

This relates to  
Item 5.1  
on the Agenda

# REPORT

Joint Committee Thursday 18 June 2026 Agenda Item 5.1

## **CRD Audit Report - Action Plan (June update)**

### **Executive summary**

Request to note the updated **CRD Audit Report - Action Plan (June update)** following feedback provided at the Joint Committee briefing on the **Internal Audit Report – S&C City Region Deal Partnership Level Review (27 March 2026)**

**Neil Harman**, Head of RPMO

City Region Deal

[harmann@stirling.gov.uk](mailto:harmann@stirling.gov.uk)

## Recommendations

---

Joint Committee is asked to:

1. Note the updated Action Plan in response to the Internal Audit recommendations.
2. Note that progress against the Action Plan will be monitored through the established governance arrangements and reported to the Joint Committee as appropriate.
3. Delegate authority to the Head of Regional Programme Management Office to implement the approved actions in conjunction with partner organisations and relevant governance groups.

## Implications

---

The Internal Audit Review provides independent assurance regarding the governance, risk management, financial control, and reporting arrangements operating across the Stirling and Clackmannanshire City Region Deal partnership.

The audit concluded with an overall opinion of “Substantial Assurance,” confirming that governance and control arrangements are largely satisfactory and operating effectively, while identifying areas where further enhancement and formalisation of arrangements would strengthen programme oversight and assurance.

The updated Action Plan demonstrates the Joint Committee’s commitment to continuous improvement, good governance, transparency, and effective programme management across the City Region Deal partnership.

Implementation of the agreed actions will further strengthen governance arrangements, programme reporting, benefits realisation, risk management, and financial oversight.

## Legal & Risk Implications and Mitigation

---

The recommendations arising from the Internal Audit Review are intended to strengthen existing governance and assurance arrangements across the City Region Deal partnership.

Failure to implement the agreed actions may result in:

- reduced governance transparency,
- inconsistent reporting arrangements,

- reduced clarity regarding risk ownership and oversight,
- and potential non-compliance with aspects of grant and assurance requirements.

Mitigation measures include:

- development of a formal implementation Action Plan,
- assignment of responsible officers and target completion dates,
- monitoring of progress through the Chief Officers' Group and Regional Programme Management Office,
- and regular reporting to Joint Committee.

The audit confirmed that no critical findings were identified. One high-risk recommendation, three medium-risk recommendations, and seven low-risk recommendations were identified, all of which have been reviewed by management.

## Background

---

An Internal Audit Review of the Stirling and Clackmannanshire City Region Deal partnership-level governance arrangements was undertaken by Stirling Council Internal Audit during 2025/26.

The purpose of the review was to provide independent assurance to the Joint Committee regarding governance, risk management, financial control, and reporting arrangements operating at partnership level across the City Region Deal.

The review considered:

- strategic direction and decision-making arrangements,
- operation of the Joint Committee and supporting governance structures,
- programme risk management,
- financial management and grant claim processes,
- and reporting arrangements to Government and governance bodies.

The final audit report, issued on 27 March 2026, and shared at Joint Committee Briefing on 31 March 2026, concluded with an overall opinion of "Substantial Assurance".

The audit identified a series of recommendations intended to further strengthen governance and operational arrangements. An updated Action Plan has been prepared in consultation with partner organisations to address all agreed recommendations.

Members were previously briefed on the findings of the audit review and provided feedback on the initial proposed response and improvement actions, which have since been updated.

## Considerations

---

In undertaking the Internal Audit, we are considering the following:

- Ensuring governance arrangements remain robust, transparent, and aligned to best practice.
- Strengthening programme reporting, risk management, and benefits realisation arrangements.
- Ensuring compliance with City Region Deal grant conditions, assurance requirements, and governance expectations.

## Resource Implications

---

### Financial Details

The full financial implications of the recommendations are set out in the report.

