

**Bolsover, Chesterfield and North East Derbyshire District
Councils'**

Internal Audit Consortium

Internal Audit Report

Authority:	Chesterfield Borough Council
Subject:	Staveley Town Deal
Date of Issue:	20th February 2023
Assurance Level	Reasonable
Report Distribution:	Town Deal Manager Economic Development Manager Service Director – Economic Growth Service Director Finance



**CHESTERFIELD
BOROUGH COUNCIL**



**North East
Derbyshire
District Council**

INTERNAL AUDIT REPORT Staveley Town Deal

Introduction

In accordance with the 2022/23 annual audit plan a review of the processes and controls in respect of Staveley Town Deal has been undertaken.

The Department of Levelling Up, Housing and Communities (DLUHC) has allocated £25.2 million in respect of a Town Deal for Staveley in support of the objective to “create a place where people and businesses want to start, stay and grow”. There are 11 projects that are currently being progressed. Chesterfield Borough Council (CBC) have been appointed as the accountable body.

Scope and Objectives

The scope and objectives of the audit were to ensure that: -

- Previous recommendations have been implemented
- There are appropriate governance arrangements in place
- Risk management arrangements are adequate
- Business cases have been appropriately developed and approved
- Appropriate contracts are being / have been developed and signed
- Project timelines have been established that meet funding requirements and are monitored
- Projects are monitored – progress & spend
- All reporting requirements to Board etc are met
- Procurement protocols have been established and are understood by all
- Income due is received
- Expenditure is legitimate, monitored and appropriately approved
- Government returns are completed as required

As the audit progressed it emerged that Staveley Town Council (STC) were in financial difficulty. Internal audit has undertaken a separate piece of work to ensure that the £10,000 capacity funding and £128,275 relating to the 5% advance funding to STC has been used to pay for eligible expenditure in connection with the delivery of the Staveley Hall Conference Centre project as specified in the funding requests and project progress reports submitted to Chesterfield Borough Council. The results of this audit are **not** included within this report and are the subject of a separate report.

Risks

The following risks to meeting the objectives have been considered.

- Failure of partners to produce business plans in line with green book requirements and meet their pre-contract conditions before entering into a full Funding Agreement.
- Breakdown of communication with partners / the community
- Failure to deliver the Town Deal within the timescales required for receipt of funding
- Failure to deliver the projects within budget
- Failure to comply with procurement rules
- Risk of misappropriation of funds
- Capacity of organisations to deliver in time and quality
- Capacity of CBC as the accountable body

Conclusion

The conclusion of the audit was that the reliability of the controls relating to the above areas was assessed as **Reasonable Assurance** (The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed). For a full list of Assurance definitions linked to risk see Appendix 1. For definitions of High, Medium, Low and Advisory recommendations see Appendix 2.

The help and assistance of the Town Deal Manager was much appreciated during the review.

Although the Town Deal Manager, the Internal Programme Board and the Town Deal Board are actively working to drive forward projects there has still been a lot of slippages (for various reasons) in terms of the time taken to get Business cases approved, for projects to complete their pre-contract conditions, enter into the Funding Agreement and to commence work on the projects themselves. Most of the projects are still on target to be completed by the end of 2024, the final deadline is the end of March 2026 so there is still some leeway, however it is imperative to keep projects moving forward at pace.

Findings and Recommendations

1) Previous recommendations

- 1.1 One recommendation was made at the last audit to colour code Gantt charts to make it easier to see where slippage has occurred. The Gantt charts are no longer used as the projects have timelines defined within their business cases which in future will be monitored on a quarterly basis. Therefore, this is considered to have been implemented.

