

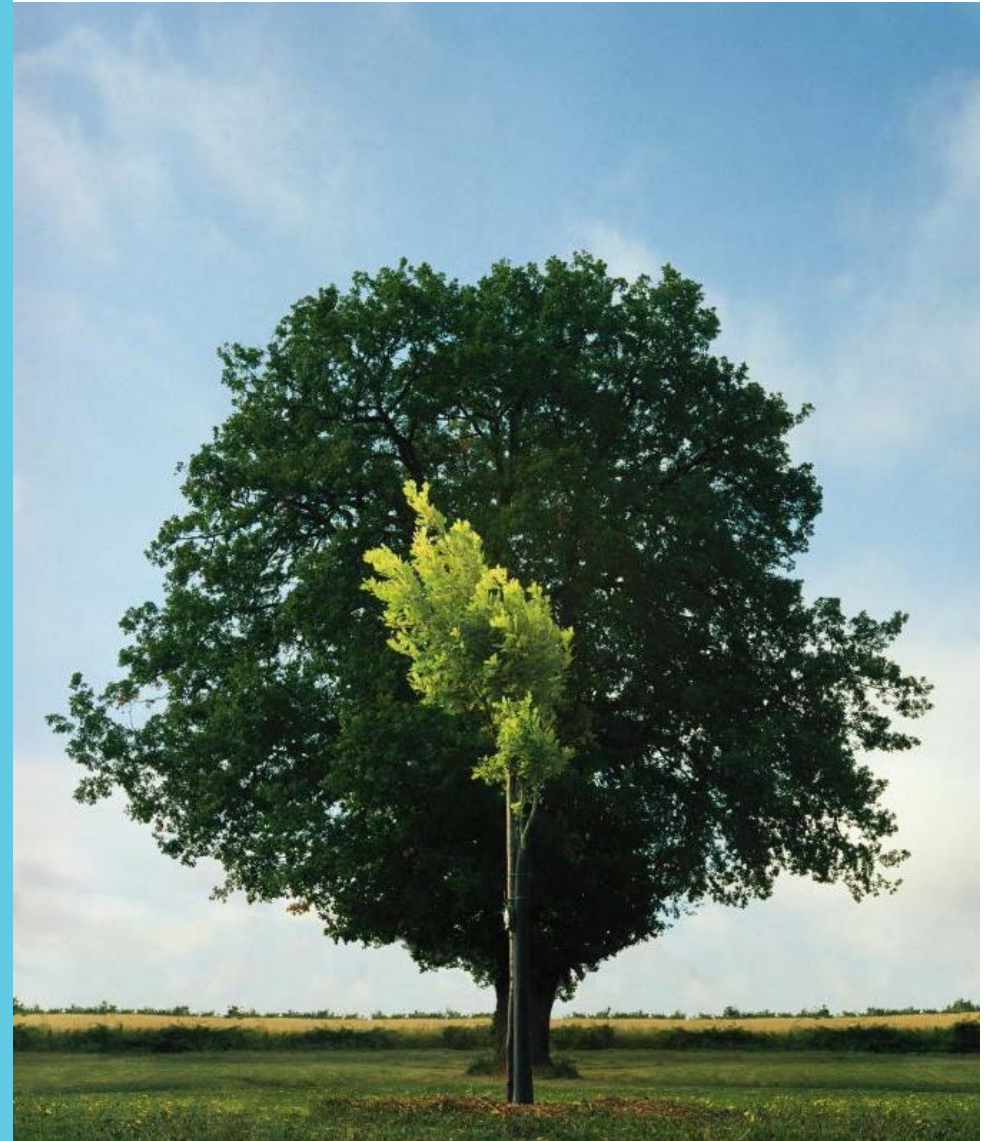
Brentwood Borough Council

INTERNAL AUDIT REPORT

Partnership Arrangements

Audit 02.2014

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



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REPORT STATUS	
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Dates work performed:	August - October 2014
Draft report issued:	05 March 2015
Final report issued:	31 March 2015

DISTRIBUTION LIST	
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
The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

