Glasgow City Council Internal Audit Section
Committee Summary
Chief Executives Department – Glasgow Communities Fund Review of Funding Arrangements

1 Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the arrangements in place for making payments to organisations from the Glasgow Communities Fund (GCF).

1.2 The GCF is a grant fund which provides funding to organisations to deliver services to the citizens of Glasgow and is administered by the Grants and Monitoring Team. The award period for the fund under review is from 1 April 2023 to 31 March 2026 and the total funding for the 3 years (36 months) is £49m.

1.3 The purpose of the audit was to gain assurance that the applications process was appropriate and that transactions made were accurate authorised, recorded and processed in line with documented procedures. The scope of the audit included:

- The advertising process undertaken.
- The tools in place to ensure that organisations were aware of the fund and how they could apply.
- The assessment of applications, including criteria used.
- Documented policies, procedures and guidelines used for determining whether an organisation meets the relevant criteria.

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- A review of a sample of applications received, including corresponding documentation to ensue procedures in relation to receipt and assessment of applications have been adhered to.
- The authorisation arrangements in place when approving applications.
- Checking that staff involved have received appropriate training and adhere to the relevant procedures, including when administering grants.
- A review of declarations of interest for officers.
- The controls in place to ensure that grants are approved and awarded to eligible recipients and that they receive the correct amount.
- Arrangements in place to ensure that the correct payments are made at the correct time.
- The controls in place to ensure that organisations only receive payments once grant conditions have been met.
- Access to the grant management system used is restricted.

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 two recommendations which management should address.

3 Main Findings

3.1   We are pleased to report that most key controls are in place and operating effectively.

3.2   Arrangements were put in place to ensure that organisations were made aware of the new fund in a timely manner to allow submission of applications. A variety of channels, including use of social media, were used to advertise the fund and ensure a wide and varied range of organisations were aware of the fund and how to apply for it.

3.3   We found that the process for dealing with the submission of late applications is formally documented and is being followed. For the current grant scheme, no late applications were accepted.

3.4   There is a formal criteria and documented procedure in place for the assessment of applications, which includes the reasons for which an application would be unsuccessful.

3.5   We found that there is sufficient segregation of duties in the process for receipt and logging of applications, assessing applications, authorisation of assessment outcomes, and payment of successful applicants. Furthermore, application

assessors must complete a declaration of interests form, and these are held by the Executive Compliance Unit (ECU).

3.6   The amount of funding awarded to applicants is determined by a methodology documented in a report approved by the City Administration Committee.

3.7   We reviewed a sample of 30 successful applications and found that the correct procedures were followed, and the correct payments were made to each recipient. In instances where applicants incurred an underspend, we found that the correct processes were followed.

3.8   We found that access to the Grants Management System is adequately restricted with specific access levels for different roles/users and sufficient user password controls.

3.9   However, we also identified some opportunities for improvement. There is an agreed list of evidence that must be submitted for applications to be considered, and, from a sample of 30 successfully awarded applications, we found one case where the applicant had not submitted all the required supporting documentation.

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3.10 We also found that there are no written procedures in place for Glasgow Communities Fund that outline the process to be followed when making payments to an organisation.

3.11 An action plan is provided at section four outlining our observations, risk and recommendations. We have made two recommendations. The priority of the recommendations are:

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.	2
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.12 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.13 We would like to thank officers involved in this audit for their cooperation and assistance.

3.14 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Recipients are eligible under grant conditions and have been assessed fairly.				
1	There is a list of supporting documentation which applicants should submit alongside their application to the Glasgow Communities Fund. The step by step guide for applications to the Glasgow Communities Fund states that a recent bank statement, no more than 3 months old, must be submitted. However, we found that one applicant in our sample who was awarded funding had submitted a bank statement which was significantly outside this time period. Without recent bank statements there is a risk that assessors are making recommendations for funding based on inaccurate and out of date financial information.	The Grants and Monitoring team should liaise with the applicant in question and obtain assurance that there are no issues which would question the validity of the award. For future programmes, management should ensure that supporting documents are properly reviewed to ensure that they meet the required criteria.	**Low**	**Response:** The Grants and Monitoring Team will link in directly with the organisation identified to obtain the required assurance. The requirement to robustly check the validity of all supporting documents submitted as part of the application process will be (a) reinforced with all relevant officers and (b) strengthened in the written application and assessment guidance provided to all officers involved in the process. **Officer Responsible for Implementation:** Economic Development Manager (Grants and Monitoring) **Timescales for Implementation:** 31 March 2025

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Written procedures are in place to outline the controls to ensure the correct payment is made to the correct organisation.				
2	The Grants and Monitoring team deals with the payment process up to the instruction of payment, the rest of the process is then dealt with by the Grants Support Office, within Customer and Business Services (CBS). Whilst we found that the processes for making payments were well known and understood by the officers responsible, it is good practice to have written procedural documentation in place and we found that this was not the case. Without procedural documentation in place there is an increased risk that staff may follow incorrect processes when dealing with payments. Given the nature of the split duties for different aspects of the payment process there is also a risk of confusion in responsibilities.	Management should develop a procedural documentation for the payments process and share this with relevant staff.	**Low**	**Response:** The Grants and Monitoring Team will link in with relevant staff members within the Communities Team and CBS to develop written procedures to support the payment process. **Officer Responsible for Implementation:** Economic Development Manager (Grants and Monitoring) **Timescales for Implementation:** 31 March 2025