This includes a reference to full life cycle costs where appropriate. Yes ✓

Finance Officers have been consulted and have agreed the financial implications as set out in the report. Yes ✓

### Staffing

The full implications on staffing are set out in the report. Yes ✓

- Delivery of the Action Plan will be coordinated through the Regional Programme Management Office in conjunction with partner organisations and governance groups.

### Exempt Reports

Is this report exempt? Yes  (please detail the reasons for exemption below) No ✓

### Equalities Impact

Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

- The recommendations relate primarily to governance, reporting, and assurance arrangements and are not expected to adversely affect any protected groups.

### Legality

It has been confirmed that in adopting the recommendations contained in this report, the Joint Committee is acting within its legal powers. Yes ✓

### Sustainability and Environmental

It has been confirmed that sustainability and environmental issues have been considered within the report. Yes ✓

## Policy Implications

---

- The report supports the governance, assurance, and accountability arrangements of the Stirling and Clackmannanshire City Region Deal.

## Consultations

---

None

## Background Papers

---

Have you used other documents to compile your report?

Yes  (please list the documents below) No

1. Internal Audit Report – Stirling and Clackmannanshire City Region Deal Partnership Level Review (27 March 2026)
2. City Region Deal Governance Framework.

## Appendices

---

1. CRD Audit Report – Action Plan (June update)

## Approved by:

---

**Neil Harman:** Head of Regional Programme Management Office  
[harmann@stirling.gov.uk](mailto:harmann@stirling.gov.uk)



## 5.1 CRD AUDIT REPORT – ACTION PLAN (JUNE UPDATE)

Recommendations Rating			
<p><b>Critical:</b> A finding that could have a <b>critical impact</b> in terms of:</p> <ul style="list-style-type: none"> <li>operational performance;</li> <li>monetary or financial statement impact;</li> <li>breach in laws and regulations that could result in material fines or consequences; or</li> <li>the Council's reputation.</li> </ul>	<p><b>High:</b> A finding that could have a <b>significant impact</b> in terms of:</p> <ul style="list-style-type: none"> <li>operational performance;</li> <li>monetary or financial statement impact;</li> <li>breach in laws and regulations that could result in significant fines or consequences; or</li> <li>the Council's reputation.</li> </ul>	<p><b>Medium:</b> finding that could have a <b>moderate impact</b> in terms of:</p> <ul style="list-style-type: none"> <li>operational performance; or</li> <li>monetary or financial statement impact; or</li> <li>breach in laws and regulations that could result in fines or consequences; or</li> <li>the Council's reputation.</li> </ul>	<p><b>Low:</b> finding that could have a <b>minor impact</b> in terms of:</p> <ul style="list-style-type: none"> <li>operational performance; or</li> <li>monetary or financial statement impact; or</li> <li>breach in laws and regulations with limited consequences; or</li> <li>the Council's reputation.</li> </ul>

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
1.	<p><b>Finding:</b> The Joint Committee has its own Standing Orders. The Standing Orders are the written rules that regulate meeting proceedings, conduct of business, decision-making and membership. The Joint Committee's Terms of Reference forms part of the Standing Orders. Paragraph 72 (Annual Review) of the Standing Orders states they will be reviewed annually and that any proposed changes will be reported to the Joint Committee. In addition, at its meeting on 27 July 2022, the Joint Committee was advised that a full review of the Standing Orders would be presented to its September 2022 meeting. This review was not presented at the September 2022 or subsequent meetings.</p>					
	<p>We recommend that the Joint Committee, with appropriate input from partners, should establish an appropriate timeframe and plan to undertake a full review of the Standing Orders. The revised and updated Standing Orders should be submitted to a future meeting of the Joint Committee for consideration and approval.</p> <p><b>Report Paragraph: 3.11</b></p>	<p>The potential risk that governance arrangements are out of date, not fully documented or do not set out current accountabilities or roles and responsibilities leading to unauthorised decisions or actions.</p>	<p><b>Low</b></p>	<p><b>Recommendation Accepted</b></p> <p>The Joint Committee will undertake a full review of its Standing Orders to ensure they remain current and reflect the governance arrangements for the City Region Deal. The Regional Programme Management Office will coordinate input from partner organisations and prepare a revised draft for consideration by the Joint Committee. The updated Standing Orders will be presented to the Joint Committee for approval.</p>	<p>Head of Regional Programme Management Office</p> <p>Joint Committee Chair</p>	<p>30 September 2026</p>

