

Edinburgh and South East Scotland City Region Deal Joint Committee

10 am, Friday 7 August 2020

The City of Edinburgh Council Internal Audit: ESES City Region Deal Funding Processes – Accountable Body

Item number 5.4

Executive Summary

The City of Edinburgh Council (CEC) as Lead Authority acts as the Accountable Body for Edinburgh and South East Scotland City Region Deal.

CEC invited internal audit to review the ESES City Region Deal funding processes to provide assurance from the outset that the Accountable Body's processes and operations are robust.

The review of grant claims and payments did not identify any errors, and review of operational controls including those in place to prevent and detect fraud and manage any potential conflicts of interest were deemed sufficient.

Internal Audit have concluded and reported (Appendix 1) that the Accountable Body's processes are effective. They noted that the control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed. The report was approved at CEC's Governance, Risk and Best Value Committee meeting in July.

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The City of Edinburgh Council Internal Audit: ESES City Region Deal Funding Processes – Accountable Body

1. Recommendations

Committee is asked to note:

- 1.1 That CEC's Internal Audit have determined the Accountable Body's processes to be 'effective' noting that the "*control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.*"
- 1.2 The Internal Audit findings were approved by CEC's Governance, Risk and Best Value Committee meeting on Tuesday 7 July.

2. Background

- 2.1 The Edinburgh and South East Scotland City Region Deal signed by regional partners, UK Government and Scottish Government on 7 August 2018, committed partners to the objectives of accelerating economic and inclusive growth.
- 2.2 Over £1.3 billion is being invested into the city region over 15 years, with the UK and Scottish Governments investing a combined total of £600m, and contributions of £730m from regional partners (the City of Edinburgh; East Lothian; Fife; Midlothian; Scottish Borders; and West Lothian Councils, Heriot-Watt University, Queen Margaret University, and the University of Edinburgh).
- 2.3 The City of Edinburgh Council acts as the Accountable Body for City Region Deal finances and is responsible for overseeing financial stewardship of the programme. Grant funding from Government is channelled through the City of Edinburgh Council.
- 2.4 Funding for the Sheriffhall Roundabout improvements project is managed and delivered by Transport Scotland. Funding for the Housing Infrastructure Fund and Edinburgh Living is issued directly by the Scottish Government's Housing Department. Therefore, funding for these projects will not be administered through the Accountable Body.

2.5 Funding from both Governments is in the form of capital and revenue funding. The Accountable Body puts in place individual agreements with each regional partner to make sure that the grant allocations for each project are fully compliant with the purpose of grant set out in the terms and conditions of the grant offer signed between the Scottish Government and the Accountable Body.

3. Main report

3.1 The objective of the review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the City of Edinburgh Council effectively manages its responsibilities as Accountable Body for the City Region Deal.

3.2 Internal Audit reviewed a sample of City Region Deal grant claims and payments processed between March 2019 and January 2020 and confirmed that these were processed and verified in line with all applicable grant requirements.

3.3 The review of grant claims and payments did not identify any errors, and review of operational controls including those in place to prevent and detect fraud and manage any potential conflicts of interest were deemed sufficient.

3.4 The following areas of good practice were noted:

- Grant claims made by partner organisations and the Council are effectively validated to ensure that only claims that meet the terms of grant offer letters are processed.
- Funding requests are sent to the Scottish Government on time with adequate supporting documentation included to provide the Scottish Government with assurance on the validity and accuracy of claims.
- Payments are approved at an appropriate senior level in line with the Council's financial delegated authorities and paid out to partner organisations in a timely manner following receipt of grant funding from the Scottish Government.
- Grant offer letters are reviewed and adjusted with assistance from the Council's Legal division to include appropriate clauses prior to partner organisations signing, providing assurance that the Council is not exposed to unnecessary commercial and legal risks.
- A reporting timetable is in place to ensure complete, accurate and timely submission of regular reporting to the Scottish Government and relevant City Region Deal Committees as required.

3.5 Two findings were reported, one medium and the other deemed low (1) Operating procedures, roles and responsibilities and (2) Information governance – data processing and storage.

