



Arts Council England

Final Fact-Finding Report

Renaissance Grant to Leeds City Council Museums and Galleries Services

June 2015

This report has been prepared on the basis of the limitations set out on pages 2 and 18.

STRICTLY CONFIDENTIAL

This report and the work connected therewith are subject to the Terms and Conditions of the Contract dated 1 April 2014 between Arts Council England and Mazars LLP. This information was prepared by Mazars LLP in connection with the services provided to Arts Council England and was therefore prepared specifically for the purposes of those services and solely for the benefit of Arts Council England. Mazars LLP neither owes nor accepts any duty of care to any third party and shall not be liable for any loss, damage and/or expense which is caused by any reliance that any other party may place on this information.

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1. Executive Summary

- 1.1. This report summarises the fact-finding work that has been conducted in respect of allegations relating to mismanagement of the Renaissance Grant 2012/15 awarded to Leeds City Council (LCC). The first contact the Arts Council received from the Complainant occurred in October 2013 [REDACTED]
- 1.2. *Following this request, the Complainant made several Freedom of Information Act requests to both the Arts Council and LCC and then made several allegations with regard to the grant. The four questions which we sought to answer in order to examine these allegations are listed below:*
 - Was the grant award appropriate according to the Arts Council's guidance?
 - Was project monitoring undertaken in line with the Arts Council's own policies?
 - Was the Equalities Impact Screening Questionnaire completed by Head of Collections and signed off by Head of Service misleading?
 - Should the grant be returned as stipulated in the Arts Council's Anti-Fraud Policy as stated within the terms of the grant?
- 1.3. By answering these four questions, we have sought to determine whether there was evidence of fraud or corruption associated with the way the grant was awarded and monitored. Other allegations were also made by the Complainant, however these were either not the responsibility of the Arts Council to investigate or there was insufficient evidence provided to make further enquiries.
- 1.4. As a result of our work we found that:
 - The grant was awarded fairly and transparently. We have seen the grant application and the full assessment of the application which describes it as a model application. We have also seen the minutes of the Renaissance Major Grants Programme Committee which agreed the funding to LCC.
 - The grant was and still is monitored by way of narrative reports, key performance indicators (KPIs) and meetings by a Relationship Manager - it was explained to us by the Relationship Manager that the narrative reports are the main way in which the grant is monitored. The LCC Internal Auditor told us they found minor errors in some narrative reports, but these would not have affected the grant payments and will be reported in their audit report.
 - The Equalities Impact Assessment form provided by the Complainant shows that there is no impact on various communities, although one of the purposes of the grant is to engage with people who might not normally attend Museums. Our experience is that this type of form is often used by public sector organisations and is usually used to report foreseen negative consequences of an action or policy decision. We would not therefore consider this a false statement since no negative consequences are expected. In addition, the Relationship Manager has monitored engagement and is satisfied with the work undertaken. However, we would also note that this is only one small area of the grant award.
 - Since there is no finding of corruption in the award of this grant or evidence of fraud or irregularity with regard to the delivery of this grant, it should not be withdrawn or suspended.

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2. Introduction

- 2.1. This report summarises the fact-finding work that has been conducted in respect of allegations received by Arts Council England (the Arts Council) from a Complainant who made allegations on several occasions regarding fraud and grant mismanagement relating to the Renaissance Grant made by the Arts Council to Leeds City Council (LCC) Museums and Galleries Services.
- 2.2. The first contact with the Complainant was made in October 2013 [REDACTED] [REDACTED] allegations were compiled by the Complainant into a document titled 'Leeds City Council Museum Service Fraud Report', in which several questions are asked with regard to the award and monitoring of the grant. Whilst other allegations were made in this document, this fact-finding work has focussed on the following four questions:
- Was the grant award appropriate according to the Arts Council's guidance?
 - Was project monitoring undertaken in line with the Arts Council's own policies?
 - Was the Equalities Impact Screening Questionnaire completed by Head of Collections and signed off by Head of Service misleading?
 - Should the grant be returned as stipulated in the Arts Council's Anti-Fraud Policy as stated within the terms of the grant?
- 2.3. While no evidence of fraud or irregularity has been provided to support the allegations, examination of the above questions will help provide assurance as to the likelihood of fraud or corruption being present in the Renaissance Grant awarded to LCC. Other matters raised in the various correspondences from the Complainant are outside the scope of our remit as no evidence has been provided - an extract from our Terms of Reference is attached at Appendix 1.
- 2.4. This report sets out the findings and recommendations arising from our fact-finding work.

