

PRIVATE AND CONFIDENTIAL

EPPING FOREST DISTRICT COUNCIL

INTERNAL AUDIT REPORT No. 489

Subject: Partnership Governance Arrangements

Client: Deputy Chief Executive

Auditor: Brian Bassington

Date: 8th December 2008

**Signed
Auditor:**

Chief Auditor:

Distribution:

Full Report

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Management Summary

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Corporate Executive Forum

**Partnership Governance Arrangements
Report No. 489 issued December 2008
Management Summary**

1.0 Introduction

An audit of the arrangements in place for the governance of partnerships in which the Council has a role has been carried out as part of the approved Audit Plan for 2008/09.

The Audit Commission defines a partnership broadly as 'an agreement between two or more independent bodies to work collectively to achieve an objective'.

A failure to control and monitor such arrangements can result in poor value for money being achieved, ambiguity of responsibility and accountability, and poor public perception. Partnerships should be transparent and provide public information on their aims and achievements.

The Council is involved in a range of strategic and service based partnerships and action groups, with financial and other contributions provided by the Council. A 'Protocol on Partnerships and other External Organisations' has been included in the Council's Constitution since December 2005 and revisions were agreed in 2007/08.

The Protocol should be revised to further emphasise the expected governance arrangements within the written agreements, including the need to demonstrate linkages with the Council's strategic aims, the development of clear milestones or delivery dates, the action that should be taken should poor performance occur, and details of the methods used to engage with local people and other stakeholders. Reference should also be made to the requirements of the Council's Financial Regulations where appropriate (Appendix F, External Arrangements, Partnerships).

The key service based partnership for the Council is the Waste Management Partnership, both in the level of expenditure and possible damage to the Council's reputation should the partnership fail. This partnership is part of a formal contract and as such is monitored and controlled to a greater extent than others.

It appears that little formal evaluation is undertaken with partnerships generally, as much partnership activity is strategic in nature. This makes it difficult to evaluate the success or failure of partnerships, and whether the outcomes have been fully met or represent value for money. Systems should be developed to enable the effectiveness of partnerships to be evaluated where the Council has a substantial involvement in terms of financial or staff resources.

In general, similar standards of scrutiny and governance should be applied to protect the Council's interests where it is involved in partnerships, with some flexibility to reflect specific circumstances and the level of risk attached to the arrangements.

A Corporate register of all partnerships should be created, which could be linked to the register of appointments to outside bodies.

2.0 Sample Taken

All identified partnerships were reviewed.

3.0 Overall Rating

Satisfactory assurance, noting improvement areas identified.

4.0 Opinion

The partnerships the Council has been involved in up until now have been of a strategic nature and the management and monitoring applied has been of the level expected. The protocols have addressed the operational requirements of the partnership, but should now be expanded to make more explicit the linkages with the Council's key aims and objectives.

The inclusion of clear milestones or delivery dates, adherence to constitutional rules and the monitoring of achievement against the Council's strategic aims are all examples of the type of governance arrangements that should be developed in partnership working. With the existence of major service based partnerships, and the introduction of financial incentives achievable from the Local Area Agreement, the Authority should take the lead in determining the nature of governance arrangements required to obtain the maximum benefit from its involvement in partnerships.

5.0 Implications for Governance Statement

The Authority needs to ensure that value for money and beneficial outcomes are achieved from partnerships, and that all partnership processes are transparent and display public accountability.

**Epping Forest District Council
Internal Audit Unit
Audit: Partnership Governance Arrangements
Client: Deputy Chief Executive
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Implementation Schedule**

Report Reference	Priority	Agreed Action	Responsible Officer	Target Date
5.1	1	<p>Protocol The Council should review each partnership to ensure the requirements contained within the Terms of Agreement are included within the Partnership's agreement wording.</p> <p>Systems should be developed to enable the effectiveness of Partnerships to be evaluated where the Council has a substantial involvement in terms of financial or staff resources.</p> <p>The annual report format should be included in the constitution.</p>	Assistant to the Chief Executive	March 2009
5.8	2	<p>Essex Online Partnership Management should review annually the value for money provided to the Council from this Partnership and identify the benefits gained from continued membership.</p>	Assistant Director (ICT)	March 2009
6	2	<p>Corporate Register A Corporate register of all Partnerships should be created, which could be linked to the register of appointments to outside bodies. The register should record the amount of money and other resources invested in each Partnership.</p>	Assistant to the Chief Executive	March 2009

Key: Priority 1 = high
2 = medium
3 = low