

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

CORPORATE GRANT PROCEDURES AND ADMINISTRATION SYSTEM

1. Background

- 1.1 The Council processes grants worth approximately £50 million each year to external organisations. Grants are made for a wide variety of purposes and values to recipients that include arms length companies such as the SECC and Glasgow Cultural Enterprises, national and local charities, community organisations and individuals. Over the years Services inherited and developed separate procedures and systems to meet the requirements of their various grant schemes.
- 1.2 In the past two years the Council's grant administration systems and its arrangements for complying with the requirements of the Code of Guidance on Following the Public Pound have been reviewed by both Internal and External Audit. Subsequent reports have recommended developments and improvements, principally the development of corporate grant procedures and a single corporate I.T. system to record the application and award of grant and the monitoring of outcomes achieved. The recommendations were accepted by officers and members of the Council and a Grant Officers' Forum was established to co-ordinate the development work. Latterly, this forum was chaired by the Director of Financial Services.
- 1.3 In addition to the audit reports there has been pressure from members for Services to provide a more streamlined and efficient procedure, particularly for smaller organisations that cannot afford the administrative overheads associated with providing different grant funders with different applications, supporting documentation and analyses of outcomes.

2. Grant Administration Policy and Procedures Manual

- 2.1 The Grant Officers' Forum established working groups to develop proposals in three key areas:
 - Application Forms and Award Assessment.
 - Terms and Conditions of Grant Award and Release of Payments.
 - Output and Financial Monitoring.
- 2.2 The working groups were composed of staff from all Council Services currently awarding grants together with staff from Legal Services, Accounting and Budgeting and Internal Audit.
- 2.3 Output from the three working groups was consolidated and thereafter reviewed by all participating Services. The opportunity was also taken to ensure that the proposed procedures were consistent with the provisions of the Charities and Trustee Investment (Scotland) 2006 legislation. The review process has been completed and the final version of the manual has been endorsed by the Grant Officers' Forum and the Council Management Team.

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- 2.4 The main features of the grant Administration Policy and Procedures Manual are:
- The adoption of the principle that the extent of information required from applicants, the degree of scrutiny of applications, the arrangements for the monitoring of grant funding and the associated reporting of outputs will reflect the value of funding,
 - The adoption of a formal risk assessment as an integral part of the application review process,
 - The adoption of standard documentation and procedures throughout the Council,
 - Revised requirements for the submission of annual accounts from external organisations as a part of the application and review process,
 - Revised standard conditions of grant which can be supplemented as required by Services for specific types of grant, and
 - A consistent approach to monitoring to ensure that grants are used for the purpose intended.
- 2.5 Organisations with charitable status will be required to submit annual accounts which mirror the accounting and examination provisions contained in the Charities and Trustee Investment (Scotland) 2005 legislation. In effect this means that charities with a turnover of less than £100,000 per annum are required to submit accounts that have been approved by an Independent Examiner who is reasonably believed by the Board to have the requisite ability and practical experience to carry out a competent examination of the Accounts. Between £100,000 and £500,000 the accounts must be reviewed by a qualified independent examiner. Above £500,000 the accounts require to be professionally audited.
- 2.6 The requirements for organisations without charitable status have also been revised to allow more organisations to make use of the concept of an independent examiner but audited accounts will still be required of those organisations without charitable status in receipt of grant of more than £50,000 from the Council in any one year. It is the officers' intention to keep these limits aligned with any revisions made by the Scottish Executive.
- 2.7 The arrangements outlined in 2.5 and 2.6 above can be set aside where a risk analysis identifies organisations with a higher than average risk rating.

3. Corporate Grants Management System

- 3.1 The Grants Officers' Forum has established a Project Board to acquire a system by the end of March 2007. The Board members are drawn from Cultural and Leisure Services, Development and Regeneration Services, Education Services and Social Work Services, Accounting and Budgeting and Corporate ICT. Internal Audit and Legal Services are also represented on the Board.

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3.2 The main benefits of the new system will be:

- A consistent approach to grants management across all Services,
- Improved management information,
- A single point of entry for all grant enquiries,
- Easier access to information and application material for grant applicants,
- The use of technology to improve service delivery in line with the Modernising Government agenda,
- Enhanced partnership working with other funding providers, and

3.3 A project brief has been finalised and a detailed tender specification is being drawn up.

4. Declaration of Interest for Officers

4.1 The External Audit report on compliance with the Code of Guidance on Following the Public Pound recommended that the Council should compile a central register of declarations of interest for officers who sit on the boards of external bodies, or who are involved with them, to ensure any conflicts of interest are disclosed.

4.2 A declaration form has been drafted by Legal Services and endorsed by the Grant Officers' Forum and the Council Management Team. The central register will be maintained by the Corporate Human Resources Section of the Chief Executive Department which currently holds the declarations of interest for all Chief Officers.

5. Central Register of Membership

5.1 The External Audit report on compliance with the Code of Guidance on Following the Public Pound recommended that the Council should compile a central register or database which contains details of all elected members and officers who sit on the boards/committees of external bodies receiving Council funding and which identifies those officers seconded to such bodies.

5.2 The Committee Services Section of the Chief Executive Department already maintains a database of all members and officers appointed to external organisations by the Council but the present arrangements will be adapted to meet the wider scope of the External Audit recommendation, for example relating to secondments.

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5.3 All appointments of officers to the boards/committees of external organisations require committee approval and the opportunity presented by the roll out of the Grant Administration Policy and Procedures Manual will be taken to reinforce the need for committee approval and the inclusion of the appointments on the database.

6. Recommendations

Committee is asked to:-

- a) Note the progress made in the review of the Council's grant arrangements, and
- b) Instruct the Head of Audit & Inspection to submit a further report on progress at an appropriate time.