

Final Audit Report Derwent NDC: Project Appraisal

5 Appendices

5.1 Appendix A – Response Matrix

| Rec Ref. | Control Issue and Recommendation | Issue Accepted (Yes / No) | Action Details Inc. alternative solution (If no action please state reasons) | Action Date & Officer Responsible |
|----------|--|---------------------------|--|---|
| 1 | <p>Merits Attention</p> <p>The project appraisal process used to appraise the Derwentio project did not meet the standard set out in the NDC Project Appraisal and Approval Guidance. DCT's project appraisal process has since been revised in 2006 with the introduction of 'The Project Toolkit'.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice, and that adherence to the standards is monitored.</p> | Yes | To review the project application and appraisal process in line with other NDC's and national best practice. | Director/Programme Team Manager March 2008 |

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| 2 | <p>Merits Attention</p> <p>The level of detail completed in the project appraisal documentation for the Derwentio Project was insufficient and the form did not allow for a summary of key facts. The appraisal offered no in-depth analysis and was merely a comment on the Project Application form. From 2006, 'The Project Toolkit' requires the production of a project brief.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to the provision of information, and that adherence to the standards is monitored.</p> | Yes | <p>To review the project application and appraisal process in line with other NDC's and national best practice.</p> <p>The review will include the provision of information to support the appraisal function.</p> | <p>Director & Programme Team Manager</p> <p>March 2008</p> |

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| 3 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, the project appraisal did not quantify any outputs or demonstrate how it contributed to the Delivery Plan. From 2006, 'The Project Toolkit' discusses needs, outcomes and solutions.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to project purpose and benefits, and that adherence to the standards is monitored.</p> | Yes | <p>To review the project application and appraisal process in line with other NDC's and national best practice.</p> <p>The review will include the assessment of a project's contribution to the Delivery Plan.</p> | <p>Director & Programme Team Manager</p> <p>March 2008</p> |
| 4 | <p>Significant</p> <p>At the time when the Derwentio project was considered, there was no detailed discussion of community involvement.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to community involvement, and that adherence to the standards is monitored.</p> | Yes | <p>The project appraisal process will be re-visited and form part of an overall review of governance arrangements for the NDC programme</p> <p>Future projects will be required to demonstrate their relevance to local people and ensure that local groups are involved in the project.</p> | <p>Director & Programme Team Manager.</p> <p>May 2008</p> |

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| 5 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, there was no discussion of links with other partners operating locally or regional or local strategies. From 2006, 'The Project Toolkit' includes a review of the projects integration with other activities.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to the linkages, and that adherence to the standards is monitored.</p> | Yes | The application process will be revised to ensure that applicants demonstrate how their activities/projects integrate with other services in the community and how projects complement mainstream provision. | <p>Director & Programme Team Manager.</p> <p>May 2008</p> |
| 6 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, there was no robust analysis of funding, costs, cash flows or comparison with similar projects. From 2006, 'The Project Toolkit' identifies how the funding requirements should be identified, drawn together and profiled.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to identification of cost and value for money, and that adherence to the standards is monitored.</p> | Yes | The project appraisal process will be re-visited and form part of an overall review of governance arrangements for the NDC programme. This will include crucial issues such as financial analysis and VFM. | <p>Director & Programme Team Manager</p> <p>May 2008</p> |

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| 7 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, an appropriate risk assessment was not produced. From 2006, 'The Project Toolkit' provides guidance on how to undertake a risk assessment on each project.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to risk, and that adherence to the standards is monitored.</p> | Yes | <p>A risk assessment register will be introduced as part of the governance arrangements for approval and management of projects that are approved for NDC funding.</p> <p>Individual risks will also be comprehensively assessed for each project as part of the approval process.</p> | <p>Director & Programme Team Manager</p> <p>May 2008</p> |

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| 8 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, there was no evidence that monitoring arrangements had been analysed to ensure that they were robust and would accurately reflect the progress made by the project. The management arrangements were not evaluated in any detail. From 2006, 'The Project Toolkit' outlines the key considerations and tasks necessary to deliver a successful project.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to the monitoring and management of projects, and that adherence to the standards is monitored.</p> | Yes | A full review of the governance framework will be completed to ensure compliance with the NDC grant conditions. This will include a review of the monitoring framework linked to the delivery of outcomes. | <p>Director & Programme Team Manager</p> <p>May 2008</p> |

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| 9 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, there was not a specific requirement in DCT appraisal documents to disclose how the project was to be evaluated. From 2006, 'The Project Toolkit' describes a comprehensive project evaluation process.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to evaluation, and that adherence to the standards is monitored.</p> | Yes | This will form part of the governance review process. A new evaluation process will be introduced that satisfies the NDC conditions of grant. | <p>Director & Programme Team Manager</p> <p>May 2008</p> |
| 10 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, the future of the project was not considered and the sustainability assumptions were naive. From 2006, 'The Project Toolkit' describes possible options for analysing the sustainability of a project.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to sustainability, and that adherence to the standards is monitored.</p> | Yes | The project appraisal process will be re-visited and form part of an overall review of governance arrangements for the NDC programme. The review will consider sustainability and mainstreaming of projects. | <p>Director & Programme Team Manager</p> <p>May 2008</p> |