3.6 *Operating procedures, roles and responsibilities* - this essentially relates to a key person dependency. This is somewhat inevitable given there is a sole dedicated accountant undertaking the Accountable Body duties. The recommendation is to fully document procedures and produce detailed desk instructions/procedural notes to

mitigate risks. This is a sensible measure and will be addressed to strengthen procedures.

- 3.7 *Information governance – data processing and storage* - The Council collects, and stores information required for processing and validating grant claims from City Region Deal partners. An assessment of General Data Protection Regulation (GDPR), recommendation is for Finance to engage with the Information Governance Unit to establish whether a further Data Protection Impact Assessment (DPIA) is required to be completed.
- 3.8 Management actions have been agreed for the two findings. Appropriate implementation dates have also been set to allow sufficient time to get the recommendations embedded and completed.
- 3.9 Management action – (1) *Operating procedures, roles and responsibilities*. The first phase will be the drafting and approval of a set of procedures and appropriate documentation. These procedures will then be formally executed, and this implementation will be monitored. Implementation date of October 2021
- 3.10 Management action – (2) *Information governance – data processing and storage* - DPIA. Finance have contacted the Council's Information Governance Unit. If required, Finance will complete a DPIA and undertake any follow-up actions necessary. Implementation date of June 2021.

4. Financial impact

- 4.1 There is no financial impact associated with this report.

5. Equalities impact

- 5.1 There are no equalities impact considerations associated with this report.

6. Background reading/external references

- 6.1 [Edinburgh and South East Scotland City Region Deal Document, August 2018](#)

7. Appendices

- 7.1 Internal Audit Report – ESES City Region Deal Funding processes

The City of Edinburgh Council

Internal Audit

City Region Deal Funding Processes

Final Report

4 June 2020

CE1903

Effective

The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.

Contents

1. Background and Scope	2
2. Executive summary	4
3. Detailed findings	5
Appendix 1: Basis of our classifications	8
Appendix 2: Areas of audit focus	9

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in August 2019. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

The [Edinburgh and South-East Scotland City Region Deal](#) (the City Region Deal), signed on 7 August 2018, sets out a vision to deliver a number of transformational programmes and projects across Innovation, Skills, Transport, Culture and Housing themes that will deliver a step-change in inclusive growth to benefit the city region, Scotland and the United Kingdom.

Over £1.3 billion is being invested into the city region over 15 years, with the UK and Scottish Governments investing a combined total of £600m, and contributions of £730m from regional partners (the City of Edinburgh; East Lothian; Fife; Midlothian; Scottish Borders; and West Lothian Councils, Heriot-Watt University, Queen Margaret University, and the University of Edinburgh).

In line with [Section 57 of the Local Government \(Scotland\) Act 1973](#), the Council has established a Joint Committee with representatives from East Lothian, Fife, Midlothian, West Lothian and Scottish Borders Councils to oversee governance arrangements for the City Region Deal.

Grant funding totalling £41.3m was drawn down in 2018/19 for the first projects to be approved. As at quarter 3 of 2019/20; £25.4m has so far been drawn down from the £50.73m 2019/20 grant allocation.

Under the terms of the June 2018 City Region Deal Financial Agreement the Council, as Accountable Body, is responsible for overseeing financial stewardship of the programme and providing a comprehensive view of the programme's finances to the Scottish Government (SG) and the City Region Deal partners over the life of the deal. This involves receiving funds from the SG and distributing them to the regional partners for each approved City Region Deal project.

Funding for the Sheriffhall Roundabout improvements project is managed and delivered by Transport Scotland. However, the project delivery progress and associated financial spend will still require to be submitted to the Council and reported as part of the total City Region Deal.

Funding for the Housing Infrastructure Fund and Edinburgh Living is issued directly by the Scottish Government's Housing Department. There is a separate SG Grant letter for Edinburgh Living in place, and it is envisaged that the Housing Infrastructure Fund will be similar with a separate letter for each individual proposal. Therefore, funding for these projects will not be administered through the Accountable Body.

