

# Partnership Arrangements

## City of York Council

### Internal Audit Report 2013/14

Business Unit: Office of the Chief Executive  
Responsible Officer: Assistant Director – Transformation and Change  
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	P1	P2	P3
<b>Findings</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Overall Audit Opinion</b>	<b>Reasonable Assurance</b>		

# Summary and Overall Conclusions

## Introduction

Partnerships are increasingly seen as a key way of working, enabling better outcomes to be delivered for residents through collaboration with different organisations and sectors.

The term partnership covers many different ways of working from steering groups through to organisations with separate legal identities. The broad use of the word partnership makes it harder to identify where significant risks lie and who is responsible for managing those risks.

Partnership working presents a great risk management challenge to both the council and its partners. For the council this challenge is at the corporate and individual partnership level, particularly around governance arrangements, funding and financial management, data protection, the achievement of council priorities and the risk to the reputation of the council from partnership activities.

## Objectives and Scope of the Audit

The purpose of the audit was to provide assurance to management that there are adequate corporate arrangements in place to manage key partnership risks and that for individual partnership arrangements:

- Expected outcomes are being achieved,
- Effective governance arrangements are in place,
- Data protection arrangements are in place,
- There is appropriate monitoring of financial management.

The audit also included a review of funding agreements and monitoring arrangements in relation to ward grants.

## Key Findings

The council's 2012/13 Annual Governance Statement included the following statement in relation to partnerships: 'While the Council has strong strategic partnership arrangements, further work is needed to embed corporate controls over operational partnerships to ensure risks are well managed and partnership arrangements represent good value for money.'

A Partnership Governance progress report was taken to Audit and Governance Committee on 12 February 2014. Whilst the partnership report recognised the need to strengthen risk management in relation to partnerships it was identified during this audit that there are no action plans in place that will address this. In addition, a number of other potential areas of weakness were identified that were not covered by the progress report.

The reviews of individual partnerships showed that satisfactory arrangements are in place regarding the governance of most of these partnerships but a number of weaknesses were identified. As the council continues to develop new ways of working it may face new or increased risks and gaining assurance on how these risks are being managed may become a greater challenge. This report includes findings related to the council's overall arrangements for managing partnerships but a summary of findings related to the individual partnerships reviewed can also be found in Annex 2. These individual partnership issues will also be raised directly with the officers responsible.

## **Overall Conclusions**

It was found that, while the individual partnerships reviewed generally had good management of risks with a few weaknesses identified, there is currently a lack of corporate arrangements in place in relation to partnerships and this may leave the council exposed to risk. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

## Area Reviewed: Risk Management

1	Issue/ Control Weakness	Risk
	Management of risks within partnerships is not embedded as part of the council's overall risk management process.	Risks are not identified, managed and reported appropriately.

### Findings

The Partnership Governance progress report draws many of its conclusions from the recently undertaken Zurich whole risk diagnostic. This review highlighted issues including the need to put mechanisms in place to identify high risk partnerships and place more focus on the management of risk once a contract is in place for higher risk partnerships. Amongst the actions from the report was the reinstatement of the partnership risk register for significant partnerships and risk identification sessions identifying new or emerging partnership risks. The audit found that there are no plans in place for how the partnership risk register will be reinstated or who will be responsible for this. While there is an action plan in place to address risk management weaknesses across the council, no agreement has been reached between officers to incorporate specific actions related to partnership risks into this action plan.

The audit found that most of the individual partnerships looked at had either a risk register or documented risks relating to it.

There is a document available on the intranet which lists some factors which may contribute to significance although this does not include other important measures such as whether the partnership is statutory. This document does not provide a framework which would allow managers to assess partnership significance or ensure a consistent corporate definition of 'significant partnership'.

In order to reinstate the partnership risk register for significant partnerships a number of steps would have to be taken which are not currently being addressed including; establishing a framework to identify significant partnerships, using this framework to identify all significant partnerships across the council and establish risk registers for all significant partnerships.

1.1	Agreed Action	Priority	Responsible Officer	Timescale
	We recognised that there is not a single definitive list of all the partnerships that the council is participating in. By 31st December 2014, a full list will be available on a new partnership's portal on the CYC website. It will hold details of the partnership, frequency of meeting and the contact details of a council officer who either supports or attends the partnership.	3	AD – Transformation and Change	28/02/2015
	The new guidance will introduce a risk assessment tool to determine the level of governance that is required.			

