

Review and Audit of  
Voluntary Sector Organisations  
(Community Learning and Development)

**YouthLink Scotland**

January 2006

## INTRODUCTION

### The Review

In September 2005, the Scottish Executive Education Department (SEED) commissioned Her Majesty's Inspectorate of Education (HMIE) and Audit Scotland to undertake a joint review of *YouthLink Scotland (YLS)*. This was a new integrated approach to audit and inspection activity of voluntary sector organisations in receipt of Scottish Executive funding. This integrated approach was designed to minimise the regulatory burden on voluntary sector organisations such as *YLS*.

The fieldwork for this review took place between 2 and 4 November 2005. It involved interviews, in person and by telephone, with staff and key stakeholders of *YLS*. It also included reviews of policies and procedures and an assessment of financial monitoring and reporting arrangements.

The HMIE review work was designed to answer the key questions:

- To what extent is the organisation fulfilling its obligations to the grants scheme?
- How effective are the services and programmes offered within the context of the grants scheme?
- To what extent is the organisation operating in a professionally competent manner?

The scope of Audit Scotland's audit work was:

- Business planning
- Costing of activities
- Financial reporting
- Performance reporting
- Payroll deductions
- Financial procedures

The co-operation of managers, staff and other stakeholders is gratefully acknowledged.

### The organisation: Youthlink Scotland

*YLS* is the national youth work organisation for Scotland. The organisation was established in its present form in 2002 when Ministers from the Scottish Executive asked it to take on certain youth work functions from *Community Learning Scotland* which was being wound up. *YLS* is a membership organisation with members throughout Scotland. At the time of the review, *YLS* had 86 members in all: 32 local authorities, 46 national voluntary youth organisations in full membership and eight associate members. *YLS* is a company limited by guarantee and has charitable status. *YLS* works with youth work organisations, youth workers and others who work with young people in Scotland. *YLS* also works in partnership with other organisations on specific areas of work. The mission of *YLS* is to support the development of accessible, high-quality youth work services which promote the well-being and development of young people. It seeks to do this by:

- being the voice of the youth work sector in Scotland, achieving recognition at national and international levels;
- influencing policy which affects the youth work sector and the lives of young people;
- enabling the sector to make best use of resources;
- being a source of expert advice and information for youth work practitioners and policy makers;
- facilitating innovative youth work through research and development; and
- supporting partnership working across the youth work sector.

*YLS* hosts the *Eurodesk* and the *European Resource Centre*. These provide an information service about European developments for young people and those who work with them.

In addition, *YLS* works directly with young people in the delivery of project work. The projects cover a range of youth work activities from the arts to youth participation and take place within a range of settings including the Polmont Young Offenders Institution.

## Overview

*YLS* receives funding from SEED. This is in the form of an annual grant of £616,200 for 2005-06, made up of £500,000 programme grant and £116,200 core grant. The terms of the SEED grant are focused on the delivery of a mutually agreed work programme based on the objectives of the *YLS* mission statement. *YLS* is a company limited by guarantee, with a board of directors who are responsible for the overall management of the organisation. The *YLS* board is presently made up of fourteen members, eleven of whom are elected by the company membership of national voluntary youth organisations and Scottish local authorities. The present board comprises: three representatives from local authorities; three representatives from the voluntary sector; two representatives from the *Scottish Youth Parliament*, three co-opted members and officer posts of Chair, Vice Chair and Treasurer.

The staffing complement was twenty-eight staff at the time of the review. *YLS* had an Interim Chief Executive Officer (CEO) who was on secondment from the Scottish Executive. The recruitment process for the post of CEO had only recently commenced. There was a vacancy for the substantive post of Head of Corporate Services. This post had not been filled pending a review of the structure of the organisation. The Interim CEO was on extended absence through illness and two senior staff, in collaboration with the Chair of the board, were managing the organisation.