CLIENT STRATEGIC RISKS

Risk	8 & 9	<p>Contract/Partnership failure and Lack of strategic direction</p> <ul style="list-style-type: none"> Lack of accountability. Resources wasted. Financial losses. Objectives not met. Poor delivery of priorities. Failure to communicate effectively. Reputation undermined.
<p>This review relates to the risk that the Council could have Partnership Failure and a lack of strategic direction.</p>		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Control's effectiveness is limited due to inadequate design.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		2
Medium		2
Low		0
<p>Total number of recommendations: 4</p>		

OVERVIEW

Brentwood Borough Council has a number of partnership arrangements in place, for which there are set policies and procedures. The Council has recently moved from a funding strategy based on service level agreements (SLAs) to a commissioning based approach. An updated policy has recently been drafted and approved by the Policy Board to incorporate these changes in the funding strategy.

Our review found the following areas of good practice:

- The Council has a strategy in place for the utilisation of partnerships, this sets out the Council's aims and priorities for the utilisation of partnerships.
- There is a funding strategy in place detailing the move to a commissioning based approach, this also sets out the priorities for actions that need to be completed as the Council moves to this approach.

We also found a number of areas for improvement or development:

- There is a partnership framework questionnaire that required Lead Officers to demonstrate there is a governance structure in place for each partnership. However there is no central policy on how partnerships should be governed, or performance monitored and for ensuring that partnerships deliver against the Council's corporate priorities. This could result in inconsistencies in the level of governance arrangements across partnerships and also could risk the Council's objectives not being met. (High Priority)
- There is currently no policy setting out what governance and monitoring is required for services commissioned under the community commissioning prospectus, as such arrangements put in place could be inconsistent or inadequate. (High Priority)
- The Council's definition of a partnership is based on the 1998 publication a "A Fruitful Partnership" from the Audit Commission. Whilst this gives a reasonable definition, through discussions with Officers it was agreed that the definition required updating to reflect current practices. (Medium Priority)
- There is no formal process adopted for the identification of partnerships and review of the current partnership register. This has resulted in parties being included on the register that do not meet the definition of a partnership, such as the local press, additionally there could be partnerships that are not included on the register. (Medium Priority)

As the process is currently lacking cohesive policies regarding the governance and monitoring of partnerships and community commissioned services, we have only been able to provide limited assurance.

DETAILED FINDINGS AND RECOMMENDATIONS

Risk: There is a risk that the Council does not have adequate arrangements in place for identifying and defining their partnership arrangements.

Ref.	Finding	Sig.	Recommendation
1.A	<p>We confirmed that at the time of review an appropriate definition for a partnership is recorded in the Partnership Strategy 2010 v0.3. However, we obtained the partnership list held by the Council and found that a number of contracts detailed on the list are not actually partnership arrangements. For example, the local press.</p> <p>This was discussed with the Partnership, Leisure and Funding Manager, who confirmed that the definition of a partnership arrangement was in need of updating and the partnership register required revisiting and review.</p>	M	<p>The Council should review the Partnership Strategy 2010 and ensure that the definition of a partnership arrangement is still appropriate.</p> <p>The definition of a partnership arrangement should be applied consistently and arrangements only added to the register if they meet this definition.</p> <p>The current partnership register should be reviewed to ensure all of the arrangements listed meet the Council's definition of a partnership, those that do not meet the definition should be removed.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agreed.		<p><i>Responsible Officer: Kim Anderson</i> <i>Implementation Date: 30 April 2015</i></p>	
1.B	<p>We discussed how partnerships were identified and added to the partnerships register with the Partnership, Leisure and Funding manager and the Head of Borough Health, Safety and Localism. There are currently no formal processes or controls over the identification of partnerships, as a result it is likely that not all partnerships are currently listed on the partnership register, and may not be subject to the necessary governance arrangements.</p>	M	<p>There should be a half yearly review of the partnerships in place to ensure the register is complete and accurate, this should include discussions with Heads of Service and review of the projects dashboard for potential new partnerships.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agreed.		<p><i>Responsible Officer: Kim Anderson</i> <i>Implementation Date: 30 June 2015</i></p>	

DETAILED FINDINGS AND RECOMMENDATIONS

Risks:

- The partnership governance arrangements currently in place at the Council may not be fit for purpose.
- The Council’s policy with regard to partnerships may not be followed on a consistent basis.
- The Council does not set clear and quantifiable objectives for partnerships and does not monitor and report on whether the objectives have been achieved.

