

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Item 2 (b)
5th May 2021

Title of the Audit: Chief Executive's Department – Glasgow Communities Fund

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the Glasgow Communities Fund (GCF).

1.2 The Glasgow City Council (GCC) Strategic Plan 2017 – 2022 identified the need to review how third sector and community groups were funded to replace the Integrated Grants Fund (IGF). The GCC City Administration Committee (CAC) agreed to a range of measures related to the development of a new fund (the GCF) to reflect a partnership approach to funding. The GCF was aimed at addressing current, emerging and future challenges based on a set of objectives agreed with the Glasgow Third Sector Interface Network (GTSIN).

1.3 A review is currently being undertaken to identify and consider options to be implemented when the current funding round comes to an end in 2023. It is anticipated that findings from this review will be reported to the Wellbeing, Empowerment, Community and Citizen Engagement, City Policy Committee (WECCE) in September 2021.

1.4 GCF funding of £57.7million over three years was open to eligible third sector, voluntary and community organisations across Glasgow and was aimed at funding activities that improved the health, well-being, social and economic position of communities and individuals. Guidance in place outlined that organisations could apply for between £20k and £200k per year for up to three years, however organisations could apply for more than £200k per year if they provided a strong justification. The Grants and Initiatives Team within the Chief Executive's Department (CED) have responsibility for administering the GCF.

1.5 The GCF application process was launched on 18 September 2019. An initial closing date for applications of 25 October 2019 was in place with the decision-making process expected to be finalised by 1 April 2020. As well as challenges to the process as a result of the pandemic, policy changes were implemented after the Fund was launched up to when decisions were made in September 2020.

1.6 Due to the oversubscription of the grant programme with over 500 applications received, an approach was taken late in the process to fund as wide a variety of projects as possible. As a result of the oversubscription, the funding available (£57.7m) was not sufficient to fund the total amount requested (£135.5m).

1.7 Although guidance was in place to outline expected timelines for the GCF, policy changes had a significant impact on the decision-making timeline. This included the decision to allow applications from unincorporated organisations. The deadline was then further extended to 31 January 2020 to allow applicants that submitted incomplete applications to submit additional supporting information. As a result, the decision-making process for the applications was extended by six months to 30 September 2020.

1.8 Due to the COVID-19 pandemic, some elements of the assessment and decision-making processes for applications were not undertaken as originally planned. Processes for the review and assessment of applications were developed for decisions to be made at citywide and Sector Community Planning Partnership levels. However, we were informed that many of the discussions around the assessments and

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decision making were undertaken less formally than planned due to the change in the working arrangements. We were also advised that officer working groups and Sector Partnership funding panel meetings could also not be held as a result of the pandemic restrictions in place.

1.9 The scope of the audit was to gain assurance that the applications process was appropriate and inclusive, that transactions made were appropriate, authorised, recorded and processed in line with documented procedures. The scope included:

- The advertising process for the new fund;
- A review of the tools in place to ensure that organisations were aware of the new fund and how they could apply;
- The arrangements in place for assessing applications, including the criteria used;
- Confirming that there are written procedures and processes to be followed in determining whether an organisation meets the relevant criteria, and these are adhered to;
- A review of a sample of applications received, including corresponding documentation to ensure procedures in relation to receipt and assessment of applications have been adhered to;
- The authorisation arrangements in place when approving applications;
- Ensuring staff involved have received the relevant procedures and training; and
- A review of declarations of interest for officers.

1.10 The payment and monitoring arrangements in place for the Glasgow Communities Fund did not form part of the scope of this audit but will be reviewed as part of a future audit.

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and three recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that key controls were in place and generally operating effectively. Procedures were in place to provide assessors with guidance on how the assessment of applications should be undertaken and we found that officers involved in the process had also received appropriate training. A standardised template was in use to record the outcome of the initial assessment made by assessing officers.

3.2 We found evidence to demonstrate that organisations were made aware of the new fund in sufficient time for the launch of the new programme, with a formal plan in place for the communications to be undertaken.

3.3 The application and associated guidance notes set out the criteria to determine eligibility for organisations to apply for the fund. There were also clear arrangements in place to provide potential applicants with details of eligibility requirements and what evidence would be expected to be provided in support of applications being made to allow them to be assessed.

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.4 From a review of 30 applications submitted, we confirmed that an assessment had been completed for all cases within the sample. A scoring mechanism was in place for the assessment of applications which assessed applications based on the following criteria:

- Organisation/governance
- Project Development,
- Project Delivery,
- Project outcomes and impact
- Organisation and Project Finance
- Sustainability

We were informed that the assessment criteria were established as part of an officer working group. The criteria had been applied in all instances within the sample.

3.5 For the sample of 15 successful applications that were reviewed, we found evidence to demonstrate that a signed conditions of grant form had been completed and submitted in all cases reviewed. For the sample reviewed, the applicants had also been notified of the outcome of the assessment within the agreed timescales in place.

3.6 We confirmed that all grants were formally approved by the City Administration Committee (CAC) or Sector Community Planning Partnerships (CPP). Sample testing further confirmed that the amount awarded by CAC or CPP agreed with the amounts awarded in award letters issued to projects in all instances reviewed.