3. Limitations

- 3.1. This report sets out the matters, which came to our attention from examination of the documents made available to us and the information provided to us by the Arts Council. We have not independently audited, or otherwise tested or verified, any of the information with which we have been presented.
- 3.2. The sole purpose of this report is to assist the Arts Council in deciding what further action it may wish to take in this matter. Save as required by law, this report should not be disclosed to any third party without our prior written permission. In the event that we give our permission, we cannot accept liability for the contents of this report to the recipient concerned. The exclusion of liability also covers any third party recipients of information that quotes, refers to, or publishes, our report under the Freedom of Information Act 2000. We would ask that the Council consults with us promptly should it receive any request for information under the Act which it considers requires disclosure of the contents of this report, whether in whole or part.

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- 3.3. The findings might change in the light of further work being performed or further information becoming available.
- 3.4. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. Implementation of our recommendations should not be taken to guarantee the Arts Council against any future occurrence of fraud or error.

4. Background

- 4.1. On 24 January 2012, the Arts Council announced the 16 museum partners who together received approximately £20million a year in funding for the next three years as part of its Renaissance programme for regional museums. Leeds Museums and Galleries (LMG) was one of the 16 partners.
- 4.2. The Arts Council report that this is the first time major Renaissance grants have been awarded for a three year period via an open application system against a published criteria and that the Arts Council received 29 eligible applications for funding, requesting a total of £116.4 million over three years. The 16 successful applicants requested £23.5 million a year against an annual budget of approximately £20 million.
- 4.3. The manner in which the Renaissance grants were to be awarded is detailed in the document 'Renaissance Major Grants Guidance' dated 13 September 2011. This document indicates that applications were to be submitted online by 5pm on 2 November 2011. The Guidance also gives details of who is eligible for funding, including that it must be an organisation that can make a major contribution towards delivering the Arts Council's overall strategy as detailed in the five goals of *Culture, knowledge and understanding: great museums and libraries for everyone*. The Guidance document also explains that to be eligible; applicants must be a single museum or museums service, or a small cluster (consortium) of linked services in a formal partnership and that applicants must apply for three years of funding and a minimum annual award of £500,000.
- 4.4. Grant applications were received, assessed and scored; and those which met the criteria were presented to Renaissance Major Grants Programme Committee on the 17 January 2012 as noted in the timeline below.

5. Findings

- 5.1. We have created a timeline using the information that was provided to us during the course of this work and this gives details of our findings at each stage.

Date	Event	Detail
13 September 2011	Applications opened for Renaissance in the Regions grants programme.	Grants to regional museums were awarded via an open application process and assessed against published criteria.

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Date	Event	Detail
Undated	Application from LMG with declaration completed by the Head of Museums at LCC.	The application was for a grant of £5,955,000 over the three year period (2012-2015).
Undated	Renaissance - full assessment report.	<p>The overall summary of the grant application from LCC is <i>'This is a model application. The plan is coherent, comprehensive track record/needs are evidenced. There is clear read across between the application narrative and the detailed project budget'</i>. (Yorkshire Renaissance Grant Assessor)</p> <p>The Renaissance - full assessment report however recommends that the grant is reduced by £300k. The final award was made for a total of £5,055,000. We were told that this was as a result of cuts to the Arts Council budget made by the Department for Culture, Media and Sport which were then passed onto grant recipients.</p>
17 January 2012	Renaissance Major Grants Programme Committee.	<p>The purpose of the meeting is minuted as <i>'...a one-off committee established by National Council to make decisions on the allocation of the Renaissance Major Grants Programme for 2012-15 only.'</i> A copy of the terms of reference is included at Appendix 3.</p> <p>The minutes go on to state <i>'The Chair outlined that the Committee were asked to consider the recommendations of Executive Board and decide on a balanced portfolio based on the three published stage two criteria of leadership, resilience and geographical spread'</i>.</p> <p>The Renaissance Major Grants Programme Committee agreed funding for 16 museums including LMG.</p>