2) Governance Arrangements

- 2.1 The governance arrangements in respect of the Town Deal have been comprehensively set out in an assurance framework document. The framework was reviewed by the Finance and Performance Board and approved by Cabinet in May 2021. The assurance framework was due for updating and review in May 2022, but this didn't happen however a review by the Internal Programme Board has been scheduled for a meeting on the 17th of February 2023. The review is important as the projects are now moving from planning to delivery phase so it needs to be ensured that all aspects are current / covered and that current practices reflect what is in the document.
- 2.2 The Staveley Town Deal Board Terms of Reference were revised and approved by Board in November 2022.
- 2.3 The audit confirmed that minutes are retained and published for all the Staveley Town Deal Board meetings and notes are taken for all meetings of the Town Deal Internal Programme Board (IPB). Meetings are on a timely and frequent basis. Attendance at the Town Board meetings is satisfactory with normally 11 – 13 attendees (quorum is 8).
- 2.4 CBC's website has a dedicated page to the Staveley Town Deal which provides information about the projects and the details of the Board members.
- 2.5 Voting protocols have been established for the Town Deal Board meetings and members are expected to declare any conflicts of interest and withdraw from meetings where relevant.
- 2.6 All 16 members of the Town Deal Board have completed a Code of Conduct form that has been published on the website. Members declarations of interest are also on the website.
- 2.7 The Terms of Reference for the Board were revised and approved at the 15 November 2022 meeting and each Board member has confirmed and signed their re-appointment for a further three years (with effect January 2023).

Recommendation

R1	Reviews of the Assurance Framework should be annual as prescribed within the Assurance Framework to ensure that it continues to reflect the latest government guidance and current practices (Priority: Low) .
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3) Risk management

- 3.1 At the last audit there was a separately held strategic risk register. The strategic risk register now forms part of the 6 monthly monitoring reports submitted to DLUHC. Three key risks are currently identified: -

- 1) Resources and capacity of Local Authority and agencies when assisting projects with property/procurement/highways/land assembly requirements
 - 2) As procurement proceeds the collective project funding ask exceeds the programme and match funding available
 - 3) Failure to comply with government guidance
- 3.2 The last monitoring report was submitted to DLUHC in December 2022 and all Board members received a copy of this however there is no specific Board minute confirming that the strategic risks have been reviewed and updated.
- 3.3 The assurance framework currently prescribes that the review of the strategic risk register should be on a quarterly basis so the assurance framework requires updating to reflect the new reporting arrangements (see R1).
- 3.4 Each project also has their own risk registers which are included in their business cases and are to be updated on a regular basis. Project risk will form part of the regular reporting that each project sponsor will need to submit to the Town Deal Programme Team.
- 3.5 Three of the projects were selected to examine throughout the audit in more detail: -
- 1) Staveley Waterside canal basin – the risk register is included in the project summary document that went to the Town Deal Board in February 2022, over 30 risks have been identified demonstrating a comprehensive approach.
 - 2) Barrow Hill Memorial Hall project – the project summary document went to the Town Deal Board in March 2022. 14 risks have been identified, which appears comprehensive for a project of this type.
 - 3) DRIVe - the project summary document went to Board March 2022 and included a comprehensive risk register.
- 3.6 Project and Programme risks were reported to DLUHC in the December 2022 monitoring report. This was also reported to IPB and Board and signed off by the Chair and S151 Officer.
- 3.7 The quarterly monitoring template includes a risk register tab. These have not been populated yet but will be as projects progress to full contract and reach delivery stage.

Recommendation

R2	It should be ensured that the review of the strategic risk register by the IPB and Town Board is formally minuted (Priority: Low).
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4) Business Cases

4.1 The audit established that there is a process in place whereby business cases for each project are developed, reviewed by Thomas Lister (specialist consultants) then the Town Deal Internal Programme Board and if acceptable sent to the Town Deal Board for approval subject to any conditions. To meet green book requirements each business case has to include: -

- A Strategic case
- An Economic case
- A Financial case
- A Commercial case
- A Management case

4.2 In respect of the projects examined, (Staveley Waterside Canal Basin, Barrow Hill Memorial Hall and DRIIVe) it was confirmed that Thomas Lister (specialist consultant) had assessed the business cases in line with green book requirements and produced a due diligence assessment. It was also confirmed that the IPB recommended the business cases for approval and that the Town Deal Board approved the business cases / projects. All testing was satisfactory.

5) Appropriate contracts have been developed and signed

5.1 Appropriate contracts for those projects requesting the 5% advance available have been developed by CBC legal section. The same 3 projects as above were selected for review: -

- 1) Staveley Waterside canal basin didn't apply for a 5% advance
- 2) Barrow Hill Memorial Hall project – the 5% advance contract has been developed by Legal and signed by all parties.
- 3) DRIIVe – is a CBC internal project therefore a Memorandum of Understanding (MoU) has been developed by CBC legal section and been signed by a Service Director.