3.7 However, our audit testing found that there are some areas where improvements could be made. The assessment form which is completed by officers for applications includes an

area to outline the reason for the initial recommendation being made. However, through sample testing we identified one case where this had not been completed. We were informed that as part of the initial assessment process which began in November 2019, assessing officers were advised to outline strengths, weaknesses or particular areas of concern and this would later be discussed as part of the officer working group and Sector CPP funding panel process. However, we were informed that, due to the pandemic, officer working groups and Sector CPP funding panels were unable to go ahead and officers were then asked to provide recommendations.

3.8 We noted that there was a late decision to allow organisations who had not submitted correctly completed applications with all required evidence within the timescale, an extension. This resulted in the timetable being extended and the fund being further oversubscribed. We were informed that, at a later stage in the process, officers were required to re-rank applications and apply reductions in awards to fund as many recommended applications as possible. Due to the changes, our sample testing identified two cases where the assessment form noted that the organisation could be considered for funding based on their application however we note that they were ultimately not funded. As the changes were made late in the process, we found there was an insufficient audit trail to record the arrangements that were followed.

3.9 The procedures in place outline what evidence should be accepted for verification purposes however, from a review of 30 applications, we identified some inconsistencies in relation to the evidence accepted and what had been documented in the procedure notes.

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3.10 Arrangements were in place to ensure that assessing officers were not scoring applications for the area in which they would normally work and, through the procedures in place, officers were informed that they must declare any conflicts of interest at the time. However, assessing officers are not asked to complete declaration of interest forms as a matter of course.

3.11 An action plan is provided at section four outlining our observations, risks and recommendations. We have made three recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	2
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.13 We would like to thank officers involved in this audit for their cooperation and assistance.

3.14 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

3.12 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards

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4. Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There are written procedures and processes to be followed in determining whether an organisation meets the relevant criteria, and these are adhered to.				
1	<p>Through our sample testing we identified one case where the assessment form did not include a recommendation on whether the application should or should not be considered for funding. We were informed that assessing officers were advised to outline strengths, weaknesses or particular areas of concern and this would later be discussed as part of the officer working group and Sector CPP funding panel process. However, due to the pandemic, officer working groups and Sector CPP funding panels were unable to go ahead. We were advised that officers were then asked to provide recommendations.</p> <p>We noted that there was a late decision to allow organisations who had not submitted correctly completed applications with all required evidence within the timescale, an extension to allow them to apply. This resulted in the timetable being extended and the fund being further oversubscribed. We were informed that, at a later stage in the process, officers were required to re-rank applications and apply reductions in awards to fund as many successful</p>	<p>For future grant programmes, management should ensure that the audit trail is enhanced to demonstrate the full decision making process for both the final decision outcome and the amount to be awarded.</p> <p>Management should also review the arrangements in place for the shortlisting of recommended applicants.</p>	High	<p>Response:</p> <p>Accepted</p> <p>Officer Responsible for Implementation:</p> <p>Grants & Initiatives Manager</p> <p>Timescale for Implementation:</p> <p>August 2022 for future programmes</p>

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	<p>applications as possible. Due to the changes, our sample testing identified two cases where the assessment form noted that the organisation could be considered for funding based on their application however we note that they were ultimately not funded. As the changes were made late in the process, we found there was an insufficient audit trail to record the arrangements that were followed.</p> <p>This increases the risk that decision making arrangements are not clear and that assessments cannot be justified or stand up to appropriate scrutiny.</p>			
<p>Key Control: Arrangements are in place to ensure that only eligible applicants are considered.</p>				
<p>2</p>	<p>The procedures in place outline what evidence should be accepted for verification purposes, however from our review of the 30 applications, we identified some inconsistencies in relation to the evidence accepted and what had been documented in the procedure notes.</p> <p>This increases the risk that applications are not subject to appropriate scrutiny prior to assessment and payments are made to ineligible organisations.</p>	<p>For future grant programmes, management should review the documented procedures to agree what supporting evidence should be accepted in support of grant applications. Once updated, assessing officers should ensure that supporting evidence accepted for verification purposes is in line with the agreed documented procedures in place.</p>	<p>Medium</p>	<p>Response: Accepted. This will be carried out as part of the standard approach to developing and implementing a grant funding programme – supporting evidence requested will be relevant to that fund and in line with the agreed process for that fund.</p> <p>Officer Responsible for Implementation: Grants and Initiatives Manager</p> <p>Timescale for Implementation: August 2022 for future programmes</p>

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Key Control: There is adequate segregation of duties built into the application process to minimise the risk of error or unauthorised transactions.

<p>3</p>	<p>We found that arrangements were in place to ensure that assessing officers were not assessing applications for the area in which they would normally work and, through the procedures in place, officers were informed that they must declare any conflicts of interest at the time. However, assessing officers are not asked to complete declaration of interest forms as a matter of course.</p> <p>Without completed declaration of interest forms, there is an increased risk that officers are not fully aware or will not follow the appropriate processes in relation to conflict of interests.</p>	<p>Management should ensure that appropriate conflicts of interest arrangements are in place for officers involved in the assessment and administration of grant programmes.</p>	<p>Medium</p>	<p>Response:</p> <p>Accepted</p> <p>Officer Responsible for Implementation:</p> <p>Monitoring Officer</p> <p>Timescale for Implementation:</p> <p>December 2021</p>
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