

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Checklist for local authorities effectively engaging and working with the third sector



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU



Area	In place	Under development	Not in place
<b>1. Strategic arrangements</b>			
<b>Vision</b>			
The local authority has an agreed vision on how it will work with the third sector that covers all services and all third sector funding.			
The vision has been shared with, and is understood by, all relevant staff in the local authority.			
The vision has been shared with, endorsed by and is understood by elected members.			
The vision has been shared with, and is understood by, the local county voluntary council.			
The vision has been disseminated to third sector organisations working with the local authority.			
<b>Corporate strategy</b>			
The local authority has a corporate strategy for working with the third sector that covers all departments and services.			
The strategy translates the corporate vision into practical actions.			
The local authority has designated a corporate lead for the third sector who is responsible for overseeing and coordinating the totality of the local authority's third sector funding.			

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<b>Compact</b>			
The local authority has an up-to-date compact with the third sector.			
The compact clearly outlines and defines the relationship and expectations of the local authority and the third sector in working together.			
There is a shared understanding between the local authority and the third sector about what can be achieved through working together.			
The compact is tailored to the needs of the local area and has been developed in partnership with the third sector.			
The compact is reviewed regularly.			
The compact considers funding made to the third sector from health bodies and police and crime commissioners.			
<b>County voluntary council</b>			
The local authority and the county voluntary council have agreed the latter's remit and responsibilities as well as its limitations.			
There is agreement on how and what the county voluntary council represents the third sector on.			

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<b>Partnership arrangements</b>			
The role of the third sector is identified and agreed on all suitable and required partnerships and committees at a:			
<ul style="list-style-type: none"> <li>corporate level – in the work of strategic partnerships and corporate scrutiny committees;</li> </ul>			
<ul style="list-style-type: none"> <li>department level – in specific partnership arrangements to support wider policy agendas within defined areas; and</li> </ul>			
<ul style="list-style-type: none"> <li>service level – on local partnerships and specific service-led initiatives.</li> </ul>			
<b>Understanding engagement with the third sector</b>			
The local authority has a central record of all funding to third sector organisations made by the local authority which is refreshed annually.			
The local authority collates financial information and reports at least annually on the totality of its third sector funding showing:			
<ul style="list-style-type: none"> <li>which organisations are funded by the local authority;</li> </ul>			
<ul style="list-style-type: none"> <li>the contract value;</li> </ul>			
<ul style="list-style-type: none"> <li>which funding mechanisms, either grant or contracts, has been used;</li> </ul>			
<ul style="list-style-type: none"> <li>the length of the contract;</li> </ul>			
<ul style="list-style-type: none"> <li>which department/service has contracted the third sector organisation;</li> </ul>			
<ul style="list-style-type: none"> <li>the measures of success established for the work; and</li> </ul>			
<ul style="list-style-type: none"> <li>what the intended benefits of the work are.</li> </ul>			

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<b>2. Funding processes</b>			
<b>Designing services</b>			
The local authority draws on the third sector's expertise and knowledge in designing new services to be provided by the third sector.			
In designing services, the local authority clearly sets out:			
<ul style="list-style-type: none"> <li>• what demand the service is meeting;</li> </ul>			
<ul style="list-style-type: none"> <li>• how it has decided on the type of service that it requires;</li> </ul>			
<ul style="list-style-type: none"> <li>• whether innovative solutions are required; and</li> </ul>			
<ul style="list-style-type: none"> <li>• how the local authority will engage with current and potential providers to further refine and develop the service.</li> </ul>			
<b>Effective award systems</b>			
The local authority has established a single centralised and corporate funding system for the management and ward of all third sector monies.			
The local authority has effective systems to award funding to organisations that sets out:			
<ul style="list-style-type: none"> <li>• a clear funding timetable that is available to all potential bidders so that they can prepare for opportunities;</li> </ul>			
<ul style="list-style-type: none"> <li>• the process that will be used to make a decision (for example, seeking quotations or using a tender or proposal process);</li> </ul>			
<ul style="list-style-type: none"> <li>• the value and risk associated with the various funding routes;</li> </ul>			