## Area Reviewed: Partnership Policy

2	Issue/ Control Weakness	Risk
	Guidance has not been reviewed following changes in corporate partnership arrangements.	Appropriate governance arrangements are not in place leading to partnerships failing to achieve their aims.

### Findings

The council intranet contains detailed partnership guidelines but these have not been updated since 2007. As a result the document contains out of date information, particularly officer contact details. A review of this document would provide the opportunity to assess who now holds information relevant to partnerships and what support is available to officers responsible for managing partnerships.

### 2.1 Agreed Action

A draft of the new guidance has been produced and is currently being reviewed by partners. We expect to issue new guidance on February 1st 2015.

<b>Priority</b>	3
<b>Responsible Officer</b>	AD – Transformation and Change
<b>Timescale</b>	28/02/2015

## Area Reviewed: Partnership Mandates

3	Issue/ Control Weakness	Risk
	Approval processes are not established for partnerships.	A partnership does not meet the democratic requirements of the council due to a lack of transparency in decision making.

### Findings

There is no clear approval process documented for entering into new partnership arrangements. While guidance has been recently agreed for financial limits for grant approvals, given that the importance of a partnership may depend on more than just financial criteria, there is a need for greater clarity regarding partnership approval. This relates to the assessment of significance discussed in finding 1 which, when agreed, should be a clear indicator of at what level additional authorisation should be sought.

### 3.1 Agreed Action

The guidance will introduce a risk assessment tool to determine the level of governance and sign off that is required for future partnerships. It will clarify the terms of reference and sign off arrangements within the council.

<b>Priority</b>	3
<b>Responsible Officer</b>	AD – Transformation and Change
<b>Timescale</b>	28/02/2015

## Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

## Summary of Individual Partnership Findings

Partnership	Overview	Finding
Safer York Partnership (SYP)	SYP is York's Crime and Disorder Reduction Partnership which is a statutory partnership under the Crime and Disorder Act 1998. SYP had a budget of £169k in 13/14 wholly funded by CYC.	No significant issues identified.
Shine	Shine awards grants totalling £82k to large number of organisations to provide activities for children over the holidays. A significant proportion of this funding is allocated to provide places to children from low income families.	Insufficient information is shared by providers to provide assurance that funded places are being allocated to suitable children. There is no information sharing protocol in place which would allow such information to be shared.
City of York Safeguarding Children's Board (CYSCB)	CYSCB is a statutory inter-agency forum for overseeing safeguarding arrangements in York. In 13/14 CYC contributed £78k with a further £50k coming from the dedicated schools grant. A review of partnership arrangements by the CYSCB manager is currently underway.	No significant issues identified.
Yorkshire Energy Partnership	YEP is a company owned by CYC, the 7 district councils in North Yorkshire, NYCC, Leeds Met University and JRHT. In addition to a £10k SLA, CYC has spent £286k with them in 2013/14 through jointly submitted bids for government funding.	There is a general lack of formality in arrangements with no clear responsible officer in place to oversee arrangements on behalf of the council. The SLA also lacks formality and it is not clear what services are being provided for the contribution or how this is monitored.
Science City York (SCY)	SCY is a company jointly owned and funded by the University of York and CYC with additional funding coming from York St John University. In addition to a	Arrangements for SCY were reviewed as part of wider changes to service delivery across the council. SCY will become fully owned by the

	£100k SLA with CYC, SCY has also successfully bid for DIF and EIF funding and holds a loan from CYC.	council at the end of July 2014.
Youth Offending Team (YOT)	The YOT is a statutory multi agency team coordinated by CYC. For 13/14 CYC contributed £323k to the budget.	No significant issues identified.
Healthwatch	CYC was required to establish a local Healthwatch as a branch of the national Healthwatch and currently have a 2 year contract worth £280k with York CVS to provide this service.	No significant issues identified.
Ward Grants	The budget for ward grants in 13/14 was £95k. These are allocated to organisations that help meet ward priorities.	No significant issues identified.