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| 11 | <p>Merits Attention</p> <p>At the time when the Derwentio project was considered, the main reasons for selecting the preferred option were not documented. No reasons were stated on the appraisal documentation as to why the project was supported by the panel. From 2006, 'The Project Toolkit' requires the consideration of other options and that the selection of the preferred option is documented.</p> <p>We recommend that the Director of Derwent Community Team ensures that all future project appraisals comply with the minimum standards set out in the NDC guidance and best practice in relation to option selection, and that adherence to the standards is monitored.</p> | Yes | The project appraisal process will be re-visited and form part of an overall review of governance arrangements for the NDC programme | <p>Director & Programme Team Manager</p> <p>May 2008</p> |
| 12 | <p>Merits Attention</p> <p>At the time when the Derwentio project was appraised there were clear conflicts of interest that were not appropriately managed. A conflict of interest policy was introduced in 2007.</p> <p>We recommend that Director of Derwent Community Team ensures that the conflict of interests' policy is applied as intended, in line with best practice.</p> | Yes | A conflict of interest policy has been introduced and implemented. It's use will be monitored to ensure that it is applied as intended. | <p>Director & Programme Team Manager</p> <p>September 2007</p> |

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| 13 | <p>Significant</p> <p>At the time when the Derwentio project was considered, the appraisal panel were unable to produce a robust and objective appraisal that was appropriate to the level of funding and degree of risk involved. The make up of the panel appears to conflict with that approved by the SMB in August 2001.</p> <p>We recommend that the Director of Derwent Community Team seeks clarification of the membership of the panel from the Management Board and that a training programme for panel members is delivered to ensure that they have appropriate skills and understand the importance of the appraisal panel's role.</p> | Yes | <p>The project appraisal process will be re-visited and form part of an overall review of governance arrangements for the NDC programme</p> <p>The revised procedure, and risk assessment register, will form part of the management of the project.</p> <p>To introduce a new process whereby projects are appraised using a panel of three including, a technical expert/project manager, finance manager and representative from Derwent Community Team. For projects over £100k, a representative from the accountable body will be invited to attend the panel.</p> | <p>Director & Programme Team Manager</p> <p>May 2008</p> |

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| 14 | <p>Significant</p> <p>At the time when the Derwentio project was considered in January 2003, the Accountable Body failed to ensure that the DCT had adequate systems in operation to appraise and approve projects.</p> <p>We recommend that the Accountable Body reviews its role and obligations in the Partnership. In particular it should review the Accountable Body Agreement to ensure that it has met its responsibilities and that there are mechanisms in place to ensure they are being adhered to.</p> | Yes | The Head of Finance – Regeneration and Community will start this review as soon as possible during March 2008 and produce a written report confirming arrangements are in place to ensure full compliance with the Accountable Body agreement by mid April 2008. | <p>Head of Finance – Regeneration and Community</p> <p>April 2008</p> |



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1.1 Appendix B – Key Dates: Derwentio Project Appraisal

- 1.1.1 **November 2002** – An outline application for the Derwentio project was submitted to DCT and was considered by the Lifelong Learning and Young People Theme Group on 4 November 2002. The project was approved with the following recommendations:
- Seek more co funding, specifically from Derby City Council and give details of future Heritage Funds you will be eligible for, or to apply for in the future.
 - Consult with Head of Derby Youth Service.
 - Look at similar successful social enterprise projects and visit to learn more about what makes them work. Cost visit into project.
 - Take into account volunteer time and cost in as match funding.
- 1.1.2 **January 2003** - A full application was appraised by two residents and the Manager of Derwent First Steps on 30 January 2003. The Appraisal Panel approved the project with 2 recommendations:
- A business plan be completed to support the application
 - Minor amendments to the salaries for the Project Manager and Head Instructor.
- 1.1.3 **January 2003** - The application was presented to the Shadow Board on 30 January 2003. The application was discussed and questions presented to Eddy Buckley. The Shadow Board approved the project with one board member rejecting it at vote as there were concerns over the long term sustainability of the project. Present at the Board was 10 residents, 2 City Council Councillors, 2 City Council Officers, 2 Agencies, Derwent Community Team staff, a City Council guest and a representative from GOEM.
- 1.1.4 **May 2003** – The Derwentio project and funding was agreed by Government Office for the East Midlands (GOEM). Approval was given for capital funding up to £671,000 and revenue funding up to £188,500 for those activities assigned to 2003/04 as described in the project application.