



**Internal Audit Report**

**Development Services**

**Review of European Funded Projects**

**February 2010**

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## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of European Funded Projects within Development Services as part of the 2009/2010 Internal Audit programme.

Internal Audit held a meeting with members of the European Unit and the Creditors Section to discuss the scope of the audit.

Internal Audit reviewed two European Funded Projects;

- Project Craftwork all Trades Training and
- Project Craftwork Oban and Lorn (Model Interventions).

Internal Audit inspected the files for the two projects to ensure compliance with the conditions of the grant.

The participants in these projects are the long term unemployed. The aim is to try and enter the participants into sustainable employment. These projects are administered by the employability team within Economic Development and Strategic Transportation.

## **2 AUDIT SCOPE AND OBJECTIVES**

- All European Grants are identified and applications made in accordance with grant requirements;
- The use of European Grants is planned and controlled;
- Grants are only applied to the purposes provided;
- Adequate records are maintained and retained to satisfy the conditions of grant.
- The department has procedures in place to account for the expenditure incurred during the life of the grant.

## **3 CORPORATE GOVERNANCE**

There are no Corporate Governance issues to be reported as a result of this audit.

## **4 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing the risk register was reviewed to identify any areas that needed to be included within the audit.

## **5 MAIN FINDINGS**

- There were no formal written procedures in place for European Funded Projects.
- There was no information available from the creditors section of payments made by the council for the projects reviewed. If the projects were to be subject of audits by European auditors this could result in part or the whole of the grant being claimed back from the council.
- The Employability Team informed the auditor that for other European Funded Projects they had received back up information from the Creditors section that was unrelated to those particular projects.

## **6 RECOMMENDATIONS**

Three recommendations were identified as a result of the audit, two of high priority and one of medium priority.

## **7 AUDIT OPINION**

The auditor is satisfied that the Employability Team has answered all relevant questions concerning the process for applying for grant funding, how the funding is administered and an audit trail is maintained.

Based on the findings we can conclude that more detailed records need to be maintained to comply with the conditions detailed in the offer of grant.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale.

Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the

- European Officer
- Employability Team Staff Member
- European Support Officer
- Creditors Supervisor

for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

**APPENDIX 2 ACTION PLAN**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	It was found that there were no written procedures in place for the recording of European funded projects	High	A Corporate procedure should be produced that defines the specific and financial requirements in order to meet the conditions of grant for European Funded Projects	Head of Economic Development and Strategic Transportation	31 March 2010
2	From the projects that were checked there were no bank statements showing total BACS Transactions for either Staff Salaries or other costs such as invoices.	High	The employability team needs to request the records they require from the payroll and creditors on a regular basis as detailed in the draft procedures. This is required in order to comply with the conditions of the grant and to avoid any claw back of any grant claimed and received by the council.	Head of Economic Development and Strategic Transportation  And  Head of ICT and Financial Services	31 March 2010
3	There could be a possible Data Protection issue with regards to the BACS transactions. In the past personal information has been available to	Medium	Only information relating to the projects should be held by the Employability Team	Head of Economic Development and Strategic Transportation  And	31 March 2010

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	members of the Employability Team to which they are not entitled to view. There are names, ledger codes and amounts paid to individuals not involved with the projects.			Head of ICT and Financial Services	
4	On the travelling expenses claim forms of the participants in one of the projects, no receipts were provided as evidence of costs incurred. The auditor realises that this may be a difficult task due to the abilities or willingness of the project participants but the Employability Team should endeavour to collect receipts.	Medium	The Employability Team should inform the participants in the projects that they must provide receipts for their travelling expenses.	Head of Economic Development and Strategic Transportation	31 March 2010