

Glasgow City Council Internal Audit Section

Glasgow City Region Cabinet Report

Shared Prosperity Fund – Regional Project Compliance

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of project compliance for UK Shared Prosperity Fund (SPF) projects that are administered by Glasgow City Region (GCR).
- 1.2 SPF is administered by the UK Government (UKG) and provides funding for local investment, with all areas of the UK receiving an allocation from SPF via a funding formula rather than a competitive process.
- 1.3 The GCR is the only area in Scotland to adopt a regional approach to SPF, receiving in the approximately £73m over a 3-year period between April 2022 and March 2025. While the GCR Programme Management Office (PMO) has overall responsibility for the programme as the Lead Authority, delivery will take place, in the main, at the Member Authority level, with a small number of projects being administered at a regional level. A GCR SPF Assurance Framework was created to support member authorities in the administration of SPF and outlines the key requirements that should be adhered to throughout the course of the 3-year funding period.
- 1.4 The objective of the audit was to gain assurance that there were effective governance arrangements in place for projects administered at a regional level and to ensure compliance

with the agreed terms and conditions of the grants awarded. The scope of the audit included:

- Documented procedures, roles and responsibilities.
- A walk-through of SPF project objectives, terms and conditions and any associated processes.
- Governance and operational management arrangements.
- The application and approval process for grant funding.
- Engagement with support teams.
- Monitoring activities to track the progress and delivery of grant funded objectives.
- The claims process.
- Record keeping arrangements to maintain an audit trail and ensure compliance with funders' retention requirements.

- 1.5 The three regional SPF funded projects selected for further review, are detailed below:

Project Name	SPF Award
Regional Marketing of Multiply	£245,469
ExtendPlus Carbon Baseline Reporting	£376,171
Clyde Climate Forrest	£200,000*

*Matched funding amounting to £200,000 from three other external providers is also in place for this project.

2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation which management should address.

3 Main Findings

- 3.1 We are pleased to report that most key controls are in place and generally operating effectively. Documented procedures and guidance have been developed for each of the projects and shared with all relevant staff and applicants (where relevant). Roles and responsibilities of all staff involved are clearly documented and understood. GCR officers involved in the administration of SPF projects are aware of the objectives, terms and conditions and any associated processes required by the UK Government.
- 3.2 We noted that for all projects, there are appropriate governance and operational management arrangements in place which aim to ensure funding is awarded and projects are delivered in accordance with the agreed SPF terms and conditions. Funding awards have been approved by appropriate officers and award letters issued to successful applicants as required.
- 3.3 We noted that there are appropriate monitoring and reporting activities in place for all projects. This includes adequate recording of project objectives and outputs required by the UK Government. We were also satisfied that there are adequate record keeping arrangements to ensure that a full and transparent audit trail exists in accordance with SPF retention requirements.
- 3.4 However, we identified one area where controls could be strengthened. For both the ExtendPlus Carbon Baseline Reporting and Clyde Climate Forrest projects, we noted that all correspondence from each of the external providers, including expenditure claim requests, are sent to the e-mail address of the responsible officer (within the PMO) not a generic mailbox. This practice may affect business continuity arrangements if the responsible officer is unavailable and increases the risk of issues/errors not being identified.
- 3.5 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of the recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.6 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.7 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.8 It is recommended that the Head of Audit and Inspection submits a further report to Cabinet on the implementation of action contained in the Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: The claim process is being handled in line with expected procedures and all supporting correspondence appropriately received.				
1	<p>For both the ExtendPlus Carbon Baseline Reporting and Clyde Climate Forrest projects, we noted that all correspondence from each of the external providers, to include expenditure claim requests are sent to the e-mail address of the responsible officer (within the PMO) and not a generic mailbox.</p> <p>This practice may affect business continuity arrangements if the responsible officer is unavailable and increases the risk of issues/errors not being identified.</p>	The PMO should ensure that staff use the generic GCR mailbox where appropriate, so other members of the team have access to correspondence where required.	Low	<p>Response:</p> <p>Recommendation accepted.</p> <p>Officer Responsible for Implementation:</p> <p>Head of City Region Programme Management Office</p> <p>Timescales for Implementation:</p> <p>Immediate effect.</p>

