



REPORT

Joint Committee 31 October 2024

Agenda Item 6.1

CITY REGION DEAL AUDIT PLAN 2024-2030

Executive summary

In accordance with the City Region Deal Heads of Terms, Deal Agreement and annual Grant Offer Letter, the Joint Committee are asked to approve the City Region Deal Audit Plan 2024-2030 (see **Appendix 1**).

This will enable the necessary scheduled audit activities outlined in **Appendix 2** of the Assignment Brief to take place and provide assurance to the City Region Deal Joint Committee on arrangements and controls that operate at, or may impact upon, the City Region Deal at the overall partnership level.

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Recommendations

The Joint Committee is asked to:

1. Approve the City Region Deal Audit Plan 2024-2030, as detailed in Appendix 1 and 2.

Legal & Risk Implications and Mitigation

It is a requirement of the City Region Deal Heads of Terms, Deal Agreement and annual Grant Offer Letter, that the partnership has an agreed audit plan in place. The terms and conditions of grant are clear that the Internal Audit service must be provided in compliance with Public Sector Audit Standards. These Standards are clear that 'The Internal Audit activity must be independent from the officers directly involved in the delivery of the deal, and Internal Auditors must be objective in performing their work. The audit plan will be delivered in compliance with this requirement for independence.

Considerations

- 1.1 The draft City Region Deal Audit Plan 2024-2030 for has been reviewed and considered by the Chief Officer Group, and is now presented to Joint Committee for approval.
- 1.2 Stirling Council's Internal Audit Team will undertake the audits and will report back to the Chief Officer Group and Joint Committee. The officers carrying out the audit are not involved in the delivery of the deal and are independent from the delivery teams.
- 1.3 The audit plan, once agreed, will be shared with Government as part of the governance processes. The outcomes and actions from audits will also be shared with Government once these have been considered by Joint Committee.
- 1.4 This is a requirement of the City Region Deal Heads of Terms, Deal Agreement and annual Grant Offer Letter.
- 1.5 Regarding the scope of the Audits, the terms and conditions are clear that 'the focus of the [Internal Audit work] will be determined by the Accountable Body's Internal Audit Team'. Moreover, in relation to partner body audits, these are for each constituent body Chief Internal Auditor to determine, within their own organisation. The Joint Committees' role thus lies in the approval of the Audit Plan to enable these to be carried out, in accordance with Government and Deal stipulations.



Resource Implications

Financial Details

Finance Officers have been consulted and have agreed the financial implications as set out in the report. Yes

Staffing

The full implications on staffing are set out in the report. Yes

Exempt Reports

Is this report exempt? No

Equalities Impact

Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? n/a

Legality

It has been confirmed that in adopting the recommendations contained in this report, the Joint Committee is acting within its legal powers.

The Joint Committee is empowered to approve this by the Standing Orders in place, the signed City Region Deal agreement and City Region Deal Heads of Terms.

Yes

Sustainability and Environmental

It has been confirmed that sustainability and environmental issues have been considered within the report. n/a

Policy Implications

None.



Consultations

The document has been shared in draft, pending approval by Joint Committee. Officers from Government have advised that the plan is in line with the expectations of the deal requirements.

Background

This audit is a requirement of the City Region Deal Heads of Terms, Deal Agreement and annual Grant Offer Letter. Stirling Council as the Lead Authority are required to conduct an audit across the whole City Region Deal every 2 years. It is recommended that partners conduct audits of their contribution to the City Region Deal with similar frequency.

The CRD Assurance Framework commits the RPMO to prepare a bi-annual audit plan which will be approved by Joint Committee and implemented by the partners within their current statutory audit functions.

Outcomes from partner's audits will inform the scope of the overall City Region Deal audit every 2 years. Actions from partner audits will be managed through their own internal audit processes and committees. Outcomes from the City Region Deal audit will be reported to Joint Committee and Stirling's Audit Committee and actions managed through the Audit Committee.

Appendices

1. City Region Deal Audit Plan 2024- 2030
2. Audit Assignment Brief

Approved by:

Brian Roberts, Chief Operating Officer, Stirling Council.

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Kevin Wells, Strategic Director: Place, Clackmannanshire Council.

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Appendix 1: CRD Audit Plan 2024 – 2030

City Region Deal RPMO Internal Audit Plan 2024-26											
	2023/24	2024/25				2025/26				In Scope	Out of Scope
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Deal Wide										Arrangements and controls that operate at, or may impact upon, the City Region Deal at the overall partnership level.	Advisory Groups e.g. REAG
Stirling Council										TBC	TBC
Clackmannanshire Council										TBC	TBC
University of Stirling										Programme management arrangements in place for the City Deal Programme, from project planning to delivery.	Alignment with overall University strategic objectives. Definition or achievement of project benefits. Project trajectory, milestone or budget adherence.