## THE ORGANISATION'S OBLIGATIONS TO THE TERMS OF THE GRANT SCHEME

### The extent to which outcomes match grant criteria

The extent to which outcomes matched grant criteria was **good**. *YLS* effectively delivered a range of projects which clearly related to the mission and strategic objectives of the organisation. The *Step it Up* and *Walk the Talk* projects identified and successfully promoted good practice in youth work in areas relating to training and health. *YLS* successfully influenced policy in line with the interests of young people and of the youth work sector. The organisation had worked effectively through project work in youth literacy to ensure the

inclusion of this area of work within wider Scottish Executive adult literacy developments. However, a number of planned project outcomes were not yet sufficiently detailed to accurately reflect the terms and conditions of the grant criteria. This was still in discussion with SEED. As a result, the *YLS* 2005-06 work programme had still to be agreed with SEED.

### **The extent to which programmes were operational and on schedule**

The operation of programmes was **good**. *YLS* delivered the majority of current projects on time. *YLS* produced a useful and timely *Weekly Briefing* and *Parliamentary Review* for members, both of which were valued by members. In some projects, such as the *To the Max* youth literacy project, clear and well-defined plans had been developed. Staff had ensured that these plans detailed how the project would be delivered. As a result, staff were able to identify progress against key milestones and make adjustments as required. Staff in *YLS* had played an effective role in developing the *Youth Work Modern Apprenticeship (YWMA)* in Scotland. This project had made good progress and the first ever *YWMAs* in the UK were now being piloted with six local authorities and voluntary organisations. *YLS* recognised the need to adopt a systematic and consistent approach to clear and detailed project planning and this approach was now beginning to be applied across all projects.

### **Programme management and delivery**

Programme management and delivery was **fair**. *YLS* had ensured that the management arrangements for the collaborative *YWMA* and *To the Max* projects were effective. As a result, these complex projects on training and youth literacy had made good progress. Staff had clearly defined responsibilities for delivering particular projects. However, the performance indicators/measures included within the *YLS* workplan were not sufficiently SMART (specific, measurable, achievable, relevant or time based). Many of the tasks lacked a target date for completion and were not sufficiently time based, specific and measurable. *YLS* was addressing this through ongoing discussions with SEED. The various roles and lines of management responsibilities for projects between steering groups and the *YLS* board of directors were not always clearly defined. As a result, the *YLS* board of directors who were ultimately responsible for delivery of the organisational work programme had only recently begun to review significant changes to delivery plans. Corporate approaches to programme reporting and review were still in the early stages of development and required further development.

## **THE EFFECTIVENESS OF SERVICES AND PROGRAMMES**

### **Audits of need**

Audits of need were **fair** overall. *YLS* had undertaken a useful audit of members' needs in 2003. This audit had clearly identified a number of areas for survey work relating to the needs of young people and the youth work sector. These areas of work had been developed effectively in the *Being Young in Scotland* survey and the *Youth Work mapping project*. *YLS* made effective use of its member network and a national polling organisation in these projects. The results of these projects were now being used in the development of a national youth work strategy. However, the organisation did not yet have a regular and systematic approach to auditing need across all of its activities. *YLS* made limited use of systems to

regularly audit the needs of member organisations or particular projects. There was not a clear rationale for the choice of audit methods. The involvement of users in devising and interpreting audits was not consistent. *YLS* needed to clarify and strengthen the links between audits and member services so that members' needs were met.

### **Content and methods**

Content and methods were **good**. *YLS* actively ensured that the content and methods within programmes engaged young people and practitioners. The *Step it Up*, *Youthbank*, *Route 98* and *Streetwise* projects offered effective training that was modified to suit the needs of the trainees and the organisation. These took good account of equalities issues. *YLS* also provided useful training and support to youth work practitioners and staff from external organisations. The *Create arts* project provided a range of good-practice examples on involving young people in the arts. This had been supported by a well-attended conference and useful online case studies. Staff from *YLS* trained members of the Scottish Prison Service to deliver a range of youth work activities with young people within Polmont Young Offenders Institution. *YLS* made effective use of member networks and short-term working groups to develop the *YWMA*. *YLS* gathered information on participants' attendance on programmes. *YLS* staff needed to systematically analyse and utilise the useful databases on participants to further inform and develop programme content and methods.

