

Glasgow City Council Internal Audit Section

Glasgow City Region Cabinet Report

Glasgow City Region City Deal – Financial Monitoring Phase 2

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the financial monitoring arrangements in place across the Glasgow City Region City Deal Programme.
- 1.2 The Glasgow City Region Project Management Office (PMO) is responsible for the financial monitoring and reporting for the overall City Deal programme. The role of the PMO includes collating the project status updates from all member authorities and reporting to various senior officer groups and the Cabinet. Given the current financial pressures faced by all member authorities and the external factors that may impact the progression of City Deal projects, it is essential to ensure that financial monitoring and reporting are conducted effectively and in line with expected timescales. This remains crucial for highlighting any key issues as soon as possible.
- 1.3 The purpose of the audit was to gain assurance that there are adequate controls in place covering financial monitoring and reporting carried out by the PMO and member authorities, and that these are operating effectively. The scope of the audit included:
- Documented procedures, roles and responsibilities.
 - The financial monitoring process and reporting to Cabinet.
 - The process for identifying variances.
 - The arrangements and approval processes for the amendments of budgets.
 - The PMO budget monitoring processes.
 - The year-end processes.
 - The internal monitoring processes and arrangements for reporting to the PMO.
 - The escalation processes in place.
- 1.4 This report outlines the findings from the second phase of the review, which focused on the financial monitoring arrangements of the remaining four member authorities:
- Glasgow City Council
 - Renfrewshire Council
 - West Dunbartonshire Council
 - South Lanarkshire Council
- The other four member authorities were reviewed as part of Phase 1 of this audit, undertaken in 2023/24.

2 Audit Opinion

- 2.1 Based on the audit work carried out, assurance can be taken that the control environment is satisfactory.

3 Main Findings

- 3.1 We are pleased to report that key controls are in place and operating effectively. Guidance on the financial monitoring requirements for City Deal projects is available to the member authorities included in the Phase 2 review. This is through the 'Assurance Governance and Programme Management Framework' (the Framework) and the supporting Project Management Toolkit. The PMO continues to hold responsibility for updating both documents, and an annual schedule for reviewing and approving changes has been established. A full review of both documents was undertaken by senior officers within the PMO and details submitted to Cabinet for approval in May 2025.
- 3.2 The PMO has appropriate arrangements for the development and approval of the annual PMO budget, as confirmed during the Phase 1 review. For Phase 2, we verified that there have been no changes to these arrangements and were provided with up-to-date evidence to ensure that these remain satisfactory. Regular budget monitoring continues to be conducted as expected, with the overall financial position reported to Cabinet as part of the Quarterly Programme Report.
- 3.3 In accordance with the Framework, we found that, consistent with the findings from the Phase 1 review, the four remaining member authorities also provide the PMO with the expected quarterly updates. These are in the form of Project Status Reports, which detail progress of their projects, including financial information regarding expenditure, claims and projected cashflows. We found satisfactory budget monitoring processes are in place, to identify budget variances and allow adequate review of their project(s) financial positions through established reporting arrangements.
- 3.4 Adequate arrangements are in place to ensure that scrutiny by relevant senior management and committees is conducted in line with the agreed timescales. We found that there are adequate processes for collating financial data for reporting to the PMO, and we noted a positive working relationship between the PMO and member authorities, which includes regular meetings prior to the submission of the quarterly returns.
- 3.5 The four member authorities included in Phase 2 adhere to the established change control process for budget amendments. Each member authority has satisfactory

arrangements in place regarding the escalation and approval routes of internal change control requests, as well as for submissions to the PMO as part of the quarterly Project Status Report. This ensures that any changes are approved or rejected at the appropriate programme level. The PMO continues to maintain a central register of all approved change control requests across the Region.

- 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 Cabinet note the content of this report.