

FINANCIAL CONTROL OF CONSULTATIVE GROUPS
SUMMARY OF FINDINGS AND RECOMMENDATIONS

This system has been categorised as medium risk

High risk – has a significant impact on the ability of the MPS to conduct its business activity:

Medium risk - has an impact on the ability of the MPS to conduct its business activity:

Low risk - has little impact on the ability of the MPS to conduct its business activity.

The implementation of the agreed recommendations will be followed up within 12 months.

The recommendations in this Appendix have been categorised according to the level of importance we attach to them. The categories are:

- High** Recommendations which arise from major weaknesses in controls which expose the business to high risk of loss or exposure in terms of fraud, impropriety, poor value for money, or failure to achieve MPS objectives. Remedial action must be taken urgently.
- Medium** Recommendations which, although not fundamental, relate to shortcomings in control which expose the individual systems to a high risk of exposure or loss. Remedial action must be taken but may not be so urgent.
- Low** Recommendations which, although not critical to a system, address areas where management would benefit from improved control.

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AUDIT FINDING	REPORT PARA REF	RISK	RECOMMENDATION	CATEGORY	MANAGEMENT RESPONSE
Group Structure and Procedures					
The relationship between the groups and the MPA has not been clearly defined.	6.1	Groups may be unaware of the requirements of the MPA.	The responsibilities of the groups and the MPA are clearly defined. Appropriate legal advice should be sought if the MPA are to consider the introduction of SLAs.	Medium	<p>Agree with and welcome the recommendation.</p> <ul style="list-style-type: none"> • would enable the authority to be clearer about the relationship. • to seek views of MPA members and confirmation by the authority • Best Value Review had proposed a relationship which has not been fully accepted by Authority • Draft SLA already developed based on legal advice • SLA will be sent to Groups for consultation Sept 2002 with a view to implement by April 2003
This not a standard constitution for use by consultative groups.	6.2	The role and purpose of the groups may not match the consultative obligations placed upon the MPA.	The standard constitution is finalised and that, as a condition of receiving MPA funding, all groups are required to adopt the new constitution.	Low	<p>Welcome recommendation.</p> <p>This area has been under discussion within the unit for some time and a draft model constitution has been developed by legal advisers.</p> <p>There are likely to be political sensitivities with the proposal that funding should be linked to the adoption of the standard constitution.</p> <p>Officers will need to seek members' views on this and agree a strategy for consulting/informing groups of decision reached.</p> <p>Require members' decision on relationship with funding</p> <p>Template has been completed. Meeting with solicitors on 25 June 2002.</p> <p>As this is a low priority will aim to implement by September 2003.</p>

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Group officers are not aware of their responsibility, accountability and personal liability from running the group.	6.3.1	Group members may be unaware of their personal obligations should inappropriate decisions be made by the group.	The MPA ensure each group member and officer is aware of their responsibilities and obligations in respect of the group	Medium	The MPA accepts this recommendation, but its implementation is linked to recommendation 6.1. Once members of the Authority have defined and agreed the nature and type(s) of relationship and responsibilities it wishes to have with groups is clear, officers will be able to define more clearly the roles and responsibilities of group members and officers.
	6.3.2		The MPA clarifies the legal status of consultative groups.		This action is already in place and officers of the Unit have been in discussion with solicitors on this for some time. A statement will be issued by October 2002.
Group members are not required to declare conflicts of interest.	6.4	Group members may benefit from the activities of the group.	Group officers are required to inform the Group Executive and the MPA of all potential and actual conflicts of interest.	Medium	Immediate action - guidance will be included within the constitution.
Financial guidance issued to groups is out of date.	6.5	Groups may be unaware of the requirements and procedures of the MPA.	The financial guidance should be updated and re-issued to all groups.	Low	The MPA accepts this recommendation. The temporary nature of the Unit staff dealing with this has not helped. A permanent finance support officer will be appointed within the next month. Incremental changes relating to the funding of the groups are already underway. The Unit will work towards completing revised financial guidance by October 2002.

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Budget Setting and Approval					
<p>Funding provided to groups has no relationship to the work performed.</p> <p>Groups do not receive and explanation where the MPA do not provide the full funding as stated in the budget request.</p> <p>Groups have not been required to complete the works as set out in the work plan.</p>	7.1 - 7.4	<p>The level of funding provided to groups may be inappropriate.</p> <p>The consultative work undertaken by groups may not be in accordance with that originally proposed.</p>	<p>Funding amounts provided by the MPA should be relative to the proposed consultative activity of each group.</p> <p>Any deviations from the work plan (and any impact on other planned work) must be agreed with the MPA prior to the work being commenced.</p> <p>Funding must only be sought for consultation between the police and community unless specifically authorised by the MPA.</p> <p>The MPA should consider the previous output of each group when deciding funding allocations.</p> <p>Where the MPA decide not to provide all of the funding requested in the budget the relevant group should be clearly informed of the reasoning and where savings must be made.</p>	Medium	<p>These recommendations are welcomed and groups have already been asked to submit a work programme as part of the process for their bid assessment for 2002/03. Those groups that have not submitted a work programme have had 10% of their overall budget retained until this is submitted and agreed. The process is being refined.</p> <p>The linking of funding to the consultation activity of the groups is not an area that has been closely scrutinised by the CDO Unit previously and this will be implemented with immediate effect. Groups will be required to ensure that their work plan contributes to the consultation strategy of the MPA.</p> <p>The CDO Unit will provide full feedback on budget allocation decisions as part of the process.</p>
Expenditure					
Some groups use MPA funding to undertake non-consultative work.1	8.1	The MPA may not be fulfilling its obligations with regard to consultation.	<p>Monies provided to groups for consultative work must be used for this purpose alone.</p> <p>The MPA are informed of funding obtained from other sources and provided with details of how the income will be spent.</p>	Medium	<p>Taken forward in relationship with earlier recommendations.</p> <p>The monitoring forms for use by independent groups now include a section for the recording of funding received from other sources.</p>

