

**The Highland Council**  
**Audit and Scrutiny Committee**  
**26<sup>th</sup> September 2013**

Agenda Item	9
Report No	AS/25/13

**EU Programme Audit (ERDF): Successful Audit of the Portree to Staffin Project**  
**Report by Director of Transport, Environmental and Community Services**

**Summary**

This report explains the recent European Audit of the Portree to Staffin project and the successful outcome.

**1. Background**

- 1.1 The Council applied for European Regional Development Fund (ERDF) support for the Portree to Staffin Road Project in May 2009 and the project received formal approval on 20 January 2010. The project formally started on 01 April 2010 and ran for 15 months until the 30 June 2011. The project claims fell behind but all claims were submitted and 100% of the grant was claimed. The final claim was submitted on 07 August 2012 after being returned for modification by the Scottish Government. The final payment of grant was finally processed and paid on 13 November 2012. The operational part of the project was completed successfully and with only a small delay. All targets were achieved.
- 1.2 The Scottish Government selected this project for audit as part of the Article 62(1)(b) audit regime. This type of audit is commissioned by the European Court of Auditors and is an audit of the programme management by the Managing Authority (the Scottish Government) through projects. The audit focuses on finances, publicity, beneficiary records and procurement. The Audit was carried out on 19 June 2013 by members of Audit Scotland.
- 1.3 The Audit was originally scheduled for two days but it was ultimately completed in one day. The Audit took place onsite at Highland Council HQ. The project team were in attendance and at the request of the auditors started the audit with a comprehensive presentation of the project and Highland Council systems form managing projects such as this. Following this the auditors scrutinized the financial management of the project, payments to contractors, the procurement and the publicity carried out by the project.
- 1.4 In all elements the auditors were satisfied that the project had clearly operated within the Scottish ERDF Programme Rules and the European regulations. The project was considered to be compliant and these findings were communicated to the Scottish Government. Because of the nature of the audit it is the Scottish Government that has received the compliance report and the Council will not receive any further notification of the audit unless there was a noted none compliance. This not being the case we are unlikely to receive any further reports or notifications on this audit. Verbal confirmation has been received that no further actions are required following this audit.

1.5 This project has now received both a 60(b) and a 62(1)(b), all the normal programme audits. However, until the final retention date has been reached the Commission has the power to audit the project at any time it wishes. The final retention date is estimated to be the end of December 2019 but may be later.

## **2. Implications**

### **2.1 Financial Implications**

There are none. The full grant of £250,000 has been claimed and received

### **2.2 Risk implications**

There are no immediate risks following this audit. However, It should be noted that further EU audits could be requested at any time for the 2007-13 Structural Funds Programme up to the end of 2019.

### **2.3 Equalities implications**

There are no equalities implications associated with this report.

### **2.4 Climate change implications**

There are no climate change implications associated with auditing of the project. However the upgrading of this road delivered a range of sustainable and low carbon benefits:

- Construction materials were sourced locally where possible, reducing the carbon emissions associated with construction.
- Surplus excavated material was incorporated in sensitive landscaping.
- The incorporation of “check dams” to arrest the transport of suspended particles in site run – off water.
- The improvements further increased the access for Public transport which in turn will encourage the reduction of private car journeys.

## **3. Recommendations**

Members are asked to note the successful outcome of this audit.

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