It was concluded that appropriate contracts have been developed and signed.

5.2 CBC Legal section are writing the main contracts for the projects however at the time of the audit most of the projects had not yet got a signed contract as pre- conditions were still being worked on. For the 3 projects reviewed the situation was as follows: -

- 1) Staveley Waterside Canal Basin - the Internal Programme Board considered the business case and Thomas Lister report on the 9th of February 2022. This project was approved by the Town Deal Board subject to conditions on the 16th of February 2022 a

sum of £2,664,000 was approved. At the time of the audit Legal section were working on the draft contract. Since then, the project has met its pre-contract conditions and approval to proceed to contract was approved and reported to the 20 January 2023 Board.

- 2) Barrow Hill Memorial Hall Project - the Business case was approved by Thomas Lister as comprehensive and then considered by the Internal Programme Board on the 7th of March 2022 and passed on to the Town Deal Board for approval on the 7th of March 2022. The Town Deal Board approved the project subject to conditions (£1,307,000). At the time of the audit Legal section were working on the draft contract.

DRIVE - the Internal Programme Board considered the Business case on the 11th of March 2022 along with the Thomas Lister Report and recommended referring to the Town Deal Board for approval. On the 18th of March 2022 the full business case for Drive was submitted to Staveley Town Deal Board and funding of £3,735,000 for DRIVE was granted approval subject to conditions. A report went to Cabinet in June 22 as it is an internal project and they agreed matched funding in the capital programme. The completion notice and signed Memorandum of Understanding were finalised on the 28th of November 2022.

No issues were identified with the above, testing was satisfactory.

6) Project timelines

- 6.1 Timelines are one of the biggest risks as all projects need to be completed by March 2026. Projects have their own project plan, which is set out in the contract, but the Town deal funding must be spent by March 2026 and this is reflected in the body of the contracts with the “long stop date” being March 2026.
- 6.2 Business cases include timelines so project sponsors and all concerned are aware of the timelines that should be followed.
- 6.3 The Town Deal Internal Planning Board and the Town Deal Board review timelines. Quarterly monitoring will take place (including timelines) once projects are up and running.
- 6.4 It was evident that planned timelines have slipped considerably. Some projects are still striving to meet pre contract conditions and the projects have not yet been approved to proceed to contract. Funding has been received on the spending profiles submitted by projects, £8.5 million has been received, however only around £600,000 has been paid out. An example is in respect of the Hartington Industrial Park project, no expenditure has yet been incurred however £2,040,600 has been received. The Town Deal Manager explained that this project has encountered severe difficulties in securing land from a public body and sourcing power to the site and that IPB are working with the project sponsor to progress these negotiations. The monitoring process ensures that the government are aware of this situation.

- 6.5 Staveley Waterside canal basin had originally intended to submit a planning application in early 2022, however this has now been delayed until early 2023. The approval of the business case for Barrow Hill Rail Station has also slipped by a year.
- 6.6 The IPB and the Town Deal Board have been made fully aware of time slippages and the issues were discussed in detail in November 2022. CBC’s Chief Executive, and Chairman of the IPB, outlined at this meeting the way forward to manage project progress. A deadline to co-incide with the Board meeting scheduled for 17th March 2023 was set for pre-contract compliance for all of the projects. It was agreed that at this stage, if a project is deemed unable to proceed, the Board may decide that funds be redistributed within the Programme.
- 6.7 Meetings took place in January 2023 with the IPB and project sponsors for each project not yet in contract so that they could work together to ensure the pre-contract conditions are met and for the delivery of the projects. This demonstrates that action is being taken to push projects forward.

Recommendation

R3	It is essential that pressure to progress the 11 projects is maintained and that if by the March 2023 deadline pre-contract compliance has not been met for the remaining 4 projects that the Board seriously consider if the projects are still feasible (Priority: Medium).
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7) Project monitoring

- 7.1 Templates have been established for monitoring projects and when each project is up and running it is intended that these will be completed on a quarterly basis. There is also a template for any project adjustment requests (PAR).
- 7.2 The monitoring claim form process was approved by Board on the 15th of July 2022. It is intended that the Town Deal Board receive monitoring reports on a quarterly basis.
- 7.3 It was evidenced that the Town Deal Programme Manager has set up quarterly monitoring reports for each project however these are still in the process of being populated in full. Once projects are in contract they will complete the project monitoring form but at the moment concentration is on getting projects through the pre-contract conditions and into contract. However, where projects are still spending the 5% allocation, the original monitoring forms are being used to capture evidence.

