

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## GLASGOW CITY REGION CABINET REPORT

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**Title of the Audit:** Glasgow City Region City Deal – Skills and Employability Programme Governance

### 1. Introduction

1.1 In addition to the infrastructure and innovation programmes, the Glasgow City Region City Deal includes three skills and employability projects. These are Working Matters, In-Work Progression and Youth Gateway.

1.2 The City Deal Programme Management Office (PMO) is responsible for collating the relevant information for senior officer groups and Cabinet, in addition to other project management tasks such as risk and issue management and change control. Separate project lead officers from two member authorities (Glasgow and Renfrewshire) have been assigned to the three projects, and funding comes from a variety of sources including Department for Work and Pensions (DWP), Councils' own funds and European funds. The aims of the projects are to tackle unemployment through targeted support to specific client groups, and to boost the earnings of employees in particular sectors.

1.3 As part of the 2017/18 audit plan, we carried out a review of the governance arrangements for the skills and employability programme ensuring they are effective and in line with the Assurance Framework, and that the information reported to Cabinet is timely, accurate and relevant.

1.4 The scope of the audit included:

- Business cases and the aims, objectives, budgets, client groups and lead officers for each project.

- Award letters from funders, and conditions contained within.
- Performance and financial information produced for projects.
- Project management arrangements.
- Updates to Cabinet and senior officers' groups.
- DWP requirements and other documentation or returns required by funders.
- Claims submitted to funders.
- Participation in the evaluation of projects.

### 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 five recommendations which management should address.

### 3. Main Findings

3.1 We are pleased to report that the key controls are in place and generally operating effectively. Business cases for all three projects have been prepared in line with the requirements of the Assurance Framework, and reported to Cabinet. Grant award letters and passdown grant letters have been issued, setting out the terms and conditions of the funding being provided and signed by all required departments. Moreover external evaluations of projects have

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either been undertaken with results reported to Cabinet, or are planned to be carried out in the life of the project.

3.2 For Working Matters and Youth Gateway, regular financial and performance monitoring against budgets and performance targets is taking place within the PMO, and the information submitted to funders is accurate based on the submissions provided by member authorities to the PMO. It should be noted however, that, as previously reported to Cabinet, the Working Matters Project is experiencing poor client referral numbers, leading to the project performance falling below the anticipated levels initially expected.

3.3 There were some areas identified during the audit where improvements can be made. From discussions held with both the PMO and the Lead Authority for Youth Gateway, there appears to be uncertainty over some project management roles and responsibilities, specifically the management of the risk and issue registers.

3.4 For Working Matters and In-Work Progression projects, both financial and performance information is signed off by a responsible officer before submission to the PMO. However the quarterly submissions to the lead authority for Youth Gateway are received through email but no signed document is required to confirm the information is accurate or a responsible officer has approved the figures.

3.5 No grant claim tracker is currently being maintained for the In-Work Progression project, even though grant monies have been claimed from the DWP. Therefore no specific record is

held of monies claimed and received from the grant funder for this project. Furthermore, the total spend incurred in this project (comprising both grant and match funding) has not yet been reported to Cabinet.

3.6 We found that improvements could also be made to the project management documentation maintained by the PMO in relation to risk registers, change control forms and registers, and issue logs. Furthermore the PMO report could be improved by providing further details on the basis of the information included in the financial tables presented to Cabinet.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each 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.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	2

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- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 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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No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Project management arrangements have been established for each project and communicated to member authorities.				
1	<p>From reviewing the business case for Youth Gateway, and holding discussions with both the City Region PMO and the lead authority for Youth Gateway, clarity over the specific project management roles is required.</p> <p>It was unclear which team or officer is responsible for managing the risk register, and furthermore no Issues Log or Change Control Register has been implemented as yet. While we recognise that there have been no significant changes to the project, it is good practice to ensure such documents are established to allow any future potential issues or changes to be recorded promptly.</p> <p>Without clearly allocating the responsibilities for governance arrangements, there is an increased risk that tasks are not carried out such as records being maintained and reviewed.</p>	<p>The PMO should liaise with the Lead Authority for Youth Gateway to clarify in writing the specific project management tasks for the project and detail which officer is responsible for undertaking them and the frequency of this.</p> <p>Specifically, it should note the officer responsible for carrying out the following tasks:</p> <ul style="list-style-type: none"> <li>• Regular monitoring of the Youth Gateway risk register and management of the risks identified.</li> <li>• Issue management including the creation and maintenance of a Youth Gateway Issues Log.</li> <li>• Change Control management including the creation and maintenance of a Youth Gateway Change Control Register and Request forms.</li> </ul>	Medium	<p><b>Officer Responsible for Implementation:</b></p> <p>Director of Regional Economic Growth</p> <p><b>Timescale for Implementation:</b></p> <p>The Chief Executives' Group has instructed:</p> <ul style="list-style-type: none"> <li>• The Youth Gateway Lead Authority to provide an issues log and updated risk register to the PMO and continue to monitor and update these documents in line with performance reporting.</li> <li>• The Lead Authority to establish a Youth Gateway Change Control Register and a process to manage change for the project.</li> </ul> <p>By February 2018.</p>

