

D2N2 Investment Board Cover Sheet – February 2021

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Meeting and Date	11 February 2021		
Subject	Audit Services Review of D2N2 Local Enterprise Partnership		
Author	J Lake	Total no of sheets	2

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
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Summary and Recommendation(s)
<p>This paper provides a summary of findings following the Audit Services review of the Local Enterprise Partnership.</p> <p>The Investment Board are recommended to note the findings of the report.</p>

D2N2 INVESTMENT BOARD

11 February 2021

Audit Services Review of D2N2 Local Enterprise Partnership

The Audit Services Memorandum summarises the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the Local Growth Fund (LGF) and the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of this paper is to provide a summary of the findings to the Investment Board.

The LEP's governance framework was deemed appropriate in terms of the documents which have been reviewed, approved and published on the website, and also with regard to the Board's structure. Declarations of interests have been made by all LEP Board members and also published on the D2N2 website. Reporting structures and reporting lines remain similar to previous years with the main D2N2 Board receiving reports from the Investment Board, which is the key forum for receiving Local Growth Fund (LGF) monitoring updates and where new projects are considered and approved. The two advisory boards, Innovation Board and Business Growth Board, which previously supported the LEP Board have now been combined as the Business Growth Board with new Terms of Reference approved by the LEP Board.

The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes, provides regular and appropriate reporting to the Investment Board in accordance with the expected requirements regarding LGF expenditure, outputs and its financial position. Detailed reviews were undertaken on three Local Growth Fund projects approved and funded during 2019/20 to ensure compliance with the scheme.

Entering the final year of the Local Growth Fund programme it is of particular importance that expenditure is closely monitored to ensure allocations are spent. The LEP and Accountable Body will continue to monitor all projects with the objective that expenditure allocations are achieved; those projects at a higher risk of underspending are being monitored on a monthly basis. There is an additional programme of projects totalling £1.8m to supplement those which cannot spend the allocated LGF funding.

The D2N2 Accountant has overseen the appointment of an External Auditor (HSKS Greenhalgh) in 2019-20. This appointment will add further oversight and assurance to the operations of the LEP and DCC's role as Accountable Body.

A number of areas of good practice have been identified and of the ten recommendations raised during the previous review, eight were considered to have been adequately implemented. This indicates commitment to the Audit process and a desire to improve the control environment wherever possible.

The current Audit Services review raised two recommendations which are relevant to both the LEP and DCC as Accountable Body:-

- It was identified that there is no signed grant agreement in place to cover the Growing Places Fund (GPF) loan to Nottingham City Council in relation to the Boots EZ project. Therefore it should be ensured that such an agreement is signed by the grant recipient as soon as possible. In addition, one novation document had not been signed by the promoter and should be followed up to obtain the promoter's formal agreement.
- There are no specific procedures in place to cover debt recovery if loan repayments are missed by promoters other than clauses within the loan agreement documents. Therefore it may be beneficial to develop a set of administrative procedures in relation to addressing missed loan repayments prior to referral to Legal Services.

Carl Hardman

Assistant Director of Finance (Audit)

Accountable Body
Derbyshire County Council