



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Kirkwall Townscape Heritage Initiative (THI)

Audit Report

2016/17

Draft Report Issue Date : 12 December 2016
Final Report Issue Date : 21 December 2016

Distribution :

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EXECUTIVE SUMMARY

- This audit reviewed the financial procedures in place within the Kirkwall THI project including compliance with the grant conditions of the external funding providers and a review of grant awards.
- Our audit found that there is a robust system in place for awarding and managing the grant application process. The Council's procedures incorporate the conditions of the grant funding received from the external funding providers.
- There are many areas of good practice within the procedures, including: -
 - Applications are dealt with on a systematic basis and all properties are assessed in order to verify if a property would be grant eligible.
 - Applications up to £25,000 are approved by a working group and those above this limit are considered by the THI Partnership.
 - Additional approval will be obtained from the external funding providers where there are conflicts of interest with any applications.
 - Approval notices will be issued within 6 months of the application date following receipt of all required supporting documentation and grants are then accepted within 1 month of the offer.
 - Grant payments are only made following inspection of a property and confirmation that the works have been carried out in accordance with the grant conditions.
 - All grant payments are recorded to ensure that the maximum allowable grant is not exceeded.
 - Budgets are monitored on a regular basis by appropriate officers and regular updates are provided to the Partnership.
 - Quarterly returns are made as required to the external funding providers.
- A few small administrative issues considered to be minor in nature were found during the audit which were discussed with THI staff and revised procedures agreed in order to strengthen the current system.
- The assistance provided by officers contacted during the course of the audit is gratefully acknowledged

INTRODUCTION

The Kirkwall THI is a five year heritage based grant scheme which seeks to deliver sustainable improvements to the built heritage of the Kirkwall Conservation Area, in an effort to regenerate the centre of Kirkwall for the benefit of local communities and businesses, as well as to attract visitors. The scheme has been running since July 2014 and will conclude in June 2019.

The audit reviewed the financial procedures in place, including a review of any conditions attached to grant funding received by the Council to confirm whether the Council is compliant with these; and reviewing the system for the awarding and managing of grant applications.

AUDIT OBJECTIVES

The objectives of the audit were to:-

In general, to assess the financial procedures in place within the Kirkwall THI Project, which included:-

1. Determining the grant conditions attached to funding packages received by the Council, and confirming that the Council is complying with these conditions.
2. Reviewing grant applications received for Kirkwall THI funding and confirming that the award decision which was made is in accordance with the scheme conditions and that appropriate financial monitoring is in place.
3. Reviewing other general financial procedures.

AUDIT APPROACH

The audit approach undertaken was to examine compliance with the grant conditions of the external funding providers from the initial enquiry stage through to completion. This was carried out for a sample of 5 property grants and 3 training grants. Audit testing focussed on the period 1 April 2015 to date.

AUDIT FINDINGS

The audit work carried out has shown that for the audit period covered the Kirkwall THI was compliant with the procedures of the external funding providers.

Reporting requirements are being met and formal procedures and guidelines are updated on a regular basis and where relevant, these are integrated with existing Council policies, procedures and controls. Individual grant files are set out in a logical way ensuring a comprehensive audit trail is available for all stages.

The audit findings identified only a few areas of concern which were considered to be minor in nature and were discussed directly with THI employees. Assurance was gained that these issues would be addressed without delay and there is therefore no requirement for Internal Audit to make any recommendations following this review.