

**D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)**

**15 December 2016**

**Audit Services Review of the Local Growth Fund 2015/16**

The Audit Services Memorandum identifies the key issues arising from the Internal Audit review of the D2N2 Local Enterprise Partnership (LEP) Local Growth Fund (LGF) processes and procedures and the services provided by Derbyshire County Council through the Service Level Agreement. A number of areas of good practice have been identified but there are other areas which need to be strengthened to ensure governance and administrative arrangements are robust and that expenditure incurred by individual projects is in accordance with rules, regulations and conditions and is accurately reported. These include the need to ensure:

- Members of the IIB give due consideration during the decision making process to the issue identified by the National Audit Office (NAO) report whereby pressure on LEPs to spend their LGF allocation in-year creates a risk that LEPs will not fund projects most suited to long-term economic development.
- That expenditure incurred is in accordance with grant conditions through the implementation of the agreed pro-active monitoring arrangements.
- Financial information in respect of expenditure incurred is accurately reported to the IIB.
- Promoters are reminded regularly of the need to submit accurate and timely quarterly expenditure returns which identify individual expenditure transactions to facilitate selection of samples for further testing and verification.

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