

## **AUDIT REPORT 23'013**

### **MORAY GROWTH DEAL**

#### **Executive Summary**

The annual audit plan for 2022/23 provides for a review of the governance and administrative arrangements that the Council has established to support the delivery of the Moray Growth Deal.

The Moray Growth Deal (the Deal) is a transformational investment of over £100 million in the next 10 years for eight strategic projects intended to maximise regional economic competitiveness and boost economic growth across the Moray area. The Deal provides an opportunity to build on the existing strengths of Moray's culture, tourism, and manufacturing sectors whilst also addressing transport and housing challenges to facilitate economic growth that is sustainable, fair and inclusive. The Deal will also support major new developments in key sectors of health and aerospace, as well as early years education, all of which will expand Moray's Science, Technology, Engineering and Mathematics (STEM) skills base to enable local people to develop the skills needed to access high quality jobs and tackle gender imbalances in key sectors of our economy.

The Deal brings together the Scottish and UK Governments, Moray Council, partners from across the public and third sector and businesses to work collaboratively in delivering the Deal's vision for the area. Moray Council is the accountable body for the Deal and has the responsibility to hold to account any partner organisation in the delivery of the overall programme.

The Moray Council and each partner organisation will be separately responsible for allocating internal audit resources for the Deal's activities. However, Moray Council's Internal Audit Section will reserve the right to review programme and project activities and request information from all partners regarding these activities. It is appreciated the Deal is still at an early stage of implementation. The scope of this audit has therefore been limited to a review of the processes established for governance, administration, finance, risk, engagement and performance management.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The audit noted the following areas for management consideration:-

- Each of the eight projects are intended to achieve economic benefits. A requirement of the Deal Agreement is to monitor the progress in the implementation of these projects and evidence the delivery of these economic benefits. A monitoring framework should be established and implemented to measure and record the benefits achieved for each project against their respective business plans.

- During the audit difficulties were experienced in locating requested information. Documents are saved within the Council's document management system called SharePoint. However, inconsistencies were found in the naming and location of where information had been saved. The recently appointed Programme Manager has recognised this and is working towards resolving the situation. Clear guidelines should be developed to ensure consistent practices are followed in the saving of documents.
- A requirement of the Financial Plan of the Deal is for each Partner Organisation to be separately responsible for allocating internal audit resources. However, the Audit and Risk Manager of the Council is responsible for reviewing the audit activities for each Partner Organisation. The Annual Audit Plan for each Partner Organisation detailing the internal audit work planned regarding the Moray Growth Deal should be forwarded to the Moray Council as the Accountable Body every year. This will then provide the opportunity for the Audit and Risk Manager to review planned activity and to request any additional information.

## Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Ensuring the governance arrangements supporting the delivery of the Growth Deal are adequate and proportionate						
<b>5.01</b>	A formalised monitoring framework should be agreed to measure and record the benefits achieved for each project against their respective business plans.	High	Yes	This will be a key output that is part of wider work initiated in August 22 to develop a Benefits Realisation Plan for the MGD	Programme Manager	30/06/2023
<b>5.02</b>	In accordance with the Stakeholder Engagement Plan, ongoing communication should be undertaken to highlight the actions undertaken within the Moray Growth Deal. This should also include the updating of the Communications Plan to reflect planned activity beyond September 2022.	Medium	Yes	A robust stakeholder plan will be created covering planned communication and engagement activity that will be led by the Project Managers	Programme Manager	31/03/2023

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<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>5.03</b>	Guidelines should be developed to ensure consistent practices can be followed in the saving of documents and naming conventions within the SharePoint document management system.	Medium	Yes	The MGD Programme Team will develop a new SharePoint site to store and archive documents	Programme Manager	31/03/2023
<b>5.04</b>	Consideration should be given to providing elected members with a briefing session regarding the Scrutiny Checklist detailed within the Audit Scotland published report on Scotland's City Region and Growth Deals of January 2020.	High	Yes	A briefing on the scrutiny checklist will be incorporated into a wider MGD Elected Member engagement event that will take place in early 2023	Programme Manager	31/03/2023
<b>5.05</b>	Each Partner Organisation should provide their Annual Audit Plan to the Moray Council of planned internal audit activity regarding Moray Growth Deal Activities. These Plans should then be forwarded to the Audit and Risk Manager for review.	Medium	Yes	Plans for how Highlands and Islands Enterprise (HIE), the University of the Highlands and Islands (UHI) and the	Programme Manager	31/12/2022

## Appendix 3

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
				University of Strathclyde intend to audit MGD activity led by them will be obtained and provided to the Audit and Risk Manager		