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<ul style="list-style-type: none"> <li>whether light-touch processes in line with the <b>EU Public Contracts Directive</b> are possible for appointing organisations to deliver the work;</li> </ul>			
<ul style="list-style-type: none"> <li>clear and published criteria that are understood by all organisations seeking funding, including community benefit clauses;</li> </ul>			
<ul style="list-style-type: none"> <li>the cost and resources required for the local authority to oversee and administer the process;</li> </ul>			
<ul style="list-style-type: none"> <li>the length of time that funding will be provided; and</li> </ul>			
<ul style="list-style-type: none"> <li>how full cost recovery will be addressed.</li> </ul>			
<b>Efficient award systems</b>			
The local authority has efficient corporate systems to award funding based on:			
<ul style="list-style-type: none"> <li>concise and clear application processes;</li> </ul>			
<ul style="list-style-type: none"> <li>use of online and electronic systems to distribute and collate information and bids;</li> </ul>			
<ul style="list-style-type: none"> <li>short end-to-end decision-making arrangements;</li> </ul>			
<ul style="list-style-type: none"> <li>the minimum number of stages and processes required to make a decision; and</li> </ul>			
<ul style="list-style-type: none"> <li>decisions being delegated to the lowest level.</li> </ul>			

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<b>Grants or contracting</b>			
The local authority has set out the circumstances when it will use grant funding and when it will contract for services. This has been shared with all potential bidders, including the third sector.			
The local authority ensures that this process is consistent and appropriate to the risks and size of the funding provided.			
The local authority's contract terms and conditions are proportionate to the level of funding being made and are specific to the work that is being funded.			
The local authority reviews these funding processes to ensure they are not unintentionally excluding third sector organisations from securing local authority work.			
<b>Training</b>			
The local authority provides training to support the third sector covering:			
<ul style="list-style-type: none"> <li>• how to apply for funding – the dos and don'ts;</li> </ul>			
<ul style="list-style-type: none"> <li>• complying with the local authority's procurement systems;</li> </ul>			
<ul style="list-style-type: none"> <li>• data collection processes;</li> </ul>			
<ul style="list-style-type: none"> <li>• performance management and scrutiny arrangements;</li> </ul>			
<ul style="list-style-type: none"> <li>• payment cycles and performance targets; and</li> </ul>			
<ul style="list-style-type: none"> <li>• contract termination/continuation requirements.</li> </ul>			

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<b>3. Managing performance</b>			
<b>Information collection</b>			
The local authority has specified the information required to monitor and evaluate the performance of third sector organisations it funds and this is set out in the agreement for funded work.			
The information only measures relevant activity.			
The systems to collect information are streamlined and efficient, and third sector organisations only submit information once and electronically on agreed timescales.			
<b>Performance review</b>			
The local authority regularly reports third sector funding to scrutiny committee(s) against a balanced and local-authority-wide set of performance information. This covers:			
<ul style="list-style-type: none"> <li>• clear standards of how and what third sector organisations are required to perform against specific to the service the local authority funds;</li> </ul>			
<ul style="list-style-type: none"> <li>• conclusions of external audit/inspection reviews; and</li> </ul>			
<ul style="list-style-type: none"> <li>• relevant service-based performance data.</li> </ul>			
The local authority has the right processes in place to scrutinise and judge performance. These should be proportionate to the value of the funding but ensure that they provide the local authority with assurance that its funding is achieving the expected outcomes.			



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<b>Risk management and internal audit</b>			
Risks associated with third sector funding are considered at both a corporate and service level in developing and agreeing risk management plans across the local authority.			
A rolling programme of internal audit systems testing and compliance reviews is undertaken on the local authority's funding of third sector services, systems and practices.			