

SHROPSHIRE COUNCIL

AUDIT SERVICES

INTERNAL AUDIT REPORT

The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding

Addendum to the Final Report dated 9th April 2018

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| Assurance Level | N/A Special Review |
| Customer | Clive Wright – Chief Executive Claire Porter – Monitoring Officer |
| Distribution | James Walton – Head of Finance Governance and Assurance |
| Auditor | |
| Fieldwork dates | April May 2018 |
| Final report issued | 9th May 2018 |

Briefing note

The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding

Scope of work

A review of the grant awarded by Shropshire Council in 2012 of £80k to The New Saints (TNS) Football Club under the Market Towns Revitalisation Programme (MTRP) was conducted and a final report, dated the 9th April 2018, made to the Chief Executive, Monitoring Officer, Section 151 Officer and the then Director of Place and Enterprise¹.

Following delivery of the initial report additional information was received and reviewed along with other grants awarded from Oswestry Town Council. The findings of which are considered in this addendum. They are:

1. A review of [report on Shropshire Council and New Saints FC Limited Legacy Grant dated 12th April 2018.](#)
2. A review of a letter from [, dated 23 April 2018 to Oswestry Town Council in relation to Shropshire Council – Legacy Grant to the New Saints Football Club.](#)
3. An update on the invoicing position for the outstanding funds from TNS Ltd.
4. Learning from a desktop review of the Oswestry MTRP grants awarded in 2012/13.

Summary findings and conclusion (detailed findings appear in **Appendix A**)

1. None of the additional information provided or reviewed has conflicted with or changed any of the observations and recommendations of the initial Internal Audit review entitled: The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding.
2. The recommendations proposed remain supported in relation to the wider MTRP and an additional two are made to ensure that the Economic Regeneration Unit conduct a reconciliation when allocating grants across several benefactors to records held in financial systems. These records should be maintained in accordance with corporate retention processes. In addition, the terms of engagement for all parties involved in the distribution of grants should be communicated effectively and clarification of any differences on interpretation agreed as soon as they are noted. Where responsibilities are not demonstrated in line with the agreement, rectification of these should be sought prior to any grant reimbursement.
3. The confirmed that an invoice for the repayment of grant from TNS Ltd has been raised and will follow normal recovery procedures.
4. In addition, none of the grant agreements reviewed contained grant clauses for the repayment of funds on the same terms as that in the TNS Ltd grant agreement, therefore there are no outstanding funds identified due to Shropshire Council.

¹ Left the Council end of April 2018 for a promotion

Appendix A

Background

A review of [redacted] report on Shropshire Council and New Saints FC Limited Legacy Grant dated 12th April 2018

1. [redacted] considered **concerns around the legality of a payment** from Shropshire Council to The New Saints Football Club Limited as part of the MTRP. The report is dated 12th April 2018.
2. Shropshire Council received a copy of the report on the 20th April 2018. It has been reviewed to see if it identifies any new evidence that should have been considered by Internal Audit when conducting its review of The New Saints (TNS) Market Towns Revitalisation Programme (MTRP) Funding.
3. The report provides no new evidence and therefore the basis of the Internal Audit report produced on the 9th April 2018 remains unchanged.

A review of a letter from [redacted], dated 23 April 2018 to Oswestry Town Council in relation to Shropshire Council – Legacy Grant to the New Saints Football Club.

4. [redacted]
5. [redacted]
6. Both above points confirm the findings of the Internal Audit review.

An update on the invoicing position for the outstanding funds from TNS Ltd

7. The [redacted] confirmed that an invoice for the repayment of grant from TNS Ltd has been raised and will follow normal recovery procedures.

Learning from a desktop review of the Oswestry MTRP grants awarded in 2012/13.

8. A desk top review was conducted on the systems behind a sample of three projects across each of the large towns; Ludlow, Church Stretton and Market Drayton and fourteen projects for Oswestry. The Oswestry Town Council MTRP grants, summarised by Economic Growth Officers on the 1st March 2018, showed 17 grants totalling £666,837.95 of which £533,744.43 had been claimed and paid. These figures were reconciled to the actual capital records which confirmed that the Economic Growth Officers records were incomplete. Capital spend reported in the financial accounts showed £646,073.21 total spend, a difference of £112,328.78 greater than the

£533,744.43 in the Economic Growth Officers records. Any underspends have been paid back into the capital receipts pot and spent on other projects. The differences were reconciled by the Auditor.

Risk: Lack of a reconciliation between the Economic Regeneration Service's grant documentation and the capital ledger by the Service, can lead to confusion and or error in allocating and managing funds to be distributed. Leading to overspends or misstatements in accounting records.

Recommendation 1: The Economic Growth Team (which has replaced the Regeneration Unit) should conduct a reconciliation when allocating grants across several benefactors to records held in financial systems. In the case of the MTRP, this would have been the capital records. These records should be maintained in accordance with corporate retention processes.

Rating: Significant.

9. No evidence was found of any fraud in the grants reviewed however, some of the administrative, management and monitoring processes, whilst in place, were not adopted and applied correctly and consistently in all areas. Therefore, the recommendations made as part of the earlier review are relevant to this wider review. In addition, the following recommendation has been made to ensure that the terms of engagement for all parties involved in the distribution of grants are communicated effectively and clarification of any differences on interpretation agreed as soon as they are noted.

Risk: Lack of understanding of the requirements and roles of each party within a grant agreement, has led to confusion, duplication and perceived or actual mismanagement of a process.

Recommendation 2: Terms of engagement for all parties involved in the distribution of grants need to be communicated effectively and clarification of any differences on interpretation agreed as soon as they are noted. Where responsibilities are not demonstrated in line with the agreement, rectification of these should be sought prior to any grant reimbursement.

Rating: Significant.

10. None of the grant agreements reviewed as part of this report contained grant clauses for the repayment of funds on the same terms as that reported in the TNS Ltd grant review report and therefore there are no outstanding funds identified as due to Shropshire Council.