

# **Audit, Risk and Insurance Service**

## **Internal Audit Report**

### **LGF Monitoring Returns**

**September 2018**

Level of Assurance	Full Assurance
Value for money / efficiency recommendations	None Identified

## **1. Introduction**

This was an audit of LGF Monitoring Returns, which forms part of Internal Audit's programme of work for 2017/18. The audit was undertaken in August 2018.

The role of Internal Audit, as outlined in the Audit Charter, is to assist members and officers in effectively discharging their responsibility and in so doing, deliver the objectives of the organisation and its associated bodies. It is the responsibility of management to maintain effective internal control systems.

Internal Audit conforms to Public Sector Internal Audit Standards (PSIAS) 2013.

## **2. Background and Objectives**

The overall objective of the audit was to assess whether significant risks in relation to LGF Monitoring Returns are adequately and effectively controlled. This was done through review of the following objectives:

- Regular monitoring returns are submitted that demonstrate progress made against the outputs set out in the Business Plan.
- Funding claims have been made appropriately, with payments being made promptly and accurately.

## **3. Summary of Audit Work Undertaken**

The audit approach and work undertaken was as follows:

Discussions with the Programme Manager and Senior Funding & Commercial Officer to ascertain the nature of the system and identify the controls operated by management.

Review of a sample of projects to ensure all relevant documentation is in place, monitoring is being undertaken effectively and claims are being submitted and paid appropriately: -

A1058 Coast Road  
National Centre for Innovation Formulation  
Eagles Community Arena  
East Pilgrim Street  
NETPark Explorer  
Metro Skills Centre

## 4. Executive Summary

### 4.1 Overall Conclusion

The work undertaken and assessment of the control environment enables us to give the following opinion:

**Full Assurance** - There is a highly effective system of internal control in place designed to achieve the system objectives with no issues being identified.

### 4.2 Key Findings

The table below highlights the main points identified during the course of our audit work.

<p><b>Assurances</b></p> <p>Our review identified controls operating from which positive assurances can be taken. These include, but are not limited to, the following:</p> <ul style="list-style-type: none"><li>• Business cases include sufficient information, including scheme objectives and deliverables to facilitate effective monitoring</li><li>• Monitoring returns are submitted regularly to enable review of progress to take place</li><li>• Funding claims are supported by evidence of expenditure and are appropriately authorised</li><li>• Payments are made promptly and accurately</li></ul>
<p><b>Control weaknesses impacting on assurance (high and medium only)</b></p> <p>None identified</p>
<p><b>Opportunities to enhance efficiency and value for money</b></p> <p>None identified</p>

## Appendix B – Definitions

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### Levels of Assurance (Section 4.1)

**Full Assurance** - There is a highly effective system of internal control in place designed to achieve the system objectives with no issues being identified.

**Substantial Assurance** - There is an effective system of internal control in place designed to achieve the system objectives with only minor issues being identified which require improvement.

**Moderate Assurance** - There is a partially effective system of internal control in place with some weaknesses being present which may put some of the system objectives at risk. Issues require management attention.

**Limited Assurance** - The system of internal control in place has significant weaknesses which may put the achievement of the system objectives at risk. Issues therefore require prompt management attention.

**No Assurance** – The system of internal control is ineffective and will result in failure to achieve the system objectives. Immediate management action is therefore required.

### Findings and Recommendations

#### Finding Type

**Ineffective control / governance:** The controls / governance arrangements in place are ineffective in mitigating risks and / or achieving expected outcomes. There is a weakness in the design of the control.

**Controls / governance non-compliance:** The controls / governance arrangements in place should be effective in mitigating risks and / or achieving expected outcomes. However, officers are not complying with the controls / governance arrangements in place which represents a weakness in the system.

**Efficiency / VFM:** The area is not operating in an efficient manner and opportunities to enhance value for money, efficiency or generate additional income have been identified.

#### Recommendation Category (Appendix A)

**High Priority:** Recommendations relating to important matters that are fundamental and material to the system of internal control and should be addressed as a matter of urgency. Failure to implement these recommendations might cause a system objective not to be met or leave a risk unmitigated.

**Medium Priority:** Recommendations relating to matters that have an important effect on the system of internal control but do not require immediate action. Failure to implement these recommendations may not prevent a system objective being met in full or in part, or a risk being adequately mitigated, but the weakness represents a significant deficiency in the system.

## Appendix B – Definitions

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**Low Priority:** Recommendations relating to issues that would, if corrected, improve the system of internal control in general but are not vital to the overall system of internal control.

**Efficiency / VFM:** Recommendations relating to issues, that if addressed, would enhance value for money, efficiency or generate additional income. These issues should be addressed at earliest opportunity to maximise the benefits.