Glasgow City Council

Finance and Audit Scrutiny Committee

Item 5

20th March 2024

Report by: Head of Audit and Inspection

Contact: Duncan Black Extension: 74053

Internal Audit – Audit Plan 2024/25

Purpose of Report

The purpose of this report is to inform the Committee of the outputs which Members and senior officers of the Council can expect from Internal Audit in 2024/25 and to seek the agreement of the Finance and Audit Scrutiny Committee to implement the Audit Plan for 2024/25.

The Internal Audit Charter and the Fraud and Corruption Policy are included as appendices.

Recommendation

Members are asked to agree to the implementation of the Audit Plan for 2024/25.

Ward No(s):	Citywide: ☐
Local member(s) advised: Yes ☐ No ☐	consulted: Yes ☐ No ☐

Glasgow City Council Internal Audit

Annual Audit Plan 2024/25

1. Introduction

1.1 The Public Sector Internal Audit Standards require the Head of Audit and Inspection to submit the annual audit plan to an appropriate Audit Committee for approval. This report outlines the proposed annual audit plan for Glasgow City Council for 2024/25.

2. Background

2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within Glasgow City Council and its Group. The annual audit plan is designed to assist the Head of Audit and Inspection in formulating that opinion. The plan also includes work which does not directly contribute to the Annual Governance Statement such as participation in project or system implementation.

2.2 In developing the annual audit plan, Internal Audit held discussions with senior officers in all Services and the Council's Arms Length External Organisations (ALEOs). Corporate and Service risk registers have also been considered.

2.3 Changes in organisational structures, system developments, changes in working practices and legislative requirements create a constantly changing control environment. Taking these factors into account, the highest risk areas are brought forward in the annual audit plan. Risk is assessed by considering various factors. These include the potential financial impact if controls fail, any changes or new processes/systems that have been implemented and the assessment of senior officers and auditors regarding the effectiveness of controls in key areas. These risk scores are weighted and the highest composite scoring areas are prioritised in the audit plan.

2.4 Internal Audit work will be undertaken in accordance with the Public Sector Internal Audit Standards which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA). Internal Audit has a quality framework in place to ensure compliance with these Standards and has been subject to a validated external quality assessment that confirmed compliance. Internal Audit is also compliant with the international standard ISO9001:2015.

3. Internal Audit Reporting

3.1 The audit plan shows the outputs which Members and senior officers can expect from Internal Audit during 2024/25.

3.2 Internal Audit will issue reports showing audit findings on directly provided Council Services to Executive Directors, highlighting any control weaknesses, together with recommendations for improvement, and will present summary reports to the Finance and Audit Scrutiny Committee (FASC). Any significant area of control weakness will be reported in the Annual Governance Statement.

3.3 The audit findings relating to ALEOs will be reported to their Chief Executive or Managing Director and, where appropriate, the Board or Audit Committee of the ALEO. Internal Audit will be represented at each Board or Audit Committee where audit reports are considered. Any reviews at an ALEO which result in an opinion that the "control environment is unsatisfactory" will also be considered to determine if the findings should be reported to FASC after they have been considered by the relevant ALEO.

3.4 Internal Audit is also the auditor for the Strathclyde Pension Fund, the Glasgow City Integration Joint Board and the Glasgow City Region Cabinet (which is responsible for the implementation of the Glasgow City Region City Deal and the Shared Prosperity Fund). The audit plans and related reports relating to these entities are reported to the relevant Committee/Cabinet. We also continue to work jointly with the Wheatley Group to provide Internal Audit services to City Building (Glasgow) LLP.

3.5 Internal Audit will provide FASC with summary reports on the performance of the section. These will also include outcomes from the Corporate Fraud workplan, and outline the usage made of the Council's Whistleblowing facilities. Reporting of investigations will be dealt with in the manner most appropriate to the circumstances and findings of the investigation.