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Date	Event	Detail
30 March 2012	Grant offer letter sent from the Arts Council to the Head of Museums at LCC.	<p>The grant offer letter includes the expectations of major partner museums and various other conditions to which the funded organisation must comply including an agreed programme, key performance indicators (KPIs) and activities to be undertaken. In addition, the standard terms and conditions are included.</p> <p>The acceptance of the grant offer on the terms and conditions stated within the grant offer letter is signed on behalf of LMG by the Head of Museums on 11 April 2012 and on behalf of the Arts Council by the (former) Regional Director on 23 April 2012.</p>
16 April 2012	Completion of Equality Impact Screening Questionnaire.	<p>The Questionnaire referred to by the complainant was attached to the complaint and can be found at Appendix 2.</p> <p>The Equality Impact Screening Questionnaire notes that:</p> <p>‘As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.</p> <p>A screening process can help judge relevance and provides a record of both the process and decision. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions. Completed at the earliest opportunity it will help to determine:</p> <ul style="list-style-type: none"> • the relevance of proposals and decisions to equality, diversity, cohesion and integration. • whether or not equality, diversity, cohesion and integration is being/has already been considered, and • whether or not it is necessary to carry out an impact assessment.’

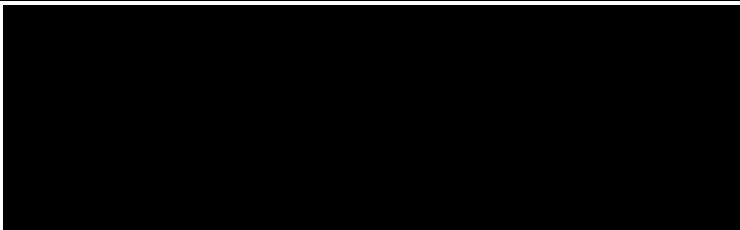
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Date	Event	Detail
		<p>These documents are common within the public sector and are used to highlight possible negative impacts that maybe encountered by certain sections of the community through a particular action, or non-action in a prescribed area.</p> <p>The Questionnaire is completed in a manner that indicates that no negative impact upon any section of the community is anticipated.</p> <p>We have also seen Monitoring Reports for each quarter of 2013/14 which include a section on Diversity and Community Engagement, indicating that these areas are monitored by the Relationship Manager on a quarterly basis.</p>
21 May 2013	Appointment of (former) Arts Council Regional Director to the role of Chief Officer, Culture and Sport at LCC.	
24 June 2013	Report of Chief Officer, Libraries, Arts and Heritage to the Libraries, Arts and Heritage Management Team - Subject: End of year report for arts and council major museum funding.	<p>The report is unsigned and states that its purpose is to <i>'...apprise the Chief Officer, Libraries, Arts and Heritage and the Libraries, Arts and Heritage Management Team of progress with the Major Museum Partnership funding from the Arts Council'</i>.</p> <p>The report's narrative outlines progress against five goals:</p> <p>Goal 1: Excellence</p> <ul style="list-style-type: none"> • Collections development; • Exhibitions; • Research; and • Information management.

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Date	Event	Detail
		<p>Goal 2: Audience</p> <ul style="list-style-type: none"> • Audience research; • Income generation; • Audience development; • Community engagement; and • Improving the visitor experience. <p>Goal 3: Resilience</p> <ul style="list-style-type: none"> • Income generation; • Fundraising; and • Information management. <p>Goal 4: Leadership</p> <ul style="list-style-type: none"> • Workforce development; • Leadership and partnership; and • Diversity. <p>Goal 5: Children and Young People</p> <p>In addition to the narrative report, a spreadsheet is supplied showing progress against the KPIs.</p> <p>This narrative format of progress against goals is the same for each of the progress reports mentioned in our report.</p>
3 July 2013	Monitoring meeting titled: Tour of Museums with Head of Museums and Head of Collections.	Meeting minutes note that the way KPIs were reported was discussed. In addition, the reporting methods were discussed and it was agreed that regular meetings would be set up for the year.

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Date	Event	Detail
30 September 2013	Monitoring meeting between the Head of Museums, Head of Collections and the Relationship Manager.	The communities and engagement programme was minuted as follows: <i>'The communities and engagement programme has been very successful through the summer. Plans for more targeted work promises to move some of the work on further, excellent work at the community project at Marlborough Street where the Assistant Curator worked alongside the residents with a freelance artist to mirror work on display at the art gallery in the Becky Beasley exhibition'</i> .
17 October 2013 11:03	E-mail from Complainant to an Arts Council Relationship Manager (not the Relationship Manager who manages the LMG contract) - Subject: Risk to ACE Reputation. The e-mail is forwarded, on the same day, to the Acting Director, North.	 The Complainant goes on to state that they would like to supply an Arts Council view on their interpretation of community engagement compared to LMG's view at their hearing, as they believe that LMG have misinterpreted community engagement and that this is likely to be damaging to the Arts Council's relationships with the marginalised minority groups the funding appears designed to support.
17 October 2013 12:47	E-mail response from the Acting Director, North to the Complainant - Subject: Risk to ACE Reputation.	
17 October 2013 12:54	E-mail from Complainant to Acting Director, North - Subject: Risk to ACE Reputation.	The Complainant outlines their view that the Arts Council are the accountable body for the funding and that they believe that to decline to comment will not reflect well on the Arts Council once these issues find their way into the public domain.