Governance and accountability for the Winchburgh risk sharing guarantee will be in accordance with the tripartite agreement signed by the Scottish Government, West Lothian Council and the lead developer at Winchburgh.

Management of City Region Deal finances should follow the financial protocols agreed with the Governments, including the [Scottish Public Finance Manual](#), the [Financial Reporting Manual](#) and [Scottish Government Procurement Strategy](#), and any financial processes specific to the City Region Deal, including the Council's internal processes where required.

The Council has set up a dedicated Project Management Office to ensure that it works collaboratively with all regional partners. The key responsibilities of the Programme Management Office are:

- providing secretariat support to the Joint Committee and other forums supporting the City Region Deal;
- coordination and management of the funding process including financial reporting; profiling and drawdown and actuals management;
- monitoring income and expenditure performance against project delivery profiles;

- capturing the added value across City Region Deal activity and helping to exploit new opportunities for additional outcomes and impacts;
- supporting the development of the multi-partner regional partnership to help drive additional value; and
- reporting performance outcomes to the lead officers' group, City Region Deal Joint Committee and both the UK and Scottish Governments.

The detail and funding profile for each project is stated in the City Region Deal Financial Plan dated 1 August 2018. The success of each project is measured by the milestones stated in individual business cases, and a summary is included in the City Region Deal Implementation Plan.

Payment of grant funding can only be made for projects where the UK and Scottish Government have approved business cases and implementation plans, or where an exception is agreed. For City Region Partner organisations to draw down funding for approved projects they must provide the Council with completed grant claims and evidence of expenditure incurred. The Council's finance team will then review the evidence provided to confirm that expenditure has been incurred as part of an approved project and meets other relevant conditions specified in the City Region Deal Financial Agreement and Grant Offer Letter before requesting the SG to issue the funds. The Council then receives the funds and distributes them to the relevant partner organisation, with payments made quarterly in arrears.

Under the terms of the Scottish Government Grant Offer Letter dated 13 August 2019, the Council as 'grantee' must meet certain conditions and fulfil a number of responsibilities in its role as the Lead Authority for City Region Deal. These terms and conditions should be replicated in separate legal agreements between the Council as Accountable Body and each of the regional partners. As the grantee, the Council is also required to provide a statement of compliance in relation to these conditions, which should be evidenced in the final capital return made to Scottish Ministers by the Council's Section 95 Officer (the Head of Finance).

The Council is also required to ensure that Regional Partners are complying with requirements of their individual grants and that their submissions requesting funding are fully evidenced. Legal agreements have been put in place between the Council and each of the Regional Partner organisations which set out their respective responsibilities in line with the conditions set out in the Grant Offer Letter.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council effectively manages its responsibilities in its role as Accountable Body for the City Region Deal.

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period January 2019 to February 2020.

Limitations of Scope

The scope of our review was limited to the Council's Accountable Body responsibilities in relation to financial stewardship of the City Region Deal as specified in the City Region Deal Financial Agreement and the 2018/19 and 2019/20 Grant Offer Letters and did not cover any other aspects of the City Region Deal governance arrangements.

Reporting Date

Our audit work concluded on 9 April 2020, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 2

Summary of findings raised	
Medium	1. Operating procedures, roles and responsibilities
Low	2. Information governance – data processing and storage

Opinion

Effective

Whilst some moderate and minor control weaknesses were identified in the design and effectiveness of the control environment established to support the Council in fulfilling its responsibilities as Accountable Body for the Edinburgh and South East Scotland City Region Deal, they provide reasonable assurance that risks are being managed and that the Council's objective to accurately process and verify grant claims in line with Scottish Government requirements should be achieved.

Consequently, one Medium rated finding and one Low rated finding have been raised.

Our review of sample of grant claims and payments did not identify any errors, and review of operational controls including those in place to prevent and detect fraud and manage any potential conflicts of interest are deemed sufficient.

The Medium rated finding identifies that although sufficient processes are in operation, documented procedures which detail the full end to end process applied, including alignment to other Council processes such as Treasury Management and detail roles and responsibilities, including the role of senior officers in performing supervisory checks are not in place.

