the commissioning executive / WBSP as appropriate to ensure complete transparency / accountability.	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p>	<p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>	<p>Delegated authority decisions are a standing item on the agenda for each executive committee meeting.</p> <p>Letters of approval detailing amounts approved and financial year are issued to each recipient. Copies are placed on the project file.</p> <p>As 3.27.</p>	Partially implemented

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				A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.			
3.45	5.13	***	Legal services should be asked to undertake a review of the legality of the granting of delegated authority for NRF spend to non council employees. This should form part of the overall review of governance arrangements recommended at 2.2.4 of this report.	A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16.	Implemented
3.46	5.16	***	Officers should ensure that all reports submitted for the board's attention, clearly state the projects to which they refer.	Agenda items and report titles are now identical.	Principal partnership officer (JL) / partnership support manager (MM) / WBSP director Implemented	As 2.4.	Implemented
3.47	5.16	***	Officers should ensure that appropriate approval has been obtained and is detailed on all project files prior to funding being awarded.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.10.	Partially implemented
3.48	5.16	***	Care should be taken to ensure that the value of	Approval is detailed within the minutes. An approval	Principal partnership officer	As 3.10.	Partially implemented

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			<p>NRF awarded is consistent across grant applications; approvals and agreements. Any anomalies should be immediately investigated and corrective action taken where necessary.</p>	<p>letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are.</p> <p>Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report, as necessary to level of additional funding required. Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>(JL) / chair of commissioning executive implemented</p>		
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3.49	5.16	***	Officers should ensure that grant agreements have been appropriately signed before payments are made to grant recipients.	Agreed.	Assistant programme manager (BF) / head of neighbourhood partnerships & programmes (JB) / head of finance (regeneration & neighbourhood services) (PS) Implemented	A procedure note has been compiled for LAA Programme and Performance Management. This procedure, however, does not specify that grant agreements should have been appropriately signed before payments are made to grant recipients. In examining 10 2005/06 files it was identified that in 1 case claims were made for expenditure that had been defrayed before the grant agreement had been signed (LSP admin).	Partially implemented
3.50	6.1	***	The commissioning framework requires review and update. This review should immediately clarify the term 'commissioning' making the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. It is recommended that legal services assist in this respect.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16. The constitution / accountable body agreement do not make the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. However both documents make clear the requirement to	Partially implemented

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						comply with financial and contract rules which includes section 17 – trading with the council and its partners. This should be addressed in subsequent revisions to these documents.	
3.51	6.1	***	The review of commissioning should ensure that commissioning executive has adequate arrangements in place to ensure compliance with the council's contract and financial procedure rules and European procurement requirements.	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer (JL) Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	The constitution states that the partnership board, executive committee and directorate shall procure in accordance with Walsall Council's financial and contract rules.	Implemented
3.52	6.1	***	To be prudent, it is also recommended that a full review of the legal arrangements for the WBSP and associated groups is undertaken.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16.	Implemented
3.53	6.2	***	Management should request recipient commission lead organisations to document a formal exit strategy, detailing financial sustainability at the end of the project.	Commissioning pro-formas and any request for funding requires details of any exit strategy.	Principal partnership officer (JL) Implemented	The commissioning pro-forma now includes details of the recipients exit strategy.	Implemented

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3.54	6.7	***	<p>The commissioning executive is reminded to ensure that their actions are fully in compliant with contract procedure rules. This includes ensuring:-</p> <ul style="list-style-type: none"> • in accordance with CPR 16, that the value of contracts is ascertained prior to commencing the tendering procedure; • that quotations or tenders are obtained as necessary in accordance with CPR 18 and 19 ; or where exemptions apply under CPR 17. <p>Approval for the payments made to DCA should be sought as a matter of urgency.</p>	<p>Agreed.</p> <p>This will be reinforced as part of the overall governance review.</p> <p>To be presented to the commissioning executive for approval.</p>	<p>Principal partnership officer (JL)</p> <p>Implemented</p> <p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer (JL) / head of finance (regeneration & neighbourhood services) (PS)</p> <p>January 2006</p>	<p>As 3.51.</p> <p>Approval for the payments made to DCA has not yet been sought. This will be addressed in the report that is to be submitted to the executive committee sub group on 9.10.06.</p>	<p>Implemented</p> <p>Implemented - subject to approval on 9/10/06</p>
3.55	6.11	***	<p>When decisions regarding the awarding of commissions are made, minute takers should ensure that the specific action required following the decision is</p>	<p>As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.</p> <p>Minutes have been tightened</p>	<p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>	<p>As 3.6.</p>	<p>Implemented</p>