### **Review and evaluation**

Review and evaluation was **fair**. *YLS* had a consistent commitment to project and programme evaluation. Each project and programme had an extensive file to store information that would support analysis and evaluation. Staff used both internal and external evaluation methods for projects if funding permitted this. For example, the *Route 98* project had been externally evaluated and the results of the evaluation had been published. This evaluation had actively informed the development of the *YWMA* in Scotland. *YLS* held well-attended conferences to report on the results of projects, for example the *Create arts* and *Youthbank* projects. *YLS* made effective use of information systems to record the number of visits to its website. This now required further analysis and development to make use of the data collected. However, internal reporting and evaluation was not yet fully systematic and comprehensive. Project managers presented information on their projects to the board of directors. While this was useful, the board did not evaluate the work of the organisation effectively and learn from project evaluations when these were provided.

## **PROFESSIONAL COMPETENCE**

### **Management Planning**

Management planning was **fair** overall. *YLS* had a clear mission statement. The *YLS* management team had developed a set of strategic aims based upon the organisation's mission. Senior staff actively ensured that projects and the work plans of individual staff responded broadly to national policy developments. Staff in charge of projects provided information about their work at board meetings. *YLS* had also made a significant contribution to a number of useful national projects on youth literacy and initial training. These projects made a positive contribution to national policy development in these areas through research

and pilot programmes. However, *YLS* had not yet developed effective communication across all levels of the organisation to support shared understanding of organisational objectives. There was a draft strategic or business plan in place, although at the operational level a one year work plan has been developed. The external consultants had raised this lack of an overarching strategic plan in their 2004 audit, but this issue remained to be addressed. As a result, the strategic plans of the organisation were not yet sufficiently detailed and lacked clarity, particularly with regard to key issues such as project progress and outcomes assisting in the fulfilment of strategic objectives.

### **Policy development**

Policy development was **fair**. *YLS* had developed and put in place policies on areas such as health and safety, use of information and communication technology (ICT) and personnel. However, the range of policies was not comprehensive and there were important omissions in areas such as disability and race relations. These areas required further work. Many policies were still in draft form as *YLS* was seeking to harmonise a variety of staff terms and conditions. The organisational handbook was poorly organised. *YLS* had a policy on child protection but there was not a systematic approach to this matter although both board members and some staff came into contact with young people. The board of *YLS* did not actively or robustly monitor and ensure compliance with organisational policies. The methods and processes used to generate policies were not fully inclusive of all staff and board members. As a result, many were not aware of key organisational policies.

### **Involvement of Users**

Involvement of users was **fair** overall. *YLS* actively involved member organisations in its strategic management through board membership and networks. *YLS* also encouraged and invited members to be involved in other aspects of its work. This was done through regular meetings of a number of advisory forums and sub-groups. *YLS* usefully used its annual conference and other events to involve members and to ascertain their views. *YLS* provided regular updates on its work to members through a well-organised website and email updates. However, *YLS* did not offer effective means for members to become involved in and lead project groups. This was a missed opportunity. Whilst *YLS* involved members of its board of management in three board sub-committees, there was insufficient induction training or an audit of skills amongst board members. This meant that the majority of *YLS* board members were not able to apply their considerable skills, energies and abilities to the benefit of the organisation.