The Low rated finding highlights the requirement to engage with the Council's Information Governance Unit to confirm if a Data Protection Impact Assessment is required to identify and mitigate any potential data protection risks associated with the Council's finance team collecting, processing and storing partner organisation data and information which has been provided to the Council to support grant claims.

Further information on the findings raised is included at Section 3.

Areas of good practice

The following areas of good practice were noted:

- Grant claims made by partner organisations and the Council are effectively validated to ensure that only claims that meet the terms of grant offer letters are processed.
- Funding requests are sent to the Scottish Government on time with adequate supporting documentation included to provide the Scottish Government with assurance on the validity and accuracy of claims.
- Payments are approved at an appropriate senior level in line with the Council's financial delegated authorities and paid out to partner organisations in a timely manner following receipt of grant funding from the Scottish Government.
- Grant offer letters are reviewed and adjusted with assistance from the Council's Legal division to include appropriate clauses prior to partner organisations signing, providing assurance that the Council is not exposed to unnecessary commercial and legal risks.
- A reporting timetable is in place to ensure complete, accurate and timely submission of regular reporting to the Scottish Government and relevant City Region Deal Committees as required.

3. Detailed findings

1. Operating procedures, roles and responsibilities

Medium

Review of a sample of ten City Region Deal grant claims and payments processed between March 2019 and January 2020 confirmed that these were processed and verified in line with all applicable grant requirements.

Our review also confirmed that operational processes followed to support processing and payment of grant claims are aligned to existing Council controls such as Treasury Management and Fraud Prevention policies. It was noted however, there are currently no documented procedures that specifically detail the Council's end to end process for preparing grant offer letters and verifying and processing grant claims in accordance with grant conditions and Accountable Body responsibilities.

In addition, while we confirmed that a dedicated officer is in post and is supported by a senior officer, and claims are approved by the Head of Finance, formal roles and responsibilities to provide assurance of segregation of duties, limited key person dependency and completion of supervisory checks have not documented.

Risks

The potential risks associated with our findings are:

- Lack of documented procedures impact the Council's ability to verify and process claims accurately and in a timely manner in the event of an extended period of dedicated officer absence.
- Non-compliance with the Council's [Policy on Fraud Prevention](#) to ensure appropriate internal controls to be established to enable prevention and detection of fraud.
- Failure to consistently comply with grant requirements and Accountable Body responsibilities as set out by the Scottish Government.

1.1 Recommendations: End to end operating procedures

Full end to end procedures for processing and verifying grant claims, aligned with the Council's responsibilities as Accountable Body, should be prepared. The procedures should include (but not be limited to):

1. Clear roles and responsibilities for finance officers and other Council divisions involved in the process (such as Legal Services, and Banking and Payment Services).
2. Details of arrangements established to ensure appropriate segregation of duties including processing grant claims received from the Council (see recommendation 1.2 below).
3. Detailed steps for processing, validating and recording grant claims including:
 - clear links to relevant documents including Scottish Government guidance and templates; the [Scottish Public Finance Manual](#), the [Financial Reporting Manual](#) and [Scottish Government Procurement Strategy](#), and any financial processes specific to the City Region Deal, including the Council's [financial rules](#) and internal processes where required.
 - supporting evidence requirements for claims in line with Scottish Government conditions.
 - instructions for confirming the validity of claims, including capital expenditure definitions.
 - an authorisation process for where claims exceed the annual financial allocation from the Scottish Government.
 - the process for submitting claims and requesting monies from the Scottish Government.