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Date	Event	Detail
17 October 2013 13:09	E-mail from Acting Director, North to Legal Services and the Human Resources Department - Subject: Risk to ACE Reputation.	<p>The Acting Director, North requests confirmation on the stance they have taken.</p> <p>We have not been provided with the next e-mail in the chain. However, we have received an e-mail from the Legal Services solicitor who provided advice to the Acting Director, North stating that the matter should be raised at the next project monitoring meeting as it was an internal disciplinary matter between the Complainant and LCC.</p> <p>On 13 April 2015, we spoke to the Acting Director, North who told us that they had followed this course of action asking the Relationship Manager to raise the matter of engagement at the next project management meeting (31 January 2014).</p>
October 2013	Report of Chief Officer, Culture and Sport to the Culture and Sport Management Team, October 2013 - Subject: Report of Quarter two activity Arts Council Major Museum Programme.	<p>We note that the report is signed by Chief Officer, Culture and Sport on 3 December 2013 and that its purpose is to:</p> <ol style="list-style-type: none"> <i>1. Apprise the Chief Officer, Culture Sport and the Culture Sport and Management Team of progress with the Major Museum partnership Programme in Museums and Galleries;</i> <i>2. A signed copy of this report will be submitted to Arts Council England in order to release stage payments of the grant</i> <p>The narrative follows the same format as the other reports previously mentioned.</p>
17 January 2014 10:56	E-mail from Acting Director, North to Relationship Manager, Subject: [Name Removed, Complainant].	Acting Director, North requests confirmation that Relationship Manager raised the matter of the complaint with LMG.

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Date	Event	Detail
17 January 2014 13:49	E-mail from Relationship Manager to Acting Director, Subject: [Name Removed, Complainant].	<p>The e-mail states that Relationship Manager talked the HR matters through at the quarterly meeting and also before that at other meetings (including one in October when it was first raised). The email goes on to state that the Head of Museums assured them that all the correct HR procedures were being followed and that the Arts Council requirements for the MPM were progressing in a satisfactory manner.</p> <p>In addition, the Relationship Manager supplied a timeline regarding their monitoring of the contract and conversations regarding this matter:</p> <p>Time line on conversations:</p> <p>17.10. 13 - first came to our attention - [name removed] discussed with Head of Museums on the phone.</p> <p>18.10.13 - had a follow up conversation (in person) with the Head of Museums following a net work meeting in Halifax. The Head of Museums confirmed that the case was going through the LCC disciplinary procedures.</p> <p>11.11.13 - brief catch up at the Museums conference.</p> <p>19.12.13 - quarterly meeting with Head of Museums and [name removed]. The Head of Museums confirmed that the process with the member of staff had continued and that it was going to tribunal. They confirmed that the community engagement work was carrying on, and that there were no concerns in terms of fulfilling the Arts Council MPM conditions.</p> <p>06.01.14 - became aware of Social media conversations http://ourmuseum.ning.com/forum/topics/exploiting-vulnerable-communities-to-attract-funding-manager-s?commentId=6436099%3AComment%3A9745</p>

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Date	Event	Detail
January 2014	Report of Head of Museums and Galleries to the Chief Officer, Culture and Sport - Subject: Report of Quarter Three activity Arts Council Major Museum Programme.	We would note that the report is signed by the Chief Officer, Culture and Sport on 17 February 2014 which indicates that the report was not available for discussion on 31 January 2014. The purpose and narrative follows the same format as the other reports previously mentioned.
31 January 2014	Minutes of meeting between the Arts Council Relationship Manager and the Head of Museums, LCC.	The minutes state that the Quarterly Monitoring report 19 December 2013 was discussed. However, it is not clear to which report this refers. The minutes include the following section titled Discussion on the FOI from the Complainant: <i>'Discussed the stage of the tribunal. Discussed in depth the engagement team and the work LMG are carrying out. The work is covered in the quality reports. The work is revealing greater knowledge of audiences and potential audiences. The community engagement team are building some effective relationships in the community. The team are using collections and exhibitions to engage many who have previously not engaged with museums'</i> .
08 January 2014 11:05	E-mail from Complainant to FOI@artscouncil.org - Subject: Subject access request.	The Complainant requests the e-mail exchange between the (former) Arts Council Regional Director and the Acting Director, North.
16 January 2014 10:50	E-mail response from FOI@artscouncil.org to Complainant - Subject: Subject access request.	The e-mail response was that there were no e-mails between the (former) Arts Council Regional Director and the Acting Director, North.
April 2014	Report of Head of Museums and Galleries to Chief Officer, Culture and Sport - Subject: Report of Quarter Four activity Arts Council Major Museum Programme.	We note that the report is signed Chief Officer, Culture and Sport April 2014 (exact date not noted on report). The purpose and narrative follows the same format as the other reports previously mentioned.