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
2.	<p><b>Finding:</b> The Joint Committee is the decision-making forum for all City Region Deal matters. A review of the Committee’s meeting documents highlighted that key project information is routinely presented to the Group. The most recent examples of this being reports relating to the approval of different business justification cases. However, Internal Audit noted that there has no programme status report since the March 2024 meeting. In our view, programme status reports are essential, to ensure transparency and provide the Joint Committee with real time visibility of individual project, progress, and risks.</p>					
	<p>We recommend that programme status reporting to each Joint Committee meeting is reintroduced.</p> <p><b>Report Paragraph: 3.15</b></p>	<p>The potential risk that the governance arrangements for the City Region Deal are not operating as intended or as effectively as they should be.</p>	<p><b>Medium</b></p>	<p><b><u>Recommendation Accepted</u></b></p> <p>Programme status reporting will be reintroduced as a standing agenda item for Joint Committee meetings. The Regional Programme Management Office will develop a standardised programme dashboard summarising project progress, key milestones, risks and issues across the portfolio to provide the Joint Committee with regular oversight of programme delivery.</p>	<p>Head of Regional Programme Management Office</p>	<p>30 September 2026</p>
3.	<p><b>Finding:</b> The Chief Officers’ Group meetings are not formally minuted. Instead, an action log is maintained by the Regional Programme Management Office. From reviewing the action log, we found it difficult to ascertain the level of detail of scrutiny and discussion at the Chief Officers’ Group meetings.</p>					
	<p>We recommend that Chief Officers’ Group meetings should be minuted. The Chief Officers’ Group should ensure that the minutes of meetings clearly record all agreed decisions taken and strategic directions given, and that all agreed actions are added to the action log.</p> <p><b>Report Paragraph: 3.22</b></p>	<p>The potential risk that the governance arrangements for the City Region Deal are not operating as intended or as effectively as they should be.</p>	<p><b>Low</b></p>	<p><b><u>Recommendation Accepted</u></b></p> <p>A record of the meetings will be introduced with all agreed actions tracked through the action log</p>	<p>Chief Officers’ Group Chair</p>	<p>31 July 2026</p>

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
4.	<b>Finding:</b> The Chief Operating Officer and University Secretary for the University of Stirling is one of the University's voting representatives on the Joint Committee as well as being a member of the Chief Officers' Group.					
	We recommend that, when reviewing the Standing Orders, the Joint Committee should consider whether this practice should be prohibited.  <b>Report Paragraph: 3.23</b>	The potential risk that there is inadequate segregation between the decision-making role of the Joint Committee and the strategic management oversight role of the Chief Officers' Group.	<b>Medium</b>	<b><u>Recommendation Accepted</u></b>  This will be considered as part of the review of the Standing Orders and considered by Joint Committee as part of that process	Head of Regional Programme Management Office  Chief Officers' Group Chair	30 September 2026  (Aligned with date of recommendation 1)
5.	<b>Finding:</b> The Chief Officers' Group Terms of Reference states that "COG will be chaired on a rotating annual basis by one of the members. It is a key principle that the chair of COG will not be from the same organisation that chairs the Joint Committee".					
	We recommend the arrangements for chairing the Chief Officers' Group meetings be reviewed to ensure compliance with their Terms of Reference.  <b>Report Paragraph: 3.25</b>	The potential risk that the governance arrangements for the City Region Deal are not operating as intended or as effectively as they should be.	<b>Low</b>	<b><u>Recommendation Accepted</u></b>  This recommendation has already been addressed and implemented to ensure the Chief Officer Group and Joint Committee is not chaired by the same Council in the same year	Chief Officers' Group Chair	Complete