- an approval process for requesting transfer of monies to partner organisations, aligned to the Council's [financial regulations](#) and delegated authorities.
 - clear timescales for key requirements including submission of funding requests to the Scottish Government and subsequent payments to partner organisations.
 - regular reporting arrangements aligned to all Scottish Government requirements and timescales. This should include frequency of reporting; specific requirements and details of City Region Deal Joint Committee review and approval where relevant.
 - information governance arrangements such as record retention and disposal requirements and data storage, access and security arrangements for supporting evidence; data and information provided by partner organisations in line with Data Protection Impact Assessment (DPIA) requirements. (See recommendation 2.1a below).
 - a statement on how the Council will ensure adequate arrangements are in place for prevention and detection of fraud, including managing conflicts of interest; gifts and hospitality; and whistleblowing and complaints that is aligned to relevant Council policies.
 - the process for engaging the Council's Legal division to ensure that grant offer letters are fit for purpose and adjusted to include additional clauses where relevant, together with the process for agreeing grant offer letters with partner organisations.
4. The procedures should detail the processes in place to ensure segregation of duties, and supervisory checks (for example, alignment with the Council's Treasury Management procedures). The procedures should also detail contingency arrangements to ensure the Council can continue to deliver its Accountable Body responsibilities should the designated officer be on extended leave.

Following preparation, the procedures should be reviewed and approved by an appropriate senior officer in line with the [Council's Policy Management Framework](#), implemented, and consistently applied.

The procedures should then be reviewed regularly or immediately following any change to Scottish Government guidance or requirements.

1.1 Agreed Management Action: Operating procedures, roles and responsibilities

This recommendation will be implemented as described above. The first phase will be the drafting and approval of a set of procedures and appropriate documentation.

These procedures will then be formally implemented, and this implementation will be monitored. The implementation date of October 2021 is to allow sufficient time to provide evidence that the procedures are fully embedded.

Owner: Stephen Moir, Executive Director for Resources

Contributors: Laurence Rockey, Head of Strategy and Communications; Hugh Dunn, Head of Finance; Alison Henry, Senior Manager - Corporate Finance; Rebecca Andrew, Principal Accountant.

Implementation Date:
29 October 2021

2. Information governance - data processing and storage

Low

Our review confirmed that a Data Protection Impact Assessment (DPIA) has been completed for the City Region Deal's Project Management Office (PMO) use of the electronic system SharePoint.

The Council collects and stores information required for processing and validating grant claims from City Region Deal partners. An assessment of General Data Protection Regulation (GDPR) readiness was completed by the Council's Capital and Projects Team in March 2018 (prior to the

commencement of City Region Deal grant processing). However, a further assessment has not been performed to ensure that the processes in operation for the City Region Deal continue to meet GDPR requirements in relation to collecting, processing and storing City Region Deal partner organisation data.

Risks

The potential risks associated with our findings are:

- Failure to comply with applicable data protection regulatory requirements (including the UK Data Protection Act 2018 and the General Data Protection Regulation (GDPR)) and the Council's Information Governance and Records Management policies.
- Unauthorised access to commercially sensitive information.
- Accidental loss, destruction or damage to data and supporting evidence.

2.1 Recommendation: Data Protection Impact Assessment and access controls

Finance should engage with the Council's Information Governance Unit to establish whether a Data Protection Impact Assessment (DPIA) should be completed to assess the privacy risks associated with collecting, processing and storage of City Region Deal partner organisation's data provided to the Council to support grant claims.

If required, the DPIA should be completed in line with the Council's [DPIA procedure and guidance](#) and should be submitted to the Council's Information Governance Unit for review and any subsequent actions completed as required.

2.1 Agreed Management Action: Data Protection Impact Assessment

Initial contact has been made with the Council's Information Governance Unit. If required, Finance will complete a Data Protection Impact Assessment (DPIA) and undertake any follow-up actions required.

Owner: Stephen Moir, Executive Director for Resources

Contributors: Laurence Rockey, Head of Strategy and Communications; Hugh Dunn, Head of Finance; Alison Henry, Senior Manager - Corporate Finance; Rebecca Andrew, Principal Accountant.