4. Internal Audit Outputs in 2024/25

4.1 The main output of Internal Audit in 2024/25 will be the Head of Audit and Inspection's annual report. This is used to inform the Council's Annual Governance Statement, which is incorporated into the Council's financial statements. This provides assurance to Members of the Council and senior officers on issues of control within the Council, its group companies and partners. A separate Annual Governance Statement is prepared for the Strathclyde Pension Fund, the Glasgow City Integration Joint Board, the Glasgow City Region Cabinet and other small statutory bodies.

4.2 The annual report will be based principally on the work undertaken by Internal Audit during the year to complete the audit plan. As noted above, the audit plan has been developed following a risk-based assessment of the Council's key systems, processes and procedures. The key system areas we will cover in 2024/25, and on which we will provide assurance, are shown in Appendix 1a, together with the main control risks associated with these areas. A full list of the specific audits currently planned is provided in Appendix 1b, although these remain subject to review and change on an ongoing basis to reflect changes to the risk environment.

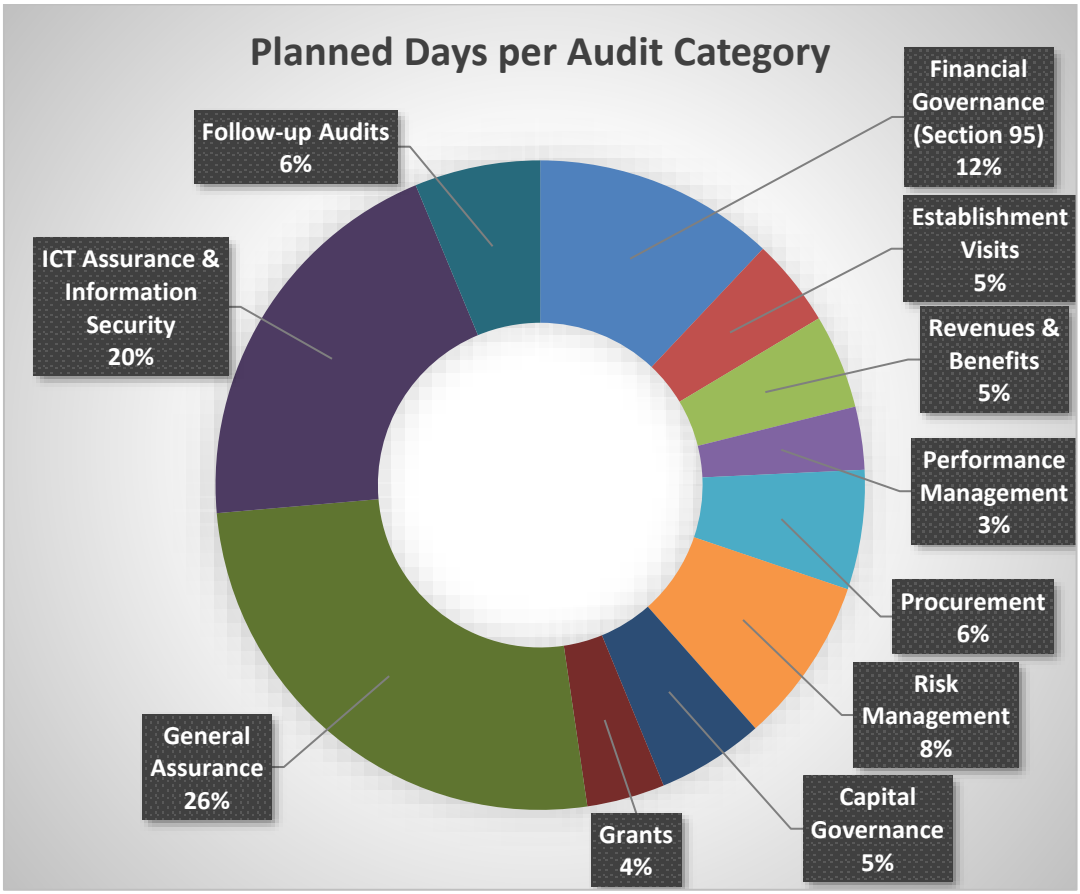
4.3 In addition to providing assurance on the key areas shown in Appendix 1, we will also provide assurance by delivering a range of services under the general heading of "other assurance activities". The key areas of work in 2024/25 and the assurance that can be taken from our work are described in Appendix 2.