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
6.	<p><b>Finding:</b> One of the areas of improvement that the Regional Programme Management Office is in the process of addressing is in relation to improving benefits realisation management, monitoring and tracking processes. Joint Committee minutes record that this topic has been subject to regular discussion. The latest version of the strategic improvement plan records the status of work in progress as well as work completed to date. It also records that the planned solution (using Microsoft's Power BI application) will be a report 'dashboard' across the programme.</p>					
	<p>We recommend a target date should be set for the introduction of the benefits realisation reporting dashboard by the Regional Programme Management Office.</p> <p><b>Report Paragraph: 3.39</b></p>	<p>The potential risk that tangible and intangible benefits across the City Region Deal Programme are not fully understood and identified or subject to regular scrutiny.</p>	<p><b>High</b></p>	<p><b><u>Recommendation Accepted</u></b></p> <p>The Regional Programme Management Office is currently progressing improvements to programme benefits realisation monitoring through the development of a reporting dashboard (this includes learning from Benefits Realisation Officer at Edinburgh and South East Scotland City Region Deal). A target date will be agreed for implementation and the dashboard will be used to support reporting to the Chief Officers' Group and the Joint Committee.</p> <p>To underpin this action the Regional Programme Management Office will brief the Joint Committee on the Benefits Realisation Methodology for creating our City Region Deal Benefits Realisation Framework in Spring 2026 with a subsequent report submitted for approval at Joint Committee in June 2026. This will directly underpin the introduction of the reporting dashboard in September 2026.</p>	<p>Head of Regional Programme Management Office</p>	<p>30 September 2026</p> <p>(Aligned with date of recommendation 2)</p>

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
7.	<p><b>Finding:</b> There is no City Region Deal Risk and Issue Management Strategy (the Strategy) in place. A Strategy should articulate the City Region Deal's approach to risk management, set out the relevant responsibilities and accountabilities and provide guidance on the recording and reporting of risks and issues.</p>					
	<p>We recommend a City Region Deal Risk and Issue Management Strategy is prepared and agreed with the Chief Officers' Group. The City Region Deal Risk and Issue Management Strategy should include the requirement for reporting of key programme risks to Joint Committee and specify the frequency of reporting to the Joint Committee.</p> <p><b>Report Paragraph: 3.49</b></p>	<p>The potential risk that the approach to risk management is not fully documented leading to an inconsistent or fragmented approach</p>	<p><b>Medium</b></p>	<p><b><u>Recommendation Accepted</u></b></p> <p>A City Region Deal Risk and Issue Management Strategy will be developed by the Regional Programme Management Office and presented to the Chief Officers' Group for review and approval. The Strategy will set out roles, responsibilities and reporting arrangements, including the escalation and reporting of key programme risks to the Joint Committee.</p>	<p>Head of Regional Programme Management Office</p>	<p>30 September 2026</p>