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			clearly minuted.	up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity. Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.			
3.56	6.12	***	Officers should ensure that tender evaluation follows exactly the requirements set out in contract procedure rule 21,22,23,24 and 25.	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer (JL) Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.51. The WBSP's compliance with the council's rules in their latest procurement exercise (provision of a partnership website) are to be subject to a full contract audit review.	Implemented (compliance subject to contract audit review)
3.57	6.12	***	Only officers of Walsall MBC should be involved in such processes until the position is clarified as per recommendation 5.13.	Agreed. To be included as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.45.	Implemented
3.58	7.1	***	The process and	Adequate evidence of	Principal	A procedure note has	Implemented

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			responsibilities for informing grant/ commission applicants of the outcome of their funding bids should be clarified.	approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	partnership officer (JL) / chair of commissioning executive Implemented	been compiled for LAA programme and performance management which gives guidance on the approval and notification process. The procedures state that a letter will be issued by the executive committee chair to the commission lead officer detailing amount of funding approved, for which financial year the funding relates and other conditions that need to be addressed.	
3.59	7.1	***	Grant / commission applicants should not be informed of any decision until the necessary approval has been obtained and such communication has been appropriately authorised.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.58.	Implemented
3.60	7.1	***	Any communication with grant / commission applicants should make clear, the project, amount and financial period to which the communication relates.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	In examining the 10 2005/06 project files it was identified that the approval letters detailed the project, amount and financial period to which it relates.	Implemented
3.61	8.1	***	The independent living	Review to take place.	Principal	As 3.1.	Unable to

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			centre project file should be reviewed to ensure all necessary documentation is detailed on file.		partnership officer (JL) / assistant programme manager (BF) January 2006		implement
3.62	8.2	***	On approving projects / commissions, the commissioning executive should ensure that projects have been thoroughly vetted, with all relevant information submitted, including the timeliness of potential defray of expenditure, to the Board before the decision to award funding is made.	Commissioning pro-formas or detailed reports are submitted to the commissioning executive. Queries regarding the deliverability of commissions are brought back to following meetings before any award is made.	Principal partnership officer (JL) Implemented	A procedure note has been compiled for LAA programme and performance management, this gives guidance on submitting and approving a proposal. A pro-forma for each proposal should be submitted to the executive committee for their approval.	Implemented
3.63	8.3	***	Officers should ensure that grant agreements correctly detail the approved amount. A senior / independent review of all grant agreements produced would assist in this process.	The head of finance will conduct a regular review of a representative sample of grant agreements and ensure that they correspond to the approved amount as agreed by the commissioning executive.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	Grant agreements are signed by the WBSP director, head of neighbourhood partnerships and programmes and the head of finance (regeneration and neighbourhood services).	Implemented
3.64	8.3	***	Proof of spend should be identified for the ILC project 2004/05. Officers should further be reminded that adequate proof of spend	Review of ILC to take place. All claims for funding are now required to supply robust evidence of spend.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	Full proof of spend has not yet been placed on the file. As 3.23.	Not yet implemented

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			is required for all projects.				
3.65	9.1	***	The job creations initiative project file should be updated to ensure it contains the necessary documentation, including the report produced by the head of finance.	Agreed – copy of report given to programme management to put on the file.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	A copy of the report produced by the head of finance (regeneration and neighbourhood services) has now been placed on the file.	Implemented
3.66	9.1	***	Officers should ensure that the necessary approval for the transfer of funds within the job creation initiatives project has been obtained and ensure that adequate documentary evidence exists on file to support this.	This will require retrospective approval as the use of delegated powers has not been recorded and the two officers who approved the decision are no longer employed by the council.	Head of finance (regeneration & neighbourhood services) (PS) January 2006	It has not been possible to locate this approval.	Unable to implement
3.67	10.1	***	The skills escalator project file should be updated to ensure it contains the necessary project submission and grant agreement and then forwarded immediately to internal audit for review.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	There was no project submission as it was part of a report submitted by the programme manager to the JSB on 21.07.03, a copy of which has now been placed on the file. A grant agreement has also now been placed on the project file.	Implemented
3.68	10.1	***	Evidence of spend should also be obtained and detailed on the project file.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme	As 3.1.	Unable to implement