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28 April 2014 20:44	E-mail from Complainant to FOI@artscouncil.org - Subject: subject access request.	The Complainant requests the Arts Council's fraud policy which was forwarded to the Complainant for their reference.
24 May 2014	E-mail from Complainant to the Interim Director, Finance and Corporate Services, copied to the Member of Parliament for Pudsey, Horsford and Aireborough - Subject FWD: Complaint.	<p>The Complainant complains that the e-mail sent on 17 October 2013, 11:03 to the Acting Regional Director last year did not trigger the anti-fraud procedure leading to a robust and confidential investigation and that there was no report to the Regional Director.</p> <p>On 15 April 2015, we asked the Acting Regional Director why they dealt with the manner as they did. They explained that the matter appeared to be an LCC disciplinary matter and as such, they referred the matter to Legal Services and Human Resources who confirmed this view - no further action was therefore taken.</p>
27 May 2014 12:38	E-mail from Complainant to FOI@artscouncil.org - Subject: Subject access request.	The Complainant requests details of all grants signed off on behalf of the Arts Council by the (former) Regional Director.
Not dated	E-mail response from FOI@artscouncil.org to the Complainant - Subject: Arts Council FOI response.	The e-mail details grants that had been 'signed off' by (former) Regional Director, gives details of the way in which the grants programme works and explains that the decision to award grants is made by a panel who decide by consensus whether to make an award. Details of grants that contained the (former) Regional Director's signature were provided - these did not include the LCC renaissance grant.
29 May 2014 14:52	E-mail response from the Interim Director, Finance and Corporate Services to the Complainant.	The Interim Director, Finance and Corporate Services outlines the manner in which the investigation will be undertaken.
4 June 2014 10:36	E-mail from Complainant to enquiries@artscouncil.org , copied to the Secretary of State for Culture, Media and Sport and the Member of Parliament for Pudsey, Horsforth and Aireborough - Subject Re: Complaint.	The Complainant outlines their discontent with the manner that the investigation will be undertaken.

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5 June 2014 11:17	E-mail from Complainant to enquiries@artscouncil.org , copied to the Secretary of State for Culture, Media and Sport and the Member of Parliament for Pudsey, Horsforth and Aireborough - Subject Re: Complaint.	The Complainant outlines the manner in which the investigation will be undertaken and what will and will not be fed back.
5 June 2014 04:42	E-mail from Complainant to Interim Director, Finance and Corporate Services - Subject: Further Evidence.	The Complainant alleges that the (former) Regional Director used a £5million Arts Council grant to bribe their way into a £90,000 per year job with LCC.
5 June 2014 11:17	E-mail from Complainant to Interim Director, Finance and Corporate Services - Subject: Complaint.	The Complainant asks the Arts Council to look into the recruitment of (former) Regional Director by LCC.
6 June 2014 14:25	E-mail response from Enquiries signed Senior Manager, Quality Assurance and Risk Management to the Complainant - Subject: complaint.	The Senior Manager, Quality Assurance and Risk Management explains that they will be conducting the investigation.
10 June 2014 00:48	E-mail from Complainant to Senior Manager, Quality Assurance and Risk Management - Subject: [(former) Regional Director's name removed].	The Complainant alleges that one of the successful recipient organisations of a grant approved by the (former) Regional Director was the Yorkshire dance centre whose director at the time [name removed], also happens to be the partner of the (former) Regional Director.
10 June 2014 09:41	E-mail from Complainant to Senior Manager, Quality Assurance and Risk Management - Subject: [(former) Regional Director's name removed].	The Complainant retracts the allegation that the (former) Regional Director's partner was the beneficiary of a grant from the Arts Council.
11 June 2014 18:13	E-mail from Complainant to Senior Manager, Quality Assurance and Risk Management - Subject: Complaint.	The Complainant provides evidence that the (former) Regional Director made no declarations of interest during their recruitment to LCC.
13 June 2014 09:39	E-mail from Complainant to Senior Manager, Quality Assurance and Risk Management - Subject: Complaint.	The Complainant requests a response to their e-mail dated 5 June 2014 04:42.
13 June 2014 10:15	E-mail response from the Senior Manager, Quality Assurance and Risk Management to the Complainant - Subject: Complaint.	The Senior Manager, Quality Assurance and Risk Management provides an update on the investigation scope.

