



## Systems review of capital programme delivery

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**Date of meeting** 23 February 2024

**Date of report** 1 February 2024

### Report by Chief Executive

#### 1. Object of report

To advise the committee on the findings of a systems review of capital programme delivery. This engagement was included in the annual Internal Audit plan 2023/2024.

#### 2. Background to report

The capital programme aims to progress projects to deliver the Regional Transport Strategy (RTS) objectives. This strategic framework directs capital investment to the key intervention areas to ensure progress towards achieving the RTS Strategic Outcomes.

Capital projects are assessed and presented to committee for approval. These projects include a significant grant fund to partner local authorities and related stakeholders.

External capital grants to local authorities are governed by specific terms and conditions outlined in individual award letters issued to the respective local authority Chief Financial Officer outlining key milestones, payment terms and closedown arrangements.

The objective of this engagement was to assess the application of Capital programme delivery policy and procedures.

This engagement tested elements of the internal controls and mitigation against SPT 1: Potential Capital funding allocation not matched to programme demands as identified in the Corporate Risk register.

#### 3. Outline of proposals

All external grant funding is received by Finance. Following committee/Partnership approval project grant award letters are issued by Legal Services. Thereafter assigned project officers monitor progress in accordance with the terms and conditions. Finance management arrange payment following project milestone achievement.

The closedown arrangements require input from internal officers and external grant recipients. This is a manual administrative process. A digital workflow with external interfaces is currently being explored for this process.

There is an area for improvement which is addressed by a recommendation which can be found at Appendix 1. Finance and Policy and Planning management have agreed to implement the recommendation, which is currently being actioned.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement.

Reasonable assurance can be taken from the internal controls in place.

**4. Committee action**

The Committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

**5. Consequences**

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

<b>Name</b>	Lesley Aird	<b>Name</b>	Valerie Davidson
<b>Title</b>	<b>Director of Finance &amp; Corporate Support</b>	<b>Title</b>	<b>Chief Executive</b>

For further information, please contact *Iain McNicol*, Audit and Assurance manager on 0141 333 3195.

**APPENDIX 1  
Audit & Standards committee – 23 February 2024**

**Systems review of capital programme delivery**

The recommendation from this engagement is listed in the following table. The priorities are defined as follows:

- High:** A fundamental control that should be addressed as soon as possible;
- Medium:** An important control that should be addressed within three months;
- Low:** An issue which is not fundamental but should be addressed within six months to improve the overall control environment.

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Conditions of Grant</u></p> <p>Policy and Planning and Finance management should holistically review and where appropriate, enhance the Conditions of Grant for both Capital and Revenue projects.</p> <p><b>Note:</b> the Conditions of Grant should reflect the digitalising and automating of processes to achieve more expeditious workflows across interfaces with partner local authorities and stakeholders.</p>	Medium	The Conditions of Grant will be reviewed and updated to reflect automated processes and interfaces with stakeholders.	Head of Policy and Planning / Head of Finance	March 2024