Ref.	Finding	Sig.	Recommendation
2.A	<p>We received and reviewed the Partnership Strategy 2010 (Version 0.3). This sets out the Council's vision and strategy for all partnership arrangements, with no specific details on governance arrangements.</p> <p>Additionally we reviewed the critical partnership framework. This required users (i.e. the Lead Officer for the Partnership) to fill in a questionnaire over the governance, risks and performance management of key partnerships, but did not detail a framework that partnerships were required to follow. As such there is no clear direction for partnerships as to the responsibilities around governance, resulting in an inconsistent, fragmented approach.</p> <p>Through discussions with the Partnership, Leisure and Funding Manager and review of four terms of reference, we established that there was limited monitoring of partnerships by the council, and this was inconsistent due to a lack of a central governance policy for partnerships.</p> <p>See Appendix II for details of partnerships reviewed.</p>	H	<p>We recommend that the Council design a central governance policy for partnerships, detailing what is expected in terms of governance for any particular partnership arrangement.</p> <p>As a minimum this should cover:</p> <ul style="list-style-type: none"> • Ensuring that partnerships are only entered into where the partnership delivers against one of the Council's objectives and priorities, and delivers value for money in terms of funding and officer time involved. • The requirements for formal documentation between partners. • Authorisation of the payment of funding for a partnership arrangement. • Performance monitoring against measurable targets. • Provision for annual review of involvement and additional monitoring of under performing partnerships. <p>This could also include policies around the different level of monitoring required for projects with higher or lower levels of funding and public profile.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agreed.		<p><i>Responsible Officer: Kim Anderson</i> <i>Implementation Date: 30 June 2015</i></p>	

DETAILED FINDINGS AND RECOMMENDATIONS

Risk: The Council has recently updated their funding strategy in relation to partnerships to move to a commissioning based approach. There is a risk that the Council does not have adequate arrangements in place to deal with the change in the funding arrangements.

Ref.	Finding	Sig.	Recommendation
3.A	We reviewed the draft Commissioning Prospectus as at 2 December 2014. This clearly set out the strategy for community commissioning. However there is currently no governance structure set out for the community commissioning.	H	<p>We recommend that the Council draws up a governance framework for the community commissioning. This should include:</p> <ul style="list-style-type: none"> • Provision for approval of contracts and providers. • The setting of KPIs in line with the Council's objectives. • The monitoring of performance against targets. • Steps taken when performance is below expectations or no longer is in line with the corporate priorities of the council as set out by the corporate plan. <p>We can provide examples of best practice.</p> <p>The council should ensure that the governance framework is appropriate and adaptable relative to the size and level of profile of each commissioned service.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed.			<p><i>Responsible Officer: Kim Anderson</i></p> <p><i>Implementation Date: 30 June 2015</i></p>

APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Ashley Culverwell	Head of Borough Health, Safety & Localism
Kim Anderson	Partnership, Leisure and Funding Manager