4.4 Internal Audit is also required to spend time on areas which do not directly contribute to the Annual Governance Statement but are a necessary part of the operation of the section. Examples of such work are shown in Appendix 3.

5. Resources

5.1 In 2024/25 approximately 3,850 days will be available to carry out assurance or assurance-related audit work, including fraud investigations, for Glasgow City Council, ALEOs and partner organisations. This is broadly consistent with total audit days in prior years.

An approximate breakdown of planned days per audit category (excluding ALEOs and partner organisations) is provided in the chart below.



5.2 The audit plan is based on a funded budget of 30.1 FTE members of staff (including the Corporate Fraud and Investigations team). An organisational chart outlining the structure of the Internal Audit Team is provided at Appendix 4.

5.3 Where appropriate, internal audit will work in conjunction with "2nd line" control structures within the Council. For example, the Governance team within the Chief Executive's Department, Corporate HR, the Corporate Procurement Unit, Corporate Health and Safety, and the Strategic Information, Innovation and Technology team. This will prevent duplication of effort and will make best use of the assurance activity across all areas.

5.4 Planned audit assurance work should be completed within the resources available provided there is no significant increase in the budget required to undertake demand led work, such as special investigations arising from Whistleblowing.

5.5 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to identify any amendments required to reflect changing priorities and emerging risks. FASC will be kept up to date with any material adjustments to the audit plan in 2024/25. An update on internal audit performance will also be provided in a mid-year report.

6. Corporate Fraud and Investigations Team

6.1 The work planned for the Corporate Fraud & Investigations (CFI) Team in 2024/25 includes:

- Scottish Welfare Fund – ensuring that applications for Community Care Grants (requests for goods) are only awarded where there is a genuine need for the goods.
- Homelessness – ensuring that persons presenting themselves as homeless are genuine homeless cases.
- Council Tax Discounts and Exemptions – ensuring that, where an exemption or relief has been awarded, there is still an entitlement to the reduction.
- Council Tax Reduction Scheme – ensuring that reductions in place are still applicable.
- Non Domestic Rates – ensuring exemptions are only awarded where there is an entitlement to the discount (e.g. charitable relief, empty property discount and small business relief).
- Misuse of Blue Badge parking permits – investigating cases where it has been alleged that a blue badge parking permit is being misused.
- Insurance Claims – assisting with investigating whether insurance claims submitted against the Council are genuine.
- Glasgow Guarantee – ensuring that applications meet the criteria for funding.
- Whistleblowing – investigating other types of allegations which are made through the Council's Whistleblowing hotline/internet reporting facility.

6.2 As a result of reduced overall resources for the Corporate Fraud plan, there will be a lower overall level of activity compared to prior years and resources will be focussed on priority areas. During 2023/24, the main areas of activity were within the Scottish Welfare Fund and homelessness. It is expected that this will be a continuing trend in 2024/25.

6.3 An update on the outcomes achieved by the CFI team will be provided in our annual report.

7. Audit Glasgow

7.1 Audit Glasgow is the name Internal Audit uses when providing services for external organisations. We currently provide the Internal Audit service for Shetland Islands Council, Scottish Canals and Loch Lomond and the Trossachs National Park Authority. We also undertake ad hoc reviews for other Scottish local authorities. In 2024/25 Audit Glasgow will consider any further opportunities which arise in this area; however the key focus will continue to be the provision of an internal audit function for Glasgow City Council, its ALEOs and related bodies. Any additional services will only be considered if it has no impact on the ability of the department to provide its core function.

8. Recommendation

8.1 Committee is asked to agree to the implementation of the Audit Plan for 2024/25.

APPENDIX 1a

Glasgow City Council Internal Audit – Annual Audit Plan 2024/25

Audit Outputs - Key System Areas and Control Risks

Financial Governance (Section 95)

1. Treasury – we will review the arrangements in place and ensure that the controls in place are adequate.

   Risk – that system controls and processes may not be effective, increasing the risk of error or fraud.

