

## AUDIT REPORT 23'022

### EUROPEAN SOCIAL FUND

#### **Executive Summary**

The Annual Audit Plan for 2022/23 provides for a review of monies received from European Social Funding. The European Social Fund is administered by the Scottish Government with the objective of improving employment, education and supporting the most vulnerable people at risk of poverty. The Council successfully secured approximately £1.1 million over 4 years in Phase 2 European Social Funding to deliver a Poverty & Social Inclusion programme that provides free confidential help and advice to people with money, debt or benefit problems.

The scope of this audit was to provide assurance that effective governance and administrative arrangements had been established to support the delivery of the Poverty & Social Inclusion programme and complies with the conditions of the funding agreement. The programme provided funding for Council Money Advice and Income Maximisation Projects and a Challenge Fund accessed by two External Partners to deliver the programme to a broader community. It was noted that 20% match funding was required to be provided by the Council and External Partners to deliver the overall programme.

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

The audit noted the following points in the administration of the Scheme:-

- Supporting records were verified to prove the costs claimed within previous grant claims submitted to the Scottish Government. This expenditure was related to the staffing costs of officers dedicated to programme delivery. At the time of the audit £349,000 of funding has been received and £438,000 is awaiting verification by the Scottish Government. There is no indication of any issues with the outstanding claim; however the final outturn and claim figures will not be known until project cessation on 31st March 2023. Current estimates indicate a small underspend on the overall grant allocation of approximately £45,000 due to staffing vacancies and ineligible employee sickness costs over the 4 years of the programme.
- Conditions of the funding agreement required the Council and External Partners to deliver support in excess of 1,800 poverty affected households with the objective of improving financial skills, removing debt barriers to social inclusion and encouraging employment, training and education. It was found these target levels of participation have not been achieved, with the Council led programme at the time of audit reporting participant registration at 65% of the target level, and Challenge Fund partners, who received their funding awards at a later date, reporting a combined average of 61% participation compared to the target. The

terms of the funding agreement detail financial penalties based on a percentage charge of the funding award depending on achieved participation levels. However, no penalty is applied if 65% of targets set are achieved. The Council has recently submitted a change request to the Scottish Government seeking a reduction of 15% in the target level for the Challenge Fund and at the time of the audit review, a response was awaited. Clients continue to be worked with to maximise participation levels by project end in March 2023.