

Glasgow City Council Internal Audit Section

Glasgow City Region Cabinet Report

Glasgow City Region City Deal – Financial Monitoring

Item 3(b)

7th May 2024

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. The current financial pressures being experienced by all member authorities along with external factors which may affect the progression of City Deal projects, makes it even more vital to ensure that financial monitoring and reporting is being carried out effectively and in line with expected timescales in order to highlight 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 Four member authorities were selected for review were:
 - Inverclyde Council
 - East Renfrewshire Council
 - East Dunbartonshire Council
 - North Lanarkshire Council

The remaining four member authorities will be reviewed in the second phase of this audit in 2024/25.

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 member authorities through the 'Assurance Governance and Programme Management Framework' (the Framework) and the supporting Project Management Toolkit. The PMO is responsible for updating both documents and an annual schedule of review and approval routes for changes to the documents is in place. We were advised by senior officers within the PMO, that a full review of both documents is planned upon conclusion of Phase 2 of the Glasgow City Region Governance Review.
- 3.2 The PMO has satisfactory arrangements in place surrounding the development and approval of the annual PMO Budget. Regular budget monitoring is undertaken as expected, with the overall position being reported to Cabinet as part of the Quarterly Programme Report
- 3.3 In accordance with the Framework, we found that member authorities provide the PMO with the expected quarterly updates, detailing progress of their projects, which includes financial information regarding expenditure, claims and projected cashflows, in the form of Project Status Reports. We found satisfactory budget monitoring processes are in place within the four sampled member authorities, to identify budget variances and allow adequate review of all their project financial positions through established reporting arrangements. 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 that there is a good working relationship between the PMO and member authorities, which includes regular meetings prior to the submission of the quarterly returns.
- 3.4 We found that the four sampled member authorities are compliant with the established change control process in respect of budget amendments. Satisfactory arrangements are also in place across each member authority in respect of the escalation and approval routes of internal change control requests, as well as to the PMO as part of the quarterly Project Status Report. This is to ensure that changes are also approved or rejected at the appropriate programme level. A central register of all approved change control requests across the Region is adequately maintained by the PMO.
- 3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.6 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.7 It is recommended that Cabinet note the content of this report.