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

APPENDIX II - Partnerships reviewed

PARTNERSHIP	BRENTWOOD BC CONTRIBUTION	OBJECTIVES	LINK TO CORPORATE PRIORITIES	FINDINGS
Brentwood Health and Wellbeing Board	Officer time, approximately 1 day per week.	<p>This is a sub-group of the Essex County Health and Wellbeing board.</p> <p>The Brentwood Health and Wellbeing Board works to promote the health and wellbeing of Brentwood's communities.</p> <p>Current local priorities include:</p> <ul style="list-style-type: none"> • Uptake of MMR vaccinations • Obesity • Fuel poverty 	Housing, Health & Wellbeing: Provide effective representation of local people's views and needs for improved and accessible health services.	There are board meetings on a quarterly basis, but no formal monitoring of the Council's involvement outside of representation at board meetings.
Children's Partnership	Officer time, approximately 18 meetings per year	<p>The Children's Partnership draws together the analysis of need, shared resources, strategic service development and the delivery plans for shared strategic commissioning priorities. It establishes a common framework for our joint working arrangements around children and families.</p> <p>Partnership arrangements are established to align partners around a broad strategy for children and families ensuring the statutory duty to cooperate and the shared duty to safeguard. They will aim through joint working to increase quality and efficiency, achieve better results and greater impact improving customer access and engagement.</p>	Housing, Health & Wellbeing: Provide effective representation of local people's views and needs for improved and accessible health services.	There are board meetings on a quarterly basis, but no formal monitoring of the Council's involvement outside of representation at meetings.
Community Safety Partnership	Officer time	<p>The Council is required to be a partner by statute.</p> <p>The Community Safety Partnership for Brentwood Borough draws together common aims and aspirations to enhance quality of life in the Borough, ensuring it is a pleasant place in which to live, work, and relax for the benefit of current and future generations. Its members speak and act jointly on vital community safety issues for the Borough, establish or follow best practice and share information.</p>	A safe borough: Reduce anti-social behaviour by working closely with our Community Safety partners and communities	<p>The Community Safety Partnership reports to the Audit and Scrutiny Committee on an Annual basis.</p> <p>Performance is reported with crime statistics.</p>
The Brentwood Borough Renaissance Group	C. £30k per annum & Officer time	<p>The aim of the Brentwood Renaissance Group is to influence and help shape the vision for the town centre, shopping areas and other shopping parades of the Borough. The Group is to provide leadership for achievement of the Vision and for delivering a range of improvements to enhance the Borough's trading environment.</p>	A prosperous borough: Promote a mixed economic base across the Borough, maximising opportunities in the town centres for retail and a balanced night time economy	Quarterly reporting to the Business and Town Centre committee.

APPENDIX III - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX IV - TERMS OF REFERENCE

BACKGROUND

Brentwood Borough Council has a number of partnership arrangements in place, for which there are set policy and procedures. The Council has recently moved from a funding strategy based on service level agreements (SLAs) to a commissioning based approach. An updated policy has recently been drafted and approved by the Policy Board to incorporate these changes in the funding strategy.

PURPOSE OF REVIEW

The purpose of our review is to review the governance arrangements in place for the Council's partnerships to ensure that they are fit for purpose. Our review will also include an assessment of the new policy in place for the commissioning based funding strategy and the arrangements in place for payment of the funding to these partnership organisations.

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- There is a risk that the Council does not have adequate arrangements in place for identifying and defining their partnership arrangements.
- The partnership governance arrangements currently in place at the Council may not be fit for purpose.
- The Council's policy with regard to partnerships may not be followed on a consistent basis.
- The Council does not set clear and quantifiable objectives for partnerships and does not monitor and report on whether the objectives have been achieved.
- The Council has recently updated their funding strategy in relation to partnerships to move to a commissioning based approach. There is a risk that the Council does not have adequate arrangements in place to deal with the change in the funding arrangements.
- Payments to partnership organisations may not be bona-fide or in line with the policy in place for funding from the Council.

APPENDIX IV - TERMS OF REFERENCE

SCOPE OF REVIEW

The review will consider the following areas:

- The governance arrangements in place overall for current partnerships.
- The Council's arrangements in place for identifying partnerships including the definitions used by the Council in classifying an arrangement in place as a partnership.
- The arrangements in place at the Council to implement the new commissioning based funding strategy.
- The new policy that has recently been drafted and presented to the Policy Board.
- The arrangements in place at the Council for making funding payments to partnership organisations.

EXCLUSIONS

Our work will be restricted to the areas of consideration within our scope of the review.

APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

LOCATIONS

Fieldwork will be performed exclusively at Brentwood Borough Council offices.

APPENDIX IV - TERMS OF REFERENCE

DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- The action plan from the 2009/10 internal audit review completed in this area.
- The draft policy presented to the policy committee covering the new funding strategy.
- Any other policies in place at the Council in relation to partnership arrangements.
- Copies of standard terms of reference or terms of conditions with partnership organisations.

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.


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