8) Reporting to Board

- 8.1 The Town Deal Board meets regularly and receives reports and recommendations from the IPB and the Town Deal Programme Manager that enable it to make decisions.

8.2 The Assurance Framework also pushes the role of the Council's Finance and Performance Board – "It provides a further line of assurance within the council with regard to the managing of public money as the Town Deal programme forms part of the council's wider Capital Programme. It will provide a route for escalation of programme management issues and risks within the council where these cannot be managed or mitigated by the Programme Board".

8.3 It was noted that the DRIIVe project went to Finance and Performance Board on the 16 May 2022 before going on to Cabinet (as an internal project) to be added to the CBC capital programme as a CBC led project however it seems that this was the only report received by them in 2022.

Recommendation

R4	That following the March 2023 update to the Town Deal Board re project progression that an update in respect of all the projects be taken to the Finance and Performance Board as CBC are the Accountable Body. (Priority: Low)
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9) Procurement

9.1 It has been established with project sponsors that the procurement rules of the accountable body (CBC) must be followed. To this end all of the project sponsors received training early 2021 and 121 meetings have taken place with the project sponsor and CBC Procurement Team during 2022. It is a condition of funding to adhere to the procurement regulations of the Accountable Body. In order to be able to draw down funding project sponsors should evidence compliance with procurement rules.

9.2 CBC's procurement teams services are available to offer advice and run procurements for the sponsors, and where requested such sessions have taken place.

9.3 Thomas Lister has been used to review all of the Town Deal project business cases. Following circumstances beyond the Council's control, a waiver was obtained to use Thomas Lister. The value of the contract was £49,500.

9.4 As stated above, very little expenditure has yet occurred. A few procurements were examined in greater detail.

9.5 The DRIIVe project has spent £84,568.24 with Bentley Project Management. Bentley Project Management were originally commissioned by the Council using the Midlands Highways Alliance Framework (procured via Waterman), to provide project management services and lead on the completion of the Full Business Case. However, it was established that because CBC does not have responsibility for highways that they couldn't legitimately utilise this framework. However legal confirmed that DRIIVe were accessing framework prices so there had been market testing of the applied rates. This

matter has now been resolved. Bentley Project Management are now procured in line with CBC procurement policy via the ESPO Framework as a sub contractor to Rodgers Leask.

9.6 Staveley Miners Welfare FC Skills Academy have spent £14,699 (part of their) 5% advance. This has been used to pay 6 different companies – all fairly small amounts so there are no concerns.

9.7 Staveley Town Hall Conference Centre have spent £128,000, all of their 5% advance. The 2 biggest expenditure areas were with

- DRM Architects £50,784.
- Michael Brooke Consultancy £24,455

9.8 CBC procurement Unit have confirmed that they have not been involved in the procurement of DRM Architects or Michael Brooke Consultancy. These procurements were made by Staveley Town Council however no evidence has been provided to confirm that the correct procurement routes were followed.

9.9 There currently appears to be reliance on good faith that the project sponsors are following procurement rules however, if project sponsors don't do this then there is a VFM risk and reputational risk for CBC.

Recommendation

R5	Moving forward consideration should be given to greater scrutiny of the procurement procedures followed by project sponsors to ensure compliance with the accountable bodies' procurement rules. (Priority: Low) .
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10) Income due is received

10.1 At the last audit it was confirmed that the 5% advance to fund the production of business cases was received by the council on the 20th of September 2021 (£1.26 million)

10.2 Income from the Government will be received in stages, monies are paid to CBC in advance based on the spending profiles in business cases. Spending is well behind profile.

10.3 As at November 2022 it was reported to IPB that £8,619,769 has been received from the DLUHC. This figure differed to the figure held by CBC Accountancy by £343,933 (£260,000 and £83,933) in relation to the Construction Skills Hub. Following investigations by the Town Deal Manger it was confirmed that DLUHC erroneously advised that the payment had been made. The payment will now be made in March 2023.