Previous Audits	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Deal Wide										
Stirling Council										
Clackmannanshire Council										
University of Stirling										

Appendix 2: Assignment Brief



Stirling Council Internal Audit: Assignment Brief

City Region Deal Review

Audit Plan Reference:	COI301/004	Audit Plan Year:	2024/25
Audit Manager:	Gordon O'Connor, MIIA	Lead Auditor:	Steven McDermott, CPFA

Background

The Terms of Reference of the Stirling and Clackmannanshire City Region Deal (CRD) Joint Committee ('the Joint Committee') require the Committee to make suitable arrangements for the review and audit of its activities. Each CRD partner is responsible for making its own arrangements for the Internal Audit of its activities and for providing assurance to their organisation's Audit Committee (or equivalent) on their organisation's arrangements for risk management, governance and control.

As 'Accountable Body', however, Stirling Council's Internal Audit team will lead on Internal Audit work at a partnership level and report on that work, including the provision of appropriate assurance, to the Joint Committee. This is in line with the grant offer letter from the Scottish Government to Stirling Council, as Accountable Body, most recently dated 29 June 2023.

Sections 14.3 to 14.5 of the grant offer letter set out requirements in relation to Internal Audit Arrangements. It is for the Accountable Body to ensure the allocation of Internal Audit resources and to ensure that Internal Audit work is undertaken in line with the Public Sector Internal Audit Standards. The conditions are clear that the Scottish Government expects the CRD to form part of the Accountable Body's risk based Internal Audit Plan every second year as a minimum.

The grant offer letter is clear that the focus of [Internal Audit work] will be determined by the Accountable Body's Internal Audit Team. The scope and assurance objectives for 2024/25 Internal Audit work are set out below.

Resources

As part of its role as Accountable Body, Stirling Council will provide the necessary Internal Audit resource for this review, in line with the conditions set out in the grant offer letter. Stirling Council's Internal Audit Plan for 2024/25 was approved by the Council's Audit Committee on 14 March 2024, and included resource to be allocated to review of CRD activities. Appropriate support and engagement via provision of documentation and prompt response to any queries will be required from CRD partners, which will be managed by the Lead Auditor to minimise any impact on partners' staff and other resources.

Timeline

The high-level time line for the review work is anticipated to be:

- Audit review and fieldwork: December 2024 – February 2025
- Preparation of draft audit report: February – March 2025
- Report to Joint Committee: 27 March 2025 (scheduled meeting)

Risk Context

The scope of this review recognises and reflects the following risk and issue identified within the Regional Programme Management Office Risk Register for the City Region Deal. We will consider the existence and effectiveness of relevant controls and mitigating actions that we identify in the course of our audit work.

Risk / Issue	Risk Score	Owner (s)	Mitigating Action(s)
R2 - If Joint Committee members are not confident to approve, then projects may be prevented from progressing.	12	Regional Programme Management Office / Chief Officers' Group	RPMO to create expert business case review group to inform and reassure Joint Committee prior to submission. RPMO to continue with Joint Committee briefing sessions to ensure full understanding of committee agenda items.
I1 - Inflation is degrading the actual value of the Deal Award, causing costs to rise. The financial claims profile is moving to the right. Meaning in real terms the fund is decreasing as costs are increasing.	20	Chief Officers' Group (COG)	2024 implementation plan to consider the current financial position and future forecast and re-base activity.

Scope of Review

This is a high-level review to provide assurance to the City Region Deal Joint Committee on arrangements and controls that operate at, or may impact upon, the City Region Deal at the overall partnership level. Our audit report and assurance will also be of interest and relevance to the Audit Committee of Stirling Council and to the Scrutiny and Audit Committee of Clackmannanshire Council.

We note that a separate Internal Audit Plan is in place to review arrangements at individual partner level and that those reviews have been, or will be, undertaken and reported in line with the provisions of that Plan.

Assurance Objectives

We will develop a plan and programme of work to allow us to provide independent assurance on specified governance, risk management and financial control arrangements for the Clackmannanshire and Stirling City Region Deal, which will include:

1. the arrangements for provision of strategic direction and decision-making through the operation of the City Region Deal Joint Committee ('the Joint Committee');
2. the governance framework and support arrangements in place for the Joint Committee, including the Regional Programme Management Office and relevant supporting or advisory groups;
3. the risk management arrangements that identify and manage key strategic and /or operational risks, issues and opportunities to the City Region Deal ('the Deal') and its various projects;
4. the arrangements and processes in place ensure that grant claims submitted to the UK and/or Scottish Governments comply with grant offer terms and conditions, and that the distribution of funding payments to partners by the Council (as the 'Accountable Body') is accurate, timely and efficient; and
5. the arrangements for reporting on progress of the Deal and projects to the UK and / or Scottish Governments, including Annual Implementation Plans and the Annual Report and Annual Conversation, are appropriate, timely and comprehensive.