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
8.	<p><b>Finding:</b> In relation to the content and format of the programme risk and issue register, we found the wording is clear and consistent with use of inherent and residual risk scoring and early warning indicators. We identified points in relation to the 'description of risk', 'accountable' and 'strategic controls / mitigating actions' columns.</p> <p>We recommend consideration is given to including the following in the programme risk and issue register:</p> <ul style="list-style-type: none"> <li>the risk descriptions are clear for cause and risk event but unclear on what the impact is if the risk event occurs. The risk descriptions should include what the impact is;</li> <li>the individual risks are assigned to groups (either Chief Officers' Group or Senior Responsible Officers). It is generally best practice to assign individual responsibility. We would suggest that accountability and ownership would be improved by Chief Officers' Group being the register owner and named individuals being specific risk owners; and</li> <li>the individual risks have several strategic controls / mitigating actions associated with them. It was difficult to assess the progress of strategic controls / mitigating actions and whether they are functioning as intended. This could be improved by amending the register to include a target date for the action and a percentage towards completion.</li> </ul> <p><b>Report Paragraph: 3.50</b></p>	<p>The potential risk that risk impact, risk ownership or the completion of risk actions was unclear, leading to programme risk management arrangements not operating as effectively as they should be.</p>	<p><b>Low</b></p>	<p><b><u>Recommendation Accepted</u></b></p> <p>The programme risk register will be reviewed and updated to enhance clarity of risk descriptions, identify named risk owners and include target dates and progress updates for mitigating actions where appropriate.</p>	<p>Head of Regional Programme Management Office</p>	<p>30 June 2026</p>
	<p><b>Finding:</b> The steps followed when processing, reviewing and approving grant claims are not formally documented in a guidance note.</p>					

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
9.	<p>We recommend the Regional Programme Management Office should document the roles and responsibilities of the partners, Regional Programme Management Office, Section 95 Officer, Chief Officers' Group and the Scottish Government in relation to processing, reviewing and approving grant claims. This should include the process for challenging, escalating and investigating any exceptions.</p> <p><b>Report Paragraph: 3.57</b></p>	<p>The potential risk that the absence of a documented process leads to inappropriate or inconsistent administration and decision-making, including over grant applications and payments.</p>	Low	<p><b><u>Recommendation Accepted</u></b></p> <p>The Regional Programme Management Office will document the existing processes and responsibilities associated with the preparation, review and approval of grant claims, including escalation arrangements for any issues identified. This will ensure the process is clearly understood and consistently applied.</p>	<p>Head of Regional Programme Management Office</p>	30 June 2026
10.	<p><b>Finding:</b> There are no additional risk-based sample checks on the grant claims process. The introduction of risk-based checks would enhance the existing internal control framework. These checks should be focussed on ensuring for all high value entries on the listing of transactions, that the partner has adequate documentation (such as a supplier's invoices, an approved purchase order or a contractor's schedule of payments) available and that the expenditure was valid and consistent with the project aims.</p>					
	<p>We recommend the Regional Programme Management Office should introduce checks on a sample basis over the grant claim forms.</p> <p><b>Report Paragraph: 3.59</b></p>	<p>The potential risk that there is inadequate supporting documentation available leading to incorrect or inadequate grant claims.</p>	Low	<p><b><u>Recommendation Accepted</u></b></p> <p>The Regional Programme Management Office will introduce proportionate risk-based sample checks of grant claim submissions to provide additional assurance over supporting documentation and eligibility of expenditure. The approach will focus on higher-value transactions and will be incorporated into the documented grant claim process.</p>	<p>Head of Regional Programme Management Office</p>	30 June 2026

No.	Recommendation	Reason for Recommendation (Risk)	Rating	Agreed Management Action	Responsible Owner	Action Completion Date
11.	<b>Finding:</b> There is a requirement within the City Region Deal Grant Offer letter that an Internal Audit review should be undertaken every second year as a minimum. This Internal Audit review, in year six of the City Region Deal, is the first review by the Accountable Body's Internal Audit Team.					
	We recommend the Accountable Body's Audit Service Manager confirms the allocation of Internal Audit resources for City Region Deal activities to meet the requirement for an internal audit review every two years.  <b>Report Paragraph: 3.70</b>	The potential risk that the City Region Deal's Internal Audit arrangements do not comply with the terms and conditions of the grant.	<b>Low</b>	<b><u>Recommendation Accepted</u></b>  The Accountable Body's Audit Service Manager will confirm arrangements to ensure that internal audit reviews of City Region Deal activities are scheduled at least every two years in line with the Grant Offer Letter requirements.	Audit Service Manager (Stirling Council)	30 September 2026