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13 June 2014 12:12	E-mail from Complainant to Senior Manager, Quality Assurance and Risk Management - Subject: Subject access request.	The Complainant outlines that they have further allegations regarding the use of the Arts Council grant by LMG and the recruitment of the (former) Regional Director. The Complainant restates their view that they feel that the Arts Council has a duty of care with regard to their former employment at LCC.
24 June 2014 10:53	E-mail from Complainant to FOI@artscouncil.org - Subject: subject access request.	The Complainant states <i>'I have received from Leeds City Council the ACE offer letter which is signed on behalf of ACE by [(former) Regional Director's name removed]'</i> .
undated	E-mail response from FOI@artscouncil.org to the Complainant - Subject: Arts Council FOI response.	The e-mail explains that the (former) Regional Director did sign the offer letter on behalf of the Arts Council grant offer to LMG, but they were not present at the decision meeting in which it was agreed to award this money, clarifying that while the (former) Regional Director's signature may have been on the offer letter, they were not involved in the decision to award that grant.
21 August 2014 11:38	E-mail from Senior Manager, Quality Assurance and Risk Management to the Lead Auditor at LCC- Subject Re: Grant Funding.	The e-mail sets out the broad detail of the allegation made by the Complainant as follows: <ol style="list-style-type: none"> <i>'1. There was corruption involved in the awarding of the LMG (Leeds Museums and Galleries) Grant, namely (former) Regional Director ensured that LMG were awarded the grant and in return was rewarded with a high paying job at Leeds Council;</i> <i>2. They allege that the application form submitted to the Arts Council was knowingly false. Their allegations appear to relate to the diversity information.'</i> <p>LCC have undertaken an internal audit which has examined the manner in which the grant has been administered. We have requested a copy of the final report of this audit, but it has not yet been provided to us.</p>

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Date	Event	Detail
12 February 2015	Meeting with the Complainant.	<p>We met the Complainant and asked questions based on our terms of reference and the document titled 'Leeds City Council Museum Service Fraud Report' they had submitted.</p> <p>We explained that our brief was not to examine the matters surrounding their employment by LCC, nor was our remit to examine the recruitment of (former) Regional Director; rather our remit was to look address the concerns which they raised regarding the manner in which the grant was awarded and whether or not monitoring had been undertaken in line with the Arts Council's own policies and procedures.</p> <p>We explained that other areas of the Complainant's allegations may be covered by this remit even though they were not explicitly stated - that is to say that our verification of the grant award process being correctly followed would indicate if any officer had exerted undue pressure on the grant application process. In addition, their concerns about the manner in which the grant had been spent would be addressed by the grant award monitoring process.</p> <p>We asked the complainant if they had any evidence of fraud within the Arts Council and they cited that there was one occasion when a grant was used to refurbish the museum shop and the Complainant questioned whether this was a valid use of the grant.</p> <p>We asked the Complainant if they were aware of any financial gain that had been received by officers within LMG or LCC and they told us that they were not aware of any direct financial benefit to officers from the actions they alleged; except that they may have kept jobs which they would otherwise lose.</p>