2. Accounts Receivable – audit work will examine various elements of the process including the arrangements for debt write-off.

   Risk – the controls in place may not be fully effective, which could result in the Council failing to maximise its income.

3. Accounts Payable – in 2024/25 audit work will provide assurance on elements of the operation of the creditors process.

   Risk – the Council may not timeously pay the correct amount for goods and services.

4. Payroll – reviews in this area will focus on ensuring that the correct payroll processes are followed for all employees. A payroll verification exercise will be undertaken across Council ALEOs.

   Risk – increased possibility of incorrect payment of salaries and wages which may result in a financial loss.

Capital Governance

5. Capital Projects – the 2024/25 plan will include assurance work on the governance arrangements for a range of capital projects.

   Risk – that governance arrangements for capital projects may be inadequate, increasing the risk that projects may be delayed or generate significant budget variances.

Establishments / Income Management

6. Income Management, Collection & Security – we will undertake visits in 2024/25 to review controls relating to how income is collected in various service departments. We will also examine the security arrangements which are designed to minimise the risk of loss or misappropriation, and local arrangements for information security.

Risk – income is not properly recorded or may be lost or misappropriated.

Grants activity

7. Grants – the audit plan will include an examination of the controls in place for the administration and monitoring of various grants that are awarded by the Council, including the Glasgow Communities Fund.

   Risk – grants are awarded to groups, organisations or individuals who may not be eligible or they may not deliver the services/outcomes as required.

Procurement assurance

8. Procurement – the audits in this area will assess compliance with the Council's Procurement Manual and Standing Orders.

   Risk – that the appropriate tendering procedures may not be followed, increasing the risk that procurement rules may be broken and the Council may not obtain best value.

Risk Management

9. Risk Management Workshops – Workshops were undertaken in 2023/24 and will continue into 2024/25 to allow a broad range of areas to be included. They utilise the "Three Lines of Defence" model to ensure there is clarity around the operational risk management arrangements in a sample of operational areas. Workshops are held with front line management to discuss roles and responsibilities, key operational risk areas, mitigating controls and further action. Particular focus is given to discussing the most effective controls with a view to generating efficiencies whilst maintaining sufficient risk management arrangements given the resource pressures faced by the organisation. Consideration will also be given to "Second line" functions as part of this risk and controls mapping work.

   Risk – that the Council may not have effective arrangements in place for managing its risks leading to key objectives not being achieved.

General compliance

10. Governance – the governance programme covers a range of activities designed to ensure that the Council family has, and can provide evidence of, robust governance arrangements. The audit work includes the collation and testing of governance questionnaire responses. We will also use findings from recent investigations to inform specific additional assurance activities across the governance and internal control framework.

    Risk – that the Council may not adequately control its operations leading to its key objectives not being achieved or the inappropriate use of resources.

Performance management assurance

11. Performance Management Framework – audits in this area will review aspects of the Council's performance monitoring regime. Greater time is being allocated to this area in 2024/25 to allow a deeper dive into performance management arrangements in services and ALEOs, and subsequent reporting up through service management teams. We will assess compliance with the expected corporate governance framework, the role of 2nd line functions, and reporting of performance through to the Corporate Management Team and Operational Performance and Delivery Scrutiny Committee.

    Risk – that the Council may not achieve its key objectives due to inadequate or incomplete performance monitoring arrangements.

Information technology and information security

12. Information Technology and Security – audits in this area will test the procedures, processes and arrangements designed to ensure that systems are appropriately controlled and information is protected and that arrangements are in place to mitigate the risk of cyber attacks. Auditors will consider and assess information security issues throughout the course of all audits undertaken as part of the Audit Plan. We will also undertake detailed follow up procedures on the issues identified in the 2021/22 and 2022/23 audit work, which contributed to a limited assurance overall annual opinion.

    Risk – that sensitive or confidential data relating to individuals or organisations may be lost or accessed without authority, leading to a potential financial loss if the Information Commissioner levies a fine on the Council. There is also a risk that a failure in the Council's IT provision may impact on service delivery.