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					manager (BF) January 2006		
3.69	10.1	***	The arrangements for the appointment of Sally Hall should be identified to ensure compliant with the accountable body's procedures.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	A separate review of the arrangements for this appointment is to be undertaken.	Not yet implemented.
3.70	12.1	***	Project submission forms / commission proformas, as appropriate should be completed for all projects. A review of SERCO funded projects should be undertaken to ensure this is the case for all SERCO projects.	Complete review of 2003/04, 2004/05 and 2005/06 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.1 (unable to implement); Commission proformas for 2004/05 and 2005/06 had been placed on file.	Implemented for 2004/05 and 2005/06 (unable to implement for 2003/04)
3.71	12.1	***	SERCO should be requested to provide the council with full evidence of spend for all NRF monies defrayed. This should show clearly how funds have met original project submission arrangements and targets.	This has already been requested, as has a profile of spend for the current financial year.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	As 3.1 (unable to implement); For 2004/05 and 2005/06 evidence of spend had been provided.	Implemented for 2004/05 and 2005/06 (unable to implement for 2003/04)
3.72	12.1	***	The practice of paying SERCO in advance for funds should be immediately reviewed.	This facility will only be used in particular circumstances e.g. where the organisation is unable to provide sufficient cash to facilitate expenditure. The recent	Head of finance (regeneration & neighbourhood services) (PS) Implemented	As 2.10.	Implemented

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				<p>payment to SERCO of £1.2m for the Learning Commission was one such example and has only been processed after due consideration and approval from the Executive Committee (formerly the Commissioning Executive), along with a formal written request to ensure that:</p> <ul style="list-style-type: none"> • Actual spending is in line with the submitted profile • Robust and sufficient evidence of spend is submitted asap after payment • All evidence of spend along with appropriate analysis is submitted by 28 April 2006. 			
3.73	12.2	***	<p>Officers should ensure that all projects are robustly and effectively monitored. This should assist with the accuracy of returns made to GOWM.</p>	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports</i></p>	<p>Principal partnership officer (JL)</p> <p>Implemented</p>	As 3.23.	Partially implemented

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			<p>are also presented to the WBS Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</p> <ul style="list-style-type: none"> • Each project or commission is clearly shown, with named lead officers • the format is very clear, and includes colour flags to highlight the overall financial 'health' of each project • actual and projected spend is shown, with any projected under/over spend highlighted • The covering reports are concise and clear, and highlight the key issues and risks <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are</p>			
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				<p>being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been employed. The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>			
3.74	13.1	***	<p>Where approvals are given in accordance with delegations sufficient evidence of this should be available on the project file.</p>	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to</p>	<p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p>	As 3.44.	Partially implemented

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				<p>recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>		
3.75	13.1	***	<p>The necessary approvals for the Walsall CVS posts should be obtained and detailed on the project file.</p>	<p>Complete review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	As 3.1.	Unable to implement
3.76	14.1	***	<p>A review of the M6 pilot project should be undertaken to ensure a clear audit trail exists linking approved amounts to grant agreements; and evidence of expenditure defrayed.</p>	<p>Complete review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	As 3.1.	Unable to implement

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E. FURTHER RECOMMENDATIONS / ACTION PLAN

Ref	Priority	Finding	Recommended Action	Response	Responsibility & Timescale
1.	**	Officers completing the project document record at the front of each project / commission file are not required to initial the entries that they make.	The project document record should be amended to ensure that all entries are initialled by the officers recording the information. This should be incorporated into procedure notes and officers should then be reminded to ensure they comply.	Implemented	Principal partnership officer (JL)
2.	**	Details of the amount and date of the claim; and amount and date paid are not recorded on the project document file.	Officers should ensure that details of the amount of the claim and the amount paid are recorded on the project document record. Where amounts claimed / paid are different reasons for the difference should also be recorded.	Implemented	Principal partnership officer (JL)
3.	**	In examining the 10 2005/06 files, 2 cases were identified where the project document record had not been fully completed (LSP admin/C22).	Officers should ensure that the project document record is fully completed.	Agreed	Principal partnership officer (JL) 9.10.06
4.	***	In examining 10 2005/06 files it was identified that: <ul style="list-style-type: none"> • In 1 case 2 invoices received as evidence of spend related to the previous financial year (C22), • In 1 case 3 invoices received as evidence of spend related to the previous financial year (B15). 	All invoices submitted as evidence of spend should relate to the appropriate financial year. Evidence of spend for these projects should be rechecked.	Agreed	Principal partnership officer (JL)
5.	**	The copy of the journal voucher held	A copy of the fully completed	Implemented	Principal

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		on the project / commission file only details the information that has been recorded by the programme officer before it is passed to the finance section for processing i.e. it only one side of the accounting entry is available on file.	journal transfer detailing both sides of the accounting entry should be retained on the project / commission file.		partnership officer (JL)
6.	*	In examining 10 2005/06 files, one instance was noted where the journal transfer had not been dated (A23).	Officers should be reminded to ensure that all journal transfers are dated.	Agreed	Principal partnership officer (JL) 9.10.06