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Capita are unable to recover SSP and SMP incurred by groups.	8.2	Groups may not be able to complete their work plan due to shortage of funds.	The MPA investigates how SMP and SMP incurred by groups using Capita payroll services can be recovered. If it is not possible to recover these funds then consideration should be given to providing additional funding where necessary.	Low	Accept this recommendation. However, there are outstanding issues relating to the employment of CPCG staff on the Capita payroll that need to be clarified at the same time. The Authority agreed on 25 March to undertake a review of this, in this financial year, and will be working to achieve this.
Groups do not always receive accurate or timely expenditure information regarding payroll and photocopier costs.	8.3	Accurate budget monitoring may not be possible.	The MPA review the detail and frequency of information provided to groups on the payroll and photocopier costs recharged against their budget.	Low	As from April 2003 Konica will be requested to provide the MPA with a quarterly costing for photocopying or alternatively, Groups will provide the meter readings to Konica to determine costs. Capita will be requested to provide a monthly statement of Groups SMP and SSP.
Groups do not have access to all MPS/MPA purchasing contracts.	8.4	Group costs could be reduced through use of central contracts.	The MPA should investigate whether MPS/MPA contracts can be extended to include the independent groups and whether this would provide any benefit to groups and the MPA.	Low	Officers will look into this in consultation with groups to see how they could be further benefited.
There is not a standard mileage rate for travel expenses paid to group members and staff.	8.5	Inappropriate rates could be paid.	Uniform rates are used to reimburse mileage claims.	Low	In place - Every group/panel is sent a copy of financial guidelines, which includes a list of mileage rates.

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Funding					
Funding levels are not consistent across the groups.	9.1	Groups may be unable to undertake comparable work plans.	Funding arrangements are reviewed to ensure that staffing arrangements are comparable across the groups.	Medium	<p>Accept the recommendation.</p> <p>However, having inherited widely disparate funding allocation to similar types of group, the Authority will have great difficulty politically and otherwise making significant adjustment to funding levels. Any review will require 'member buy-in' and this recommendation will be presented to the Authority's Consultation Committee for full consideration.</p> <p>A timeframe with expected outcomes will be developed to see that such a review is co-ordinated with actions arising from other recommendations by April 2003.</p>
There is not a standard funding payment method in place.	9.2	Groups may incur cash flow difficulties.	The method of paying funds to groups must be standardised across each group type.	Medium	<p>Adjustments have already been made for independent groups to receive 10% of their total funding at the beginning of the financial year. This will assist in alleviating the cashflow problems identified.</p> <p>There is a great deal that is required in this area and the appointment of a permanent staff member will help greatly.</p>
Groups have not been required to report performance against their work plan.	9.3	Groups may be not completing the work as specified at the time of the budget request.	Independent groups should continue to make quarterly financial returns to the MPA (where appropriate) with all groups also required to inform the MPA of progress against their work plans.	Medium	This recommendation will be implemented with immediate effect for all groups.

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Some groups carry forward unspent funding to future years.	9.4	Funds are not being used in accordance with the budget request.	The MPA should adjust future payments where a group holds funds at year -end that are not already committed to consultative projects.	Medium	Groups will be notified as from financial year 2003/04 that future payments will be adjusted to reflect funds held at year-end that are not already committed to consultative projects.
Annual Report and Accounts					
There is not a standard format for annual accounts.	11.1	Accounts may be of insufficient detail or may not be suitable for comparison to those prepared by other groups.	The year-end accounts should be prepared by all groups to a format specified by the MPA.	Medium	Recommendation accepted. The CDO Unit will liaise with Finance Department to establish suitable annual accounts formats for each group type.
There is not a specified format for annual reports. Groups do not all provide sufficient detail on the consultative work undertaken.	11.2	Reports may not provide adequate information on the group's activities.	Year-end reports produced by groups should cover the consultative work for which they are funded.	Medium	Recommend to Groups that AGM are held between September and November each year with Annual Report being sent in with the bidding application form in January 2003 on the basis of guidance on format and content.