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<b>Key Control:</b> Project management arrangements have been established for each project and communicated to member authorities.				
2	<p>Several of the documents in place to manage the skills and employability programme and projects including risk registers, change control forms and registers and issue logs were reviewed. We found a small number of minor administrative errors had been made.</p> <p>Within the In-Work Progression Risk Register, the date of review had not been updated to reflect the most recent review carried out. Furthermore when comparing the programme register each month, it was discovered that the same risks are under the heading 'Risks Closed This Period' for three separate periods.</p> <p>An issue logged for Working Matters had been classified as open, although confirmation has been received that this issue was closed off, and has remained as open in error.</p>	<p>The PMO should aim to improve current record keeping in relation to project management documentation. In particular:</p> <ul style="list-style-type: none"> <li>• Risk registers should be reviewed regularly, with the corresponding date of review noted in the register.</li> <li>• The Issue Log should be regularly updated to accurately record the issues that are open and closed.</li> <li>• All sections of the Change Control Form should be completed. The information present in the Change Control Register should match the information noted in the Forms.</li> </ul>	Low	<p><b>Officer Responsible for Implementation:</b></p> <p>Director of Regional Economic Growth</p> <p><b>Timescale for Implementation:</b></p> <p>The Chief Executives' Group has instructed:</p> <ul style="list-style-type: none"> <li>• The Lead Authorities for each Skills &amp; Employment Project to regularly review their risk registers and issues logs, and ensure these are accurately recorded.</li> <li>• The PMO and Lead Authorities to ensure that that the Change Control Register is accurately maintained.</li> </ul> <p>By February 2018.</p>

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	<p>Lastly, a review of the change control forms and registers identified that a change control form for the Working Matters project had not been fully completed, with a number of sections being left blank.</p> <p>In addition, there were discrepancies between the dates noted on the In-Work Progression change control register and the corresponding form, which has been confirmed as an error.</p> <p>While individually these errors and inaccuracies are reasonably minor, they increase the likelihood of inaccurate information being used in reports.</p>			

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<b>Key Control:</b> Reliable financial and performance information is captured for each project and measured against targets.				
3	<p>Quarterly submissions from Member Authorities for Youth Gateway are returned to the lead officer without a signature from a responsible officer confirming the accuracy or approval of the information contained within.</p> <p>For Working Matters and In Work Progression projects, both financial and performance information is signed off by a responsible officer.</p> <p>There is a risk that the Youth Gateway information provided to the Lead Authority from Member Authorities is not checked or submitted by the responsible officer, which increases the possibility of inaccurate information being reported. Ultimately such errors could result in incorrect figures being included in reports to senior officers and the Cabinet.</p>	<p>The documentation which is returned to Youth Gateway from member authorities should be amended to include the requirement for a responsible project officer to sign off the information contained in the report as true and accurate.</p>	Medium	<p><b>Officer Responsible for Implementation:</b></p> <p>Director of Regional Economic Growth</p> <p><b>Timescale for Implementation:</b></p> <p>The Chief Executives' Group has instructed all MAs to ensure that the performance data for the Youth Gateway Project is signed-off by a responsible project officer prior to submission to the Lead Authority. The PMO will provide the Lead Authority with a template for this action.</p> <p>By February 2018.</p>

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4	<p>The In-Work Progression project has two funding streams – a DWP grant award of £300k and match funding from the Member Authority of £300k.</p> <p>Expenditure comprising both match funding and grant funding has been incurred on the project to date, and a small sum of grant funding has been claimed. However there is no tracker set up yet to record the grant claims made to and received from the DWP. Therefore there is a risk that claims may go unrecorded, or the PMO are unaware of the total amounts claimed for the project.</p> <p>Additionally, financial information for this project has not been reported to Cabinet.</p> <p>A risk exists that Cabinet members are not informed of the financial position of this project.</p>	<p>The PMO Finance Manager should improve the financial documentation currently maintained and reported for the In Work Progression project. Specifically:</p> <ul style="list-style-type: none"> <li>• A grant claims tracker should be set up and regularly updated for all claims made and grant payments received from DWP.</li> <li>• The financial information relating to the project budget and spend incurred, should be included in the PMO Status Report to Cabinet.</li> </ul>	Medium	<p><b>Officer Responsible for Implementation:</b></p> <p>Director of Regional Economic Growth</p> <p><b>Timescale for Implementation:</b></p> <p>The Chief Executives' Group has instructed the City Region PMO to establish a grant claims tracker for all claims made and grant payments received from DWP, and to include information relating to the project budget and spend incurred in the PMO report which will be presented to Cabinet.</p> <p>By February 2018.</p>



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<b>Key Control:</b> Updates on the progress of the skills and employability programme are regularly provided to Cabinet (and senior officer groups), with ad hoc reports produced on request.				
5	<p>The PMO status report presented to Cabinet provides financial information for the infrastructure and two of the three skills and employability projects - Youth Gateway and Working Matters. The implementation of recommendation four would lead to the In Work Progression financial position also being reported.</p> <p>The current tables of financial information contained in the report provide varied combinations of funding and spend.</p> <p>The infrastructure projects table reports a total of both member authority and grant funding budget and spend. The table for Working Matters reports only budget and spend relating to the grant funded element of the project. The Youth Gateway project is solely funded through member authority contributions and therefore the table represents the budget and spend relating to these contributions. There is a risk that from the tables and narrative contained in the PMO report, it is not explicitly clear what budget and spend is being represented.</p>	<p>The PMO Finance Manager should add narrative to the PMO Status Report to explain what each project's financial information represents.</p> <p>Specifically it should clarify what category of funding the budget and spend represents, i.e. either grant funding or member authority contribution, or both combined. It should also provide an explanation where additional funding and spend is being incurred but not included in the financial information, for example the Working Matters project.</p>	Low	<p><b>Officer Responsible for Implementation:</b></p> <p>Director of Regional Economic Growth</p> <p><b>Timescale for Implementation:</b></p> <p>The Chief Executives' Group has instructed the City Region PMO to add narrative to the PMO Status Report to clearly explain each project's financial information and the budget and spend that is being represented.</p> <p>By February 2018.</p>