Group assurance activity

13. Internal Audit services provided to ALEOs and Partner Organisations – Internal Audit provides services for Glasgow City Council's ALEOs. The audits undertaken provide assurance to these organisations and the results also inform the Annual Governance Statement. This will include detailed follow up on the issues identified from Internal Audit whistleblowing investigations reported in our 2022/23 Annual Report, and which contributed to an overall limited assurance annual opinion in 2022/23. In particular, we have allocated time to focus on providing assurance that the actions from the 2023/24 Member review of City Building LLP are being implemented.

    Risk – the Council channels significant expenditure through its ALEOs and partner organisations which, if not effectively managed, could lead to a reduction in financial control.

Non-Compliance Assurance

14. Where non-compliance issues have been identified during an investigation, Internal Audit will undertake further assurance work to ensure any control weaknesses have been addressed.

Risk – if the Council does not address control weaknesses that have been identified during an investigation, there is a potential risk that those weaknesses could be exploited.

SAP Replacement Project

15. Management have commenced a significant project to replace the SAP ERP system, which is out of support from 2027. This is a very significant and complex piece of work and management have identified a number of significant risks as part of the first phase of the project. These are being actively managed and monitored by a project Steering Group. Internal Audit will focus resources on assurance activity over the lifetime of the project, recognising the significant challenges some other local authorities have experienced in this area. We are actively engaging with other local authority Internal audit teams, and are present at key officer project meetings. The plan at appendix 1b outlines the initial specific assurance audits we intend to undertake in 2024/25, but the specific areas of coverage will be flexible to reflect the progress of the project and the associated changing risk environment. This will be a priority area for audit and management in terms of risk in 2024/25.

APPENDIX 1b

Glasgow City Council Internal Audit – Annual Audit Plan 2024/25

Audit Outputs – Specific Audits Scheduled for 2024/25 as at March 2024

Category	Name of Audit	Indicative Budget
Section 95	Accounts Receivable	20
Section 95	Accounts Payable	30
Section 95	Treasury	7
Section 95	Payroll Verification	40
Section 95	Governance	20
Section 95	Financial Planning/Budget Monitoring	25
Section 95	Credit Balance Controls	20
Section 95	S95 Flexible Capacity	30
Establishment Visits	Establishment Visits	70
Data Analytics	Data Analytics	50
Data Analytics	Data Analytics - Development of Services	20
Data Analytics	Data Analytics - Scottish Welfare Fund	10
Revenues and Benefits	ERP Project Management	20
Revenues and Benefits	NDR Changes	15
Revenues and Benefits	CT Changes	15
Revenues and Benefits	Universal Credit Migration	15
Revenues and Benefits	Water Direct	10
Performance Management	Performance Management	50
Procurement	Final Contract Values	18
Procurement	Corporate Procurement Manual	10
Procurement	External Grant Funding	12
Procurement	One Time Vendor Use	15
Procurement	Contract Management	20
Procurement	Flexible Capacity	20

Category	Name of Audit	Indicative Budget
Capital Governance	Shared Prosperity Fund - Capital	20
Capital Governance	Capital Project Governance	25
Capital Governance	Capital Budget Monitoring Process	20
Capital Governance	Flexible Capacity	20
Risk Management	Risk Management Compliance	12
Risk Management	Risk Management Workshops	120
Grants	Grants	12
Grants	Glasgow Communities Fund	30
Grants	Flexible Capacity	20
ICT	Groupcall/Parents Portal	15
ICT	Future of ICT (FICT)	50
ICT	FICT - Business Readiness	20
ICT	Ransomware	15
ICT	AI Strategy	15
ICT	ERP Replacement - IT Arrangements	12
ICT	Supply Chain IT Assurance	15
ICT	Application Audits	50
ICT	SAP/ERP Roles and Permissions	20
ICT	IT Problem Management	15
ICT	SAP Platform Upgrade	15
ICT	Use of M365	12
ICT	Security Working Group (SWG) Validation	
ICT	Mobile Device Management	15
ICT	Security Assessment Framework	12
ICT	Flexible Capacity	40
General Assurance	School Roll projections / School estate planning	12
General Assurance	Education Census	18
General Assurance	Early Years System Replacement	6
General Assurance	Revised Payroll Structure	20
General Assurance	PCI DSS	12
General Assurance	Housing Charging Orders	12

