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**Continual Improvement in  
Internal Audit and Efficiency**



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# Knowsley Solutions

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- Internal Consultancy
- “Join up” professionals in-house
- Reduce attendees at meetings
- Generic consultants
- Reduce consultancy costs / savings
- Provide services to other bodies



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# Efficiency – the national context

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- Budget Deficit
- National Debt increasing > 40% GDP
- Public Spending Cuts / increased taxes
- £5bn - £11bn savings 2010/11
- Targets savings @ £100bn by 2018
- = NHS Budget or 1/6<sup>th</sup> public expenditure
- Tough times ahead



# Efficiency in local government

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- Procurement
- **Shared services / collaboration**
- Asset management
- Technology
- Outsourcing
- Pay Cuts
- **Workstyles**



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# Continually Improving Internal Audit

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- People : our best resource
- Skills and Training
- Image / Profile / Marketing
- Customer Focus / know the issues / risks
- Reporting – slick and quick
- Technology
- Early engagement / upstream



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# Continually Improving Internal Audit

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- Planning / Scheduling
- Don't be a slave to process
- Creativity / Innovation
- Quality of service / outputs
- Diversity of services / add value
- Sharing staff across organisations



# Efficiency = Threat

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- Continue to improve in all of the above and...
- = avoid outsourcing
- Market our successes / how good we are!
- Benchmark with each other
- Think seriously about collaboration before it is forced upon us!





# CIPFA NW & NW Weekend School – 5-6 March 2010

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**City Employment Strategy  
KMBC - Lead Accountable Body**

**Managing the Risks**



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## Liverpool City Region - CES

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- KMBC Lead Accountable Body Status for CES (PEP, FJF, ERDF)
- PEP - £9m
- ERDF -£2.5m +£2.6m match
- ESF - £3.9m + match
- FJF - £58m funding over 18 months- 8350 jobs



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# Our Partners

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- Liverpool City Council
- St. Helens Council
- Knowsley Works
- Sefton MBC
- Wirral
- Halton
- JCP
- Merseytravel
- Fusion 21
- Arena Housing
- LCC
- NHS Academy
- University of Liverpool
- DWP



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# The Risks

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- Initial Bid
- Partners
- Terms and Conditions
- Process – project delivery
- Cash Flow
- Contract Monitoring & Records
- High of Volume Transactions
- Audit and Clawback



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## FJF – Initial Bid

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- Partner Engagement
- Short timescales – 3 months
- Realistic Targets
- Low Unit Costs
- High Outputs



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# FJF Partners

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- Not all LA's
- Some Voluntary Sector
- DWP and JCP
- Private Sector
- End delivery agents – small companies
- Different Systems and Culture



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# FJF Terms & Conditions

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- DWP Preferred Bidder – involved in drafting and Partner input
- Understand the terms and conditions – Fixed Assets, Employment, Exit Strategies
- LAB responsible for compliance
- Grant Offer to Partners – simple!!



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# FJF Project Delivery

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- Working in Partnership
- Early Involvement –
  - JCP Process for referrals
  - DWP Claims Process
  - Partners – vacancy management
  - Standardised Procedure
  - Performance monitoring and variances
  - Team Effort!!



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# Cash Flow

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- High risk of deficit early in project based on DWP Model
- Negotiated a more efficient and effective model that prevents LAB Bank Rolling
  - 20% Advance - total jobs
  - 20% Advance payment prior month
  - 60% 26 weeks @ Unit Cost
- Accounting Treatment



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# Contract Monitoring & Records

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- Roles & Responsibilities – LAB & Partners
- Standardise procedures & documentation
- Partners retain supporting evidence
- Only record what is necessary – don't create an industry
- Regular Reconciliation of LAB balances
- Partner Accounts – G/L
- Partner Liaison Meetings



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# Transactions & Claims

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- Simple Claims Process
- Consolidated by KMBC
- Income is paid immediately to Partners – short turn around
- Simple weekly unit cost claimed
  - Supported by quarterly grant usage
  - Balance held by partner reconciled at



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# External Audit & Clawback

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- If everything previous is in place this should be a simple tick and check
- Standard documents held by client easily obtainable for Audit, Article 13 Audits
- Records of –
  - Job starts
  - Expenditure
  - Income
  - Balances



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