10.4 No reconciliations have been undertaken between what is held in Unit 4 and the figures held by the Town Deal Manager. Regular reconciliations would have established at an earlier point in time that the £343,933 has either been received and miscoded or not actually received.

Recommendation

R6	The Town Deal Manager should liaise with accountancy to receive quarterly information from Unit 4 in respect of income received and expenditure incurred. The Town Deal Manger should then ensure that this corresponds to their records in respect of notified sums from DLUHC and investigate any anomalies. (Priority: Medium)
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11) Expenditure is legitimate, monitored and appropriately approved

11.1 At the moment spending is well behind profile. As at November 2022 it was reported to IPB that £8,619,769 has been received from the DLUHC. Planned project expenditure during 2022/23; as reported to DLUHC in June 2022 was £7,698,650.

11.2 As at the end of October 2022 total spend across all of the projects amounted to £655,819. The Internal Programme Board have expressed their concerns. The Chief Executive, Town Deal Manager and members of IPB undertook site visits during January 2023 for certain projects to identify any issues that are delaying progress. (See R3).

11.3 There is a procedure in place to ensure that expenditure is legitimate and that invoices are submitted by the project sponsors to support their claim before re-imburement and sign off by a Director. However, recent events have highlighted that invoices may be re-imbursed before the project sponsor has paid the money out, leaving a risk that the monies may be spent elsewhere and debts accrued.

Recommendation

R7	When re-imbursing expenditure consideration should be given to obtaining evidence via bank statements that contractors etc have been paid the amounts claimed (either before re-imburement or shortly afterwards but before the next claim). (Priority: Low)
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12) Government returns are completed as required

12.1 The Department for Levelling up Housing and Communities wants a project progress update every 6 months, this is in their standard format and includes information on expenditure, progress, risk outputs and outcomes.

12.2 There are procedures in place to ensure that the returns are reviewed by the Internal Programme Board, reviewed by the Town Deal Board and signed off by the Service Director Finance (S151 Officer) and the Town Board Chair in a timely manner.

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Negligible/ Low impact – regular reviews plus low - cost improvements
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Low / Medium impact – close monitoring and cost -effective controls required
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Medium / High impact Unacceptable Risk – Immediate control improvements required
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	High / Very High impact Unacceptable Risk – immediate control improvements required

Appendix 2

Chesterfield Borough Council Indicative Definitions of High Medium, Low and Advisory Recommendations

Rating	Definition
High	<p>This risk is considered to be unacceptable – immediate control improvements required: -</p> <ul style="list-style-type: none"> • Unacceptable financial impact • Severe service disruption or regular disruption • Major / disastrous loss of confidence and trust in the Council • Adverse coverage in national press / front page news locally • Severe personal details compromised (report to ICO) • The Majority or all of Council priorities would be delayed or not delivered • Unacceptable risk of fraud greater e.g., key internal controls are not operating or are missing • Direct link to a strategic risk occurring • A serious breach of legislation/ legal requirements leading to substantial financial penalties • Substantial loss or damage to Council assets/or information • Major health and safety risk (serious injury or death)
Medium	<p>The risk is considered medium – close monitoring and cost -effective controls required: -</p> <ul style="list-style-type: none"> • The financial impact would be moderate • Regular disruption to the activities of one or more council service • A general loss of confidence and trust in the council within the local community • Adverse coverage in local press • Isolated personal details compromised • A number of Council priorities would be delayed or not delivered • Moderate risk of fraud • Direct link to identified operational risks occurring • A serious breach of organisational policies and procedures • A breach of legislation / legal requirements leading to a moderate financial impact • Loss or damage to Council assets, information • Moderate health and safety risk (e.g., broken limbs) • Previously agreed medium internal audit recommendations remain outstanding
Low	<p>The risk is considered to be low – regular review plus low- cost improvements.</p> <ul style="list-style-type: none"> • The financial impact would be minimal • Some temporary disruption of activities of one Council Service • Minor loss of trust and confidence in the Council • No media attention • Embarrassment, no lasting effect • Disciplinary action against employee • It may cost more or delay in delivery of one of the Council's priorities • Minimal risk of fraud • No direct link to operational or strategic risks • A minor breach of Legislation / legal requirements • Low risk of loss or damage to Council assets • Minimal health and safety risk (e.g., cuts and bruises)
Advisory	<p>Not risk or control related</p> <ul style="list-style-type: none"> • May enhance the service • May achieve efficiencies • May lead to an improved outcome