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Date	Event	Detail
		<p>The Complainant said that they had no evidence of corruption with regard to the award(s) of grants to LCC, but highlighted their areas of concern to us - we would note that it appears that these concerns relate to their relationship with LCC.</p> <p>The Complainant explained that they felt that the remit of our work was not broad enough. However, in the absence of reasons to investigate, we have not sought to broaden our work.</p>
12 February 2015	Meeting with the Lead Auditor, LCC.	<p>We met the LCC Lead Auditor who told us that they had examined the grant spend by LCC, noting that it appeared that there were some KPIs that were not monitored by the Arts Council and that they would report to the Arts Council following the internal audit work they had undertaken.</p>
13 February 2015	Meeting with the Arts Council Relationship Manager.	<p>We spoke to the Relationship Manager who explained that this is a significant grant and covered a number of venues within Leeds, meaning that they did not attend every site on every visit.</p> <p>The details of delivery were provided to the Arts Council Relationship Manager in the form of a narrative report, written by officers of LMG every quarter, a spreadsheet containing the KPIs and meetings with the Head of Museums.</p> <p>The Relationship Manager explained that the grant was about many aspects of Museums and all these areas were discussed in meetings, but the smaller points were not necessarily covered.</p> <p>The Relationship Manager explained that they had been pleased with the performance of LMG and that they had no areas of concern regarding the grant.</p>

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6. Conclusion

- 6.1. We have seen the grant application and the full assessment of the application in which the Yorkshire Renaissance Grant Assessor describes the application as a model application. We have also seen the minutes of the Renaissance Major Grants Programme Committee which agreed the funding to LCC.
- 6.2. The grant was and still is monitored by way of narrative reports, KPIs and meetings by a relationships manager - it was explained to us by the Relationship Manager that the narrative reports are the main way in which the grant is monitored. The LCC Internal Auditor told us they found minor errors in some narrative reports, but these would not have affected the grant payments and will be reported in their audit report. In addition, they noted that some KPIs appear not to have been monitored by the Arts Council. We have been informed by the Relationship Manager that these have been revisited for the 2015 grant award.
- 6.3. The Equalities Impact Assessment form provided by the Complainant shows that there is no impact on various communities when one of the purposes of the grant is to engage with people who might not normally attend Museums. Our experience is that this type of form is often used by public sector organisations and is usually used to report foreseen negative consequences of an action or policy decision. We would not therefore consider this a false statement since no negative consequences are expected from the LMG's project. In addition, the Relationship Manager has monitored engagement and is satisfied with the work undertaken. However, we would also note that this is only one small area of the grant award.
- 6.4. As noted above, the grant has been awarded through a transparent and fair process, and the grant is monitored by a Relationship Manager through quarterly narrative reports, KPIs and meetings. The area of community engagement has been raised by the Complainant and whilst community engagement is part of a much larger grant award, the Relationship Manager has told us that they have monitored this area. Based on these factors, we do not consider it appropriate that the grant be returned as stipulated in the Arts Council's Anti-Fraud Policy.
- 6.5. During the course of our work; we found no evidence of irregularity, fraud or corruption and have therefore not recommended or undertaken a full investigation.

7. Recommendations

- 7.1. There are no recommendations arising from our work.

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Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars LLP

London

June 2015

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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Appendix 1 - Terms of Reference Extract

2. Description of Planned Work

- 2.1. We have been provided with access to a folder of information which contains:
- Correspondence from the Complainant to the Arts Council;
 - Correspondence from the Arts Council to the Complainant;
 - Monitoring documentation; and
 - Evidence provided by the Complainant.
- 2.2. We will examine the documents provided to us in the folder and speak to the Complainant in order that we are in possession of all evidence and understand the Complainant's concerns regarding the management of the Renaissance Grant. In order to clearly report the findings of our work, we will construct a timeline showing the key points in the grant award and subsequent grant monitoring processes.
- 2.3. We will examine the methodology of the award of the Renaissance Grant to LCC Museums and Galleries Services, reporting on the award panel composition and decision making process.
- 2.4. We will examine the monitoring visit reports that have been provided to us, and will meet with the Arts Council Officer who undertook these visits and drafted the reports. We will compare this information with the Arts Council's monitoring policies and procedures and will report our findings.
- 2.5. An Equalities Impact Assessment form has been completed by LCC indicating that the grant funded project will have no impact on equalities. We will seek to understand whether this was misleading by speaking to LCC.
- 2.6. In addition, we will seek to meet with the LCC Internal Auditor in order to discuss the work they have undertaken and their key findings following this matter being brought to their attention.

