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Rob Jones
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Dear Mr Jones

Understanding how the Glasgow City Region City Deal Cabinet ("the Cabinet") gains assurance from management

Further to your letter of 13th June, I thought the following would provide an introduction to the structure of Glasgow City Region (GCR) Project Management Office (PMO) within Glasgow City Council (GCC).

The Glasgow City Region – City Deal Cabinet is not a separate legal entity but a Joint Committee. GCC acts as the accountable body (as defined in the Assurance Framework) for GCR. The GCR PMO is an integral part of GCC within the Chief Executive's Office. This model commands layers of accountability. In addition to the City Deal governance framework, officers also retain a professional responsibility to the Council's Director of Legal and Administration Services and the Executive Director of Finance (also the section 95 officer for the accountable body). The council's Financial Regulations and Standing Orders Relating to Contracts are also applicable.

Whilst the PMO is principally subject to processes and systems operated by GCC it is important to note that there exists similar governance structures and internal controls in each of the member authorities within the Glasgow City Region. These are activated through payments and receipts made between the PMO and each MA as well as through the Committee structure where each member has an equal say and contribution to the GCR structure and governance. Further, an annual audit programme is approved by the Cabinet providing assurance of the control environment across all member authorities.

Responding to the specific questions raised:

1) Regarding how the Cabinet exercises oversight of management processes in relation to:

- *The risk of material misstatement, due to fraud or error, in the financial statements* - Quarterly budget monitoring reports are submitted for review to two sub-groups, the Finance Strategy Group as well as subsequently the Chief Executives' Group, before finally going to the Cabinet. The members of these sub groups will also liaise with their member authority Cabinet members in the event that issues are raised. The financial statements follow the same process via the sub groups prior to review and approval by the Cabinet. In addition to the committee structure, the finances are also subject to review by Internal Auditors working on GCR (for 2023/24 the Internal Audit Plan has identified financial monitoring for audit) as well as Internal Audit looking at GCC financials and systems of which GCR is a part.

- *Identifying and responding to risks of fraud in the Glasgow City Region City Deal* – The Cabinet rely on internal audit working both within GCC as well as the same function in each of the member authorities to identify or mitigate specific risks of fraud. A risk register exists within each member authority and procedures and processes have been implemented within each authority to mitigate such risks.

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- *communicating to employees its view on business practice and ethical behavior* - This will be covered by the procedures and processes in place within GCC and each of the member authorities. More specifically, the GCR PMO staff are aware of the various governance documents including the Assurance Framework, the Project Management Toolkit and the Cabinet Agreement.

- *encouraging employees to report their concerns about fraud* - this will be covered by the procedures and processes in place within the member authorities.

- *communicating to you the processes for identifying and responding to fraud or error* - this will be covered by the procedures and processes in place within the member authorities.

2) The Cabinet oversees management processes for identifying and responding to the risk of fraud by ensuring governance documents, including the Assurance Framework, the Project Management Toolkit and the Cabinet Agreement, are in place and subject to regular update. Any issues applicable to GCR will also be covered by processes specific to each member authority.

3) The Cabinet would be made aware of breaches of, or deficiencies in, internal control and actual, suspected or alleged frauds by the management of the member authorities as well as Internal Audit looking at both member authorities and GCR. There were no such incidents during 2022/23.

4) The Cabinet are aware of financial and operating targets as these are reported within the quarterly reporting process. The pressures and issues in achieving these targets are also reported and discussed as part of the Quarterly reports and committee meetings.

5) The Cabinet gains assurance that all relevant laws and regulations have been complied with through its quarterly meetings as well as the 6 weekly Chief Executives' group and Financial Strategy meetings, the members of which advise the Cabinet representatives as appropriate. I am not aware of any instances of non-compliance during 2022/23.

6) The Cabinet is not aware of any actual or potential litigation or claims that would affect the financial statements.

7) The Cabinet satisfies itself that it is appropriate to adopt the going concern basis in preparing the financial statements through discussions with the Finance Strategy Group and Chief Executives' Group members who review and make recommendations to the Cabinet. Further, each individual member authority similarly makes a going concern statement in their own statutory accounts.

8) The accounts are tabled with and reviewed by the Finance Strategy Group and Chief Executives' Group. Some items from the accounts are brought to the Cabinets' attention and other matters can be discussed with Finance Heads and Chief Executives in each member authority as required. The Cabinet rely on the expertise of these Sub-Groups (and their individual members) to pick up such issues.

9) The Cabinet does not have concerns regarding relationships or transactions with related parties.

Yours sincerely

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Councillor Susan Aitken
Chair, Glasgow City Region City Deal Cabinet