Implementation Date:
30 June 2021

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	A finding that could have a: <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	A finding that could have a: <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	A finding that could have a: <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
<p>1. Compliance with grant terms and conditions</p>	<p>1.1 The Council has established appropriate financial management procedures that are aligned with the Accountable Body conditions and responsibilities set out in the financial agreement and grant offer and complies with all relevant financial agreement conditions and applicable financial protocols.</p> <p>1.2 The Council supports delivery of its role as the Accountable Body by ensuring that an adequate resource of appropriately skilled and experienced finance team members, responsible for ongoing management and disbursement of funding, have been allocated to the programme.</p> <p>1.3 The Council has established appropriate and robust controls to:</p> <ul style="list-style-type: none"> • where applicable, ensure expenditure meets the definition of capital expenditure as set out within the grant offer; • prevent and detect irregular or fraudulent activity (both internal and external) which may impact the Programme or result in inappropriate use of any part of the grant, and procedures have been established to report any suspicions to Scottish Ministers immediately; • ensure confidentiality of commercially sensitive information and compliance with relevant Data Protection Legislation; • prevent bribery and ensure ongoing compliance with the Bribery Act 2010, including maintenance of a gifts and hospitality register; and • ensure Programme expenditure is spent in accordance with all legal requirements including state aid and public procurement law. <p>1.4 Signed legal agreements are in place between the Council and all Regional Partners that:</p> <ul style="list-style-type: none"> • replicate the terms and conditions of the grant award letter and associated schedules for payments and timing of claims; • include relevant clauses to ensure that the Council is not exposed to or liable for any legal or financial risks arising from the activities of partner organisations; • ensure that accountability in meeting the terms and conditions of the Financial Agreement and Grant Offer Letter has been passed from the Council to regional partners, where appropriate; and • are reviewed regularly and amended to ensure any changes to terms and conditions or associated schedules are reflected.

<p>2. Receipt and disbursement of grant funds</p>	<p>2.1 Processes are in place to ensure grant claims from Regional Partners meet information and evidence requirements, with a second review carried out by another officer prior to submission to the SG.</p> <p>2.2 The Council has implemented processes to ensure processing of any City of Edinburgh City Region Deal Projects adhere to financial procedures with a second review completed by a senior officer prior to submission to the SG.</p> <p>2.3 Grant claim forms are submitted by the Council to the SG quarterly in arrears together with progress reports and monitoring information as set out in the grant award letter. Copies all evidence is retained to verify that conditions are met.</p> <p>2.4 The Council settles all approved claims promptly with any reasons for delays to payments recorded and approved appropriately.</p> <p>2.5 The Council maintains accurate and complete records of the budget and expenditure for the programme, including the profile for the whole programme and each project, planned expenditure, budget to date and budget remaining.</p> <p>2.6 Financial records are held in the Council's general ledger, separate from other Council financial records.</p>
<p>3. Governance and reporting</p>	<p>3.1 The Council has established procedures to ensure it complies with the following reporting requirements set out in City Region Deal documentation, with accurate submissions provided to the Scottish Government within expected timeframes:</p> <ul style="list-style-type: none"> • Monthly Financial Forecast Table (no later than 10th working day) detailing monthly expenditure of each project and overall programme, cumulative spend and profile spend for the remainder of the financial year. • Quarterly performance reports (no later than 10th working day of month following quarter end) which includes RAG status for overall programme and each project, latest financial information highlighting over/underspends, RAG status and details of met and upcoming milestones, reviewed and approved by the Joint Committee prior to submission. • Submission of an Annual Statement of Compliance of Conditions of Grant (by 30th April). • Annual Benefits Realisation Plan including alignment to wider regional and economic development benefits achieved by utilising partner resources (by 30th June). • Annual Implementation Plan with target milestones/activities (by 30th June). The plan is also reviewed quarterly by the City Region Deal Joint Committee. • Annual Performance Report based previous year's activity at both Programme and Project level (by 31 July). This should be based on the annual report template. • Annual Financial Forecast Table for the next financial year with spend profiles for programme and each project (by 31 August). <p>3.2 A change control system has been established between the Council as Accountable Body and all regional partners to ensure all partners remain</p>

informed of any changes to financial forecasts, and that these are reported to the SG.

- 3.3 An annual audit of the finances of the programme is undertaken both internally and externally to the Accountable Body and the outcome of this shared with the Joint Committee and Scottish Government.