Category	Name of Audit	Indicative Budget
General Assurance	Attendance Management	15
General Assurance	Travel Expenses	20
General Assurance	Shared Prosperity Fund - Revenue	15
General Assurance	SEEMIS Data Management	10
General Assurance	NRS Charges	20
General Assurance	Carbon Management/Energy Management	20
General Assurance	Purchase Cards	15
General Assurance	Compliance with Regulations	20
General Assurance	Payroll Overpayments Recovery Process	10
General Assurance	ARC Review	10
General Assurance	ERP	40
General Assurance	Fraud Response Arrangements	20
General Assurance	Flood Management	15
General Assurance	First Aid / Fire Safety Officers	12
General Assurance	Purchasing of Supplies	15
General Assurance	School Travel Assistance	15
General Assurance	Workforce and Succession Planning	12
General Assurance	Flexible Capacity	50
ALEOs		
CBG*	Performance Management	80
CBG*	City Building ICT security map	30
CBG*	Follow-ups	10
CBG*	Follow up of recommendations from the Member review	20
CPG*	Starters and Leavers	50
CPG*	Compliance with Funders' Governance Arrangements	
CPG*	Community Asset Transfers	
CPG*	Property Compliance	
Glasgow Life*	Asset Management	15
Glasgow Life*	BCPs	8
Glasgow Life*	Information Security/Information Management	15
Glasgow Life*	Celtic Connections	15
Glasgow Life*	Attendance Management	15

Category	Name of Audit	Indicative Budget
Glasgow Life*	Risk Management Workshops	8
Glasgow Life*	Assurance Mapping	6
Glasgow Life*	Follow-ups	4
Glasgow Life*	Other	4
JBG*	No one Left Behind Funding	12
JBG*	Health & Safety	12
JBG*	Property Management Service Delivery	12
JBG*	Follow-ups	4
Other Council Family		
SPFO*	Payroll Process	15
SPFO*	Compliance with Code of Practice	18
SPFO*	Follow-ups	2
IJB*	Performance Management	15
IJB*	Property Repairs and Maintenance Charges	15
IJB*	Flexible Capacity	10
IJB*	Follow-ups	3
City Deal*	SPF Regional Project Compliance	53
City Deal*	Gateway Readiness Review	
City Deal*	City Deal - Financial Monitoring (Phase 2)	
Other assurance	Follow-up Audits	100
	Public Sector Internal Audit Standards	10
	Fraud and Whistleblowing	650
	Financial Statement Audits/Grants – Small Orgs	5
	Quality	6
	Corporate Fraud Activities	936
	National Fraud Initiative	20
Audit Glasgow		416
Total direct days		**4,170**

* These are indicative and are subject to approval by the Appropriate Board/Audit Committee.

APPENDIX 2

Glasgow City Council Internal Audit – Annual Audit Plan 2024/25

Audit Outputs – Other Assurance Activities

1. **Special Investigations –** Internal Audit will undertake a range of special investigations including, where required, fraud investigations and specialist forensic computer analysis. Reports on the results of our work will be passed on to Police Scotland and/or regulatory bodies where appropriate. Auditors will provide evidence to disciplinary hearings as required. Internal Audit will also operate the Council's Whistleblowing hotline and internet reporting facility. Any control weaknesses identified will be examined and recommendations will be made to address them. These audits also help inform the Annual Governance Statement.

   Assurance – that referrals to Internal Audit are investigated thoroughly, professionally and impartially and that, where appropriate, recommendations for system and procedural improvements are made.

2. **National Fraud Initiative (NFI) and other Data Matching exercises –** Internal Audit will take the lead in co-ordinating the Council's response to the matches arising from the NFI data match. We will also carry out other data matching exercises and data analytics in conjunction with other Services.

   Assurance – that any fraud involving the persons identified in the data match is identified and pursued, and that improvements to