### **Leadership and Ethos**

Leadership and ethos was **fair** overall. *YLS* had developed a number of useful publications to communicate its role and mission to member organisations and the wider community learning and development (CLD) sector. *YLS* had a well-designed website that was used well by member organisations, the CLD sector and young people. *YLS* senior staff were highly supportive of staff and provided effective leadership. The present *YLS* Interim CEO had made a good start to developing the organisation in its present form. However, the Interim CEO and senior members of staff were tasked with too much of the corporate leadership and responsibility that properly lay with the board of the organisation. The *YLS* board had not sufficiently distributed amongst themselves responsibility for strategic activities. As a result,

the *YLS* board did not take full responsibility for corporate leadership in its approaches to managing the organisation.

### **Staff and volunteer development**

Staff and volunteer development was **fair** overall. *YLS* had a support and supervision system in place for staff. In some instances, such as in the *Route 98* and *Create* art projects, *YLS* had made effective use of staff training and external placements in the *Route 98* and *Create* art projects. For example, the *Create arts* project had developed effective partnership working with the Scottish Arts Council. However, *YLS* staff review systems were still in development and were at the early stages of effectively supporting staff deployment. Although *YLS* had made use of volunteers on an occasional basis, there was not yet a corporate volunteer policy to actively encourage and develop volunteering opportunities with the organisation. Given the breadth of the membership base of *YLS* across the local authorities and the voluntary youth work sector, this was a missed opportunity.

## **FINANCIAL COMPETENCE**

### **Financial Control**

Financial control was **fair**. *YLS* had engaged external consultants to carry out an audit of the organisations' financial procedures and controls in 2004. The board of *YLS* had agreed to implement the consultants' recommendations. Senior staff now provided regular financial briefings at monthly staff meetings on, for example, expense claims, petty cash and cash advances. Although the majority of the recommendations of the external consultants had been met, a few of the recommendations from the consultants' report were still outstanding at the time of the review. *YLS* did not have financial procedures related to key areas of work, for example, on procurements and the use of project budgets. *YLS* had not yet finalised its business plan and had not sufficiently linked financial planning to development planning. Not all board members sufficiently understood their legal responsibilities for financial accountability.

### **Financial reporting**

Financial reporting was **good**. The *YLS* accountant produced monthly management accounts, which were presented to the board or Finance and Audit Committee. In addition, the accountant met regularly with team managers in order to discuss the management accounts and obtain explanations for variances. Management accounts included an income and expenditure account, balance sheet, and cash-flow projection. Income and expenditure information was analysed by core and departmental activity, and the movement in restricted funds. An additional note also analysed movements in unrestricted funds. The *YLS* board reviewed financial information in July 2005, and the monthly management reports were amended to show the anticipated outturn. Management information was presented on an accruals basis. The management team presented information for individual restricted funds on an individual project basis to support separate accounting for these funds. However, for unrestricted funds information was presented by type of expense rather than as a project by project basis. While the management information provided enabled senior staff to manage

total expenditure, including total staff expenditure, it did not allow them to evaluate whether the costs attributed to each project reflected actual project activity.

### **Costing of activities**

Costing of activities was **fair**. *YLS* had projected the costs of their 2005-06 work programme, and agreed an income and expenditure budget for the year. £184,000 of direct costs had also been allocated to individual projects. The most significant costs related to travel, accommodation, newsletters, subscriptions, and expenses for Eurodesk (£79,000) and evaluation, research and printing costs for the *Being Young in Scotland* survey (£32,000). The *YLS* budgets showed, on a transparent and reasonable basis, how staff costs have been allocated to individual projects. The *YLS* accountant undertook a detailed review of the budget upon joining the organisation in July 2005 and updated the budgets. *YLS* were piloting a time recording system to assign staff time to projects at the time of the review and audit. However, there were a number of initial problems with the new time recording system and there was a risk that allocation of staff time to activities was presently leading to inaccurate costing of *YLS* activities.

### **Performance reporting**

Performance reporting was **fair**. *YLS* provide six monthly reports to SEED on progress against the agreed work plan. These reports provided a helpful update on progress against most tasks. However, there were some tasks where no progress had been reported. As a result, SEED did not have a full picture of progress against annual targets. Financial information on progress against the work plan was not reported to the board or any of its committees. It was difficult for the board to effectively manage the performance of the organization. *YLS* needed to ensure that directors are able to hold managers to account for their performance in delivering the work plan.