Appendix 3

Internal Audit Report – Implementation Schedule

Report Title:	Staveley Town Deal	Report Date: 20 th February 2023
		Response Due By Date: 13 th March 2023

	Findings and Risk identified	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R1	Agreed Governance arrangements are not being complied with. There is a risk that current procedures etc are not covered by an out of date document.	Reviews of the Assurance Framework should be annual as prescribed within the Assurance Framework to ensure that it continues to reflect the latest government guidance and current practices	Low	✓	LW	IPB (17 Feb 2023) Board (17 March 2023)	An annual review will be scheduled going forward
R2	There is no evidence that the strategic risk register has been formally reviewed as this is not minuted. As the strategic risk register forms part of the return there is a risk that it may be overlooked.	It should be ensured that the review of the strategic risk register by the IPB and Town Board is formally minuted	Low	✓	LW	IPB 28 Feb and Board 17 March – include a minute to confirm review	A separate email was sent to Board members (13/12/22) containing this info. The DLUHC document format shall be reported to Board on a six monthly basis
R3	Project timelines have	It is essential that pressure to	Medium	✓	LW/IPB/	17 March	Meetings have

	Findings and Risk identified	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	slipped and expenditure is behind profile. There is a risk that funding may be lost and projects will not be able to go ahead or could be left incomplete	progress the 11 projects is maintained and that if by the March 2023 deadline pre-contract compliance has not been met for the remaining 4 projects that the Board seriously consider if the projects are still feasible			HB	Board and IPB (28 Feb)	Meetings have taken place with each project. An options paper is drafted for Board consideration on 17 March 2023. A response to DLUHC will be formally prepared and this includes the Project Adjustment Request form for all impacted projects to be submitted following the Board's decision and cause of action.
R4	Reports are not routinely going to the Finance and Performance Board. There is a risk that the accountable Body is not fully aware of current issues and project	That following the March 2023 update to the Town Deal Board re project progression that an update in respect of all the projects be taken to the Finance and Performance Board as CBC	Low	✓	NJ/LS/LW	For a scheduled FPB tba Before Sept 2023	Agreement to present a report to FPB as soon as meeting dates are confirmed. NB: Regular reports

	Findings and Risk identified	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	progress. Project delays etc may have a reputational impact on CBC.	are the Accountable Body.					are taken to IPB where S151, planning and legal functions are in attendance.
R5	There is the possibility that Project sponsors don't follow procurement procedures as specified by the accountable Body. There is a risk that VFM is not achieved, procurements may be open to challenge which may reflect badly on CBC.	Moving forward consideration should be given to greater scrutiny of the procurement procedures followed by project sponsors to ensure compliance with the accountable bodies' procurement rules.	Low	✓	LW/NW/CR	On going by project	Meetings are set with CBC Procurement Team for non CBC, DCC projects. A review of actions will form part of the audit prior to claims and payments
R6	Income received is not being reconciled to Unit 4. There is a risk that income is not received or that it is miscoded somewhere else	The Town Deal Manager should liaise with accountancy to receive quarterly information from Unit 4 in respect of income received and expenditure incurred. The Town Deal Manger should then ensure that this corresponds to their records in respect of notified sums from DLUHC and investigate any anomalies.	Medium	✓	KL/LW	On going as DLUHC payments are notified	Formal reconciliation meeting within 2 months of notification from DLUHC

	Findings and Risk identified	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R7	It is not confirmed that project sponsors have paid the invoices that they are submitting for reimbursement. There is a risk that monies are reimbursed and then spent on other things	When re-imbursing expenditure consideration should be given to obtaining evidence via bank statements that contractors etc have been paid the amounts claimed (either before reimbursement or shortly afterwards but before the next claim).	Low	✓	LW/NJ	February 2023	This is already in place, payments claims are accompanied with bank statements or CBC/DCC equivalent.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	28 February 2023
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Note: In respect of any High priority recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.