



West Lothian  
Council

Finance Services  
Internal Audit Unit

## MEMORANDUM

**TO** : David Forsyth, Head of Property Services  
**FROM** : Kenneth Ribbons, Internal Audit Manager  
**REF. NO.** : PS0801/Graham Jack  
**DATE** : 9 December 2008

### INTERNAL AUDIT OF THE CIVIC CENTRE PROJECT

#### 1.0 INTRODUCTION

- 1.1 In accordance with the annual audit plan for 2008/09 a review of controls in place over aspects of the Civic Centre project has been undertaken. Overall it is concluded that the level of control of those aspects reviewed is **effective**.
- 1.2 The objective of the audit was to determine whether sufficient controls are in place over the monitoring of project progress, and over the making of interim payments to the contractor.
- 1.3 The audit was restricted to a review of the key controls, and testing was undertaken on a sample basis. Therefore, the weaknesses identified are not necessarily all those which exist.

#### 2.0 FINDINGS AND RECOMMENDATIONS

- 2.1 From the audit testing carried out I am pleased to report that the following key controls were found to be in place:
- the Construction and Procurement group continues to meet every four weeks, and the appointed project manager (Turner & Townsend) formally reports on the progress of the construction programme at these meetings;
  - the Construction and Procurement group also receives monthly construction cost reports prepared by the project surveyors (Gardiner and Theobald), and monthly

cost allocation reports for each Civic Centre partner prepared by the appointed project manager;

- any disputed contractor claims are identified in the monthly construction cost reports presented to the Construction and Procurement group;
- the Programme Board meets every six months, and the appointed project manager presents a report on programme progress and financial issues at these meetings;
- the Corporate Management Team is provided with monthly highlight reports, including details of programme progress and financial issues;
- a report on additional works instructed under the contract, and proposals for how these additional works will be funded, has recently been prepared for consideration by the Chief Executive.
- a final independent gateway review will be carried out on project completion;
- interim contractor payments are agreed monthly by the appointed project manager and the contractor. The resulting VAT invoices raised by the contractor are agreed to the corresponding interim certificate raised by the appointed project manager and are authorised for payment via PECOS by the council's project manager (Civic Centre).

2.2 No recommendations have been made as we found the controls in place to be effective.

2.3 Thank you for your co-operation in performing this audit. Should you require any further assistance or advice please contact Graham Jack who will be glad to assist.



**Kenneth Ribbons**  
**Internal Audit Manager**

**Graham Jack**

Copy to: Graham Hope  
Alan Logan  
Vince Guz



CUSTOMER SERVICE EXCELLENCE

**CONCLUSION MATRIX**

As part of the audit a conclusion is arrived at for each control objective. The conclusion flows from the level of importance attached to the recommendations for each control objective. Definitions of the conclusions are as follows: -

<b>EFFECTIVE</b>	Major strengths. Only minor recommendations. A good example of effective internal control.
<b>GOOD</b>	Important strengths with some areas for improvement.
<b>REQUIRES IMPROVEMENT</b>	Control environment could be improved.
<b>POOR</b>	Some important weaknesses. Changes must be made.
<b>UNSOUND</b>	Major weaknesses. Fundamental improvements are required.

**AUDIT RECOMMENDATIONS – RISK LEVELS**

Each audit recommendation has a level of risk attached to it. Definitions of these risk levels are as follows: -

<b>ROUTINE RISK</b>	A minor weakness in control has been identified. Such weaknesses do not severely compromise control but a system can be improved by the implementation of the audit recommendation.
<b>SIGNIFICANT RISK</b>	An important weakness in control has been identified which could result in a system failing to operate effectively.
<b>CRITICAL RISK</b>	A serious weakness in control has been identified which leaves the system at risk of misuse or abuse. The weakness and implementation of the audit recommendation should be addressed immediately.