### **Payroll deductions**

Systems for administering payroll deductions were **very good**. *YLS* provided staff with easy access to pension information, including the ability to obtain information from *YLS* or review payments into their pension schemes online. In 2005-06, *YLS* ensured that PAYE, National Insurance and pension contribution deductions were promptly paid to the Inland Revenue and pension providers in line with legislative requirements.

## **CONCLUSION**

Overall, *YLS* effectively delivered a range of projects which clearly related to the mission and strategic objectives of the organisation. *YLS* successfully influenced policy in line with the interests of young people and of the youth work sector. The *Step it Up* and *Walk the Talk* projects identified and successfully promoted good practice in youth work in areas relating to training and health. Staff in *YLS* had played an effective role in developing the *Youth Work Modern Apprenticeship (YWMA)* in Scotland. The present *YLS* Acting CEO had made a good start to developing the organisation in its present form. However, there was still further work to do with regard to developing a fully systematic and corporate approach to programme development, management, monitoring and financial outcomes. *YLS* and SEED needed to



ensure that the costings and impact of projects and programmes could be properly assessed against grant conditions. *YLS* needed to make better use of effective corporate structures such as sub-committees or work groups to encourage a greater sense of corporate responsibility and leadership amongst all its board members. There were areas for improvement in policy development, involving users and making better use of young people and members as volunteers and secondees.

## **KEY STRENGTHS**

- The commitment and energy of staff.
- The range of projects, particularly in youth literacy, arts and initial youth work training.
- The extensive membership base of the organisation amongst local authorities and national voluntary youth organisations.
- The well-designed website which provided extensive information on youth work in Scotland.

## **MANAGEMENT ACTION**

Detailed recommendations on those areas where improvements could be achieved are included in the action plan that follows.

This report to management sets out our findings from the review and audit carried out. The strengths and areas for improvement outlined are only those which have come to our attention during the course of our review and audit work and are not necessarily all the strengths and areas for improvement that may exist.

Communication of issues and areas for improvement arising from this review and audit does not absolve management for its responsibility for addressing the issues raised and for maintenance of an adequate system of control.

The contents of this report have been discussed with relevant officers to confirm factual accuracy. The assistance and co-operation we received during the course of our review is gratefully acknowledged.

## Action plan

No.	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
1	<p><b>Business plan</b></p> <p>There is no finalised strategic or business plan in place.</p> <p><i>Risk: YLS may lack strategic direction, and may fail to take account of long term issues and funders' requirements.</i></p> <p><b>Recommendation: YLS and SEED should formulate a strategic plan to guide the organisation's development over the medium to long term. This will require YLS to identify strategic options and funding requirements, and liaise with key funders to agree a strategy and funding package.</b></p>			
2	<p><b>Leadership and ethos</b></p> <p>The YLS board did not take full responsibility for corporate leadership in its approaches to managing the organisation. YLS did not presently have effective corporate structures such as sub-committees or work groups to encourage a greater sense of corporate responsibility and leadership amongst its board members.</p> <p><i>Risk: the CEO and senior members of staff may be tasked with too much of the corporate leadership and responsibility that properly lay with the board of the organisation.</i></p> <p><b>Recommendation: The board of YLS should review its corporate structures.</b></p>			
3	<p><b>Policy Development</b></p> <p>The range of policies was not comprehensive and there were important omissions in areas such as disability and race relations</p> <p><i>Risk: YLS may not be in compliance with statutory requirements.</i></p> <p><b>Recommendation: YLS should ensure that organisational policies are comprehensive and comply with relevant legislation</b></p>			

