

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## GLASGOW CITY REGION CABINET REPORT

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**Item 2 (a)**

**12th February 2019**

**Title of the Audit:** Glasgow City Region City Deal – Provision of Assurance

### **1. Introduction**

1.1 As part of the Internal Audit plan agreed by the Glasgow City Region (GCR) Cabinet, we have carried out a review of assurance provision across the eight GCR member authorities.

1.2 As the appointed Internal Audit function for the GCR Cabinet, we place reliance on the work undertaken by the Internal Audit teams of each member authority. The Chief Internal Auditor of each authority completes an annual assurance statement, which provides an opinion on the control environment in relation to their authority's City Deal programme, and also allows them to highlight any significant control issues which could impact on the ability of the authority to deliver a project under its control.

1.3 The purpose of this audit was to consider the arrangements in place across the member authorities which are relied on by the Chief Internal Auditor to support their opinion on the annual assurance statement. This included the assurance arrangements in relation to:

- Procurement arrangements.
- Financial management, budgetary control and monitoring.
- Capital project management and governance.
- External funding and grants management.
- Risk management.
- Whistleblowing, fraud, bribery and corruption arrangements.
- Accounts payable.

1.4 This review was not an assessment of the suitability of the arrangements in place across the member authorities, but a means of identifying and sharing best practice. It was also recognised that each authority will have different arrangements in place depending on the resources available to them and the level of City Deal funding and projects managed by that authority.

### **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 All authorities prepare an annual risk-based audit plan, and the Chief Internal Auditors are satisfied that the plans provide sufficient coverage to allow them to prepare their City Deal annual assurance statement. The internal audit teams operate in accordance with the Public Sector Internal Audit Standards, undertaking annual self-assessment reviews and a five-yearly independent external assessment.

3.2 Each authority could demonstrate that they had internal governance and approval mechanisms, such as committees, scrutiny boards and capital programme boards, which were complemented by standard documents and procedures such as Financial Regulations, Schemes of Delegation, Standing Orders and procurement manuals. In all authorities, the Chief

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Internal Auditor confirmed that they have appropriate arrangements in place for risk management, whistleblowing and the prevention and detection of fraud.

3.3 Each authority also places reliance on work carried out by external organisations such the appointed external auditor (for audit work including the annual financial statements), Audit Scotland (for Best Value reviews) and Scotland Excel (for the Procurement and Commercial Improvement Programme (PCIP) assessment).

3.4 Some specific elements of good practice we identified during the audit include:

- One member authority prepares a detailed report and action plan covering all City Deal audit assurance work for the year. The content of this report is the basis for the opinion noted on the annual assurance statement.
- Some authorities have prepared project management toolkits, which standardise procedures and documents for project management across their authority (including City Deal projects). The implementation of such a toolkit should help to ensure consistency of approach and reporting across that authority.
- One authority prepares an assurance framework document to support the opinion on the annual governance statement. This provides at-a-glance detail of all sources of assurance relied upon to prepare the statement, and is useful to highlight how these sources of assurance connect and combine to reflect the overall opinion for the year.

- Some authorities have created specific arrangements to ensure the processes for spending and claiming external funding and grants are appropriately managed and monitored. This can be a high-risk and complex area with significant penalties for errors or omissions, and these arrangements bring an additional level of control and consistency to the process.

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

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.

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

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### 4. Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Member Authorities have the opportunity to discuss examples of best practice.				
1	<p>As noted at section 3.4, we have identified a number of activities which we consider to be good practice in relation to the provision of assurance.</p> <p>Sharing these with all Member Authorities could provide opportunities for improvement and ways in which the overall control environment could be further strengthened.</p>	<p>Glasgow City Council Internal Audit should present details of the good practices identified at a future meeting of the Audit Support Group.</p> <p>All Member Authorities should then consider if it would be appropriate to implement any changes to their process for providing assurance.</p>	Low	<p><b>Response:</b></p> <p>Report will be presented and discussed at the Audit Support Group.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Head of Audit and Inspection, Glasgow City Council</p> <p><b>Timescale for Implementation:</b></p> <p>November 2018</p>