

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)**24 November 2017****Audit Services Review of the Local Growth Fund 2016/17**

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. The D2N2 LEP, through its administration of the LGF, is facing a number of significant challenges including lack of progress by some projects in delivering agreed project outputs and ongoing delays in receipt of accurate and timely project monitoring returns from promoters. The management and utilisation of increasing levels of unspent funds is becoming more challenging for the Authority (as Accountable Body) given the limited number of non-LGF capital projects available and the levels of unspent funding already invested. Given recent, adverse national publicity the processes for identifying and recording declarations of interest should be kept under review.

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, projects are adequately monitored and managed and expenditure incurred by individual projects is in accordance with rules, regulations and conditions and is accurately reported.

The Audit Services review raised eleven recommendations four of which are considered to be 'high' priority. These include the need to ensure:-

- Adequate arrangements are secured and formalised to address the capacity issues facing the Authority as Accountable Body due to the absence through maternity leave of the D2N2 Project Monitoring Officer;
- Consideration is given to the use of sanctions for those projects failing to deliver agreed outputs and incur expenditure in accordance with profiles;
- Action is taken to address the ongoing failure to comply with the timetable for delivery of quarterly monitoring information, specifically where promoters consistently submit late, inaccurate or incomplete returns; and
- Consideration is given to the formal adoption and publication of a whistleblowing or confidential reporting policy to encourage the disclosure or communication of information relating to possible malpractice through approved reporting lines.

Carl Hardman

Assistant Director of Finance (Audit)

Accountable Body
Derbyshire County Council