No.	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
4	<p><b>Staff and volunteer development</b></p> <p>Although <i>YLS</i> had made use of volunteers on an occasional basis, there was not yet a corporate volunteer policy to actively encourage and develop volunteering opportunities with the organisation.</p> <p><i>Risk: YLS may be missing important opportunities to benefit from the expertise of its member organisations.</i></p> <p><b>Recommendation: The board of YLS should implement a corporate volunteer policy.</b></p>			
5	<p><b>SMART objectives</b></p> <p>Some of the performance indicators/measures within the <i>YLS</i> workplan are not sufficiently SMART.</p> <p><i>Risk: there may be a lack of accountability within the organisation, which may lead to a failure to deliver tasks within the workplan.</i></p> <p><b>Recommendation: YLS should, as far as is possible, ensure that the targets detailed in their workplan are sufficiently SMART to effectively monitor new and continuing programmes of work.</b></p>			
6	<p><b>Review and evaluation</b></p> <p>Internal reporting and evaluation is not yet fully systematic and comprehensive. The board does not evaluate the work of the organisation effectively.</p> <p><i>Risk: the board is not able to effectively evaluate the work of the organisation and learn from project evaluations.</i></p> <p><b>Recommendation: The board of YLS should implement a systematic and comprehensive reporting and evaluation system.</b></p>			
7	<p><b>Allocation of staff time to activities</b></p> <p><i>YLS</i> are piloting a time recording system to assign staff time to projects. Prior to this, there was no ‘feedback’ mechanism to assess whether the estimates of staff time were accurate. In addition, there are a number of teething problems with the time recording system.</p> <p><i>Risk: allocation of staff time to activities may be inaccurate, leading to inaccurate costing of those activities.</i></p> <p><b>Recommendation: YLS should ensure that a time recording system that meets the needs of the business is put in place at the earliest opportunity.</b></p>			

No.	Issue, risk & recommendation	Responsible officer	Response & agreed action	Action date
8	<p><b>Audit of members needs</b></p> <p><i>YLS needed to clarify and strengthen the links between audits and member services so that members' needs were met.</i></p> <p><i>Risk: member organisations terminate their membership</i></p> <p><b>Recommendation: YLS should clarify and strengthen the links between audits of members' needs and the provision of member services.</b></p>			
9	<p><b>Financial reporting</b></p> <p>Due to the lack of a time recording system, there is no facility to provide cost information on a project by project basis. As a result, management team information is presented on a 'functional' basis (type of expense) rather than a 'responsibility centre' (project by project) basis.</p> <p>While the management information provided enables team heads to manage total expenditure, including total staff expenditure, it does not allow them to evaluate whether the staff costs attributed to each project reflect actual activity.</p> <p><i>Risk: costing information, while likely to be accurate at the aggregate level, may be inaccurate for individual projects.</i></p>			
10	<p><b>Involvement of users</b></p> <p>The majority of YLS members were not able to apply their considerable skills, energies and abilities to the benefit of the organisation.</p> <p><i>Risk: YLS is unable to draw upon all of the resources of its membership.</i></p> <p><b>Recommendation: YLS should ensure that responsibility for strategic activities is distributed amongst its membership</b></p>			
11	<p><b>Financial procedures</b></p> <p><i>YLS's financial procedures do not currently cover procurement, use of budgets (eg in line with grant conditions), tendering, appointment of bankers, borrowing or the retention of documents.</i></p> <p><i>Risk: local procedures may develop that are not in line with management expectations.</i></p> <p><b>Recommendation: YLS should finalise its financial procedures, and consider including additional guidance on the areas identified above.</b></p>			

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### **Definitions of terms used in this report by HM Inspectors**

When conducting reviews of voluntary organisations, HM Inspectors use a quality framework when making judgements about the work of an organisation. These quality indicators relate judgements to four levels of performance. This report uses the following word scale to make clear the judgements made by HM Inspectors:

very good	major strengths
good	strengths outweigh weaknesses
fair	some important weaknesses
unsatisfactory	major weaknesses