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Appendix 2 - Excerpt of Fraud Report by Complainant - Equality Impact Screening Questionnaire

Leeds City Council Museum Service Fraud Report:

- 1) The misleading equality impact screening questionnaire completed by application author and Head of Collections, and signed off by head of service, **(see doc#2)**. The grant was clearly intended to have an impact upon groups identified as at risk of discrimination, both as visitors and employees; however, the Head of Collections responses to the Leeds City Council internal Equality Impact Screening Questionnaire all suggest that there was no anticipated impact:

3. Relevance to equality, diversity, cohesion and integration All the council's strategies/policies, services/functions affect service users, employees or the wider community - city wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration. The following questions will help you to identify how relevant your proposals are. When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation and any other relevant characteristics (for example socio-economic status, social class, income, unemployment, residential location or family background and education or skills levels).		
Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?		X
Have there been or likely to be any public concerns about the policy or proposal?		X
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?		X
Could the proposal affect our workforce or employment practices?		X
Does the proposal involve or will it have an impact on <ul style="list-style-type: none"> • Eliminating unlawful discrimination, victimisation and harassment • Advancing equality of opportunity • Fostering good relations 		X

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Appendix 3 - Terms of Reference, Renaissance Major Grants Area Recommendation Committee

	Renaissance Major Grants Programme Committee	
1.	Purpose	
1.1	The Renaissance Major Grants Programme Committee is a non-permanent decision-making body, established by National Council to make decisions on the allocation of the Renaissance Major Grants Programme for 2012-2015 only. It will be disbanded on 31 March 2012 or sooner once it has completed its deliberations on the Renaissance Major Grants Programme for 2012-2015.	
2.	Remit	
2.1	Its remit is limited to making decisions on the allocation of the Renaissance Major Grants Funding Programme for 2012-2015.	
3.	Delegated Authority	
3.1	Acting on behalf of National Council, the main duties of the Committee are to consider recommendations made by the Executive Board, and take decisions on all applications to the Renaissance Major Grants Programme 2012-15 in accordance with the criteria and framework established by the Arts Council and published in September 2011.	
3.2	The Chair may refer any contentious or sensitive applications to the programme to National Council for decision.	
4.	Reporting Procedures	
4.1	The Committee should submit a report following its meeting to National Council. In addition, notification and minutes of the Renaissance Major Grants Programme Committee shall be circulated to all members of the Committee, National Council, Executive Board and other officers as appropriate.	
5.	Membership	
5.1	The membership of the Renaissance Major Grants Programme Committee will comprise eight members, 4 National Council members and 4 Regional Council members (one from each Area) as follows:	
	[name removed] (Chair)	National Council
	[name removed] ¹	National Council

¹ [name removed] was appointed to the Committee by National Council on 13 December 2011 to fill the vacancy created when [name removed] stood down from the Committee.

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	<p>[name removed]</p> <p>[name removed]</p> <p>[name removed]</p> <p>[name removed]</p> <p>[name removed]</p> <p>[name removed]</p>	<p>National Council</p> <p>National Council</p> <p>EM Regional Council</p> <p>NW Regional Council</p> <p>London Regional Council</p> <p>East Regional Council</p>
5.2	<p>In addition, the Committee will be joined by two/three additional co-optees who will support the committee by providing expertise in museum direction and management and particularly collection development and scholarship. These two/three additional members of the Committee will play a purely advisory role and will be non-voting. They will be:</p> <p>[name removed]</p> <p>[name removed]</p> <p>[name removed]</p>	
5.3	<p>The Chair of the Committee will be [name removed], Chair of National Council. In the absence of, or should the Chair declare an interest, another National Council member shall chair the Committee.</p>	
5.4	<p>Deputies will not be allowed if a member of the Committee is unable to be present at a Committee meeting.</p>	
6.	Frequency	
6.1	<p>The Renaissance Major Grants Programme Committee will meet early in 2012, and as often as required. The first meeting will take place in the week commencing 15 January 2012.</p>	
6.2	<p>There may also be an induction process for the Committee to include programme aims and operation, committee procedures and practices.</p>	
6.3	<p>The Chair may call urgent meetings in specific matters if required.</p>	
7.	Declarations of interest	
7.1	<p>The Arts Council's Code of Practice for National and Regional Council Members sets out its policy and procedures for managing conflicts of interest. Members of the Renaissance Major Grants Committee are required to register and declare their interests in accordance with this policy.</p>	

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8.	Quorum and Voting
8.1	The quorum is 4 members and shall include the Chair or Acting Chair.
8.2	The proceedings of this Committee are subject to the Council Regulations 2011 ² . No business shall be transacted if the Committee meeting is not quorate. Decisions shall be taken on the basis of a simple majority. If necessary, the Chair, or Acting Chair, will have the casting vote.

These terms of reference and functions of the New Renaissance Major Grants Programme Committee were agreed by National Council in October 2011. They will expire on 31 March 2012.

October 2011

² Council Regulations 2010 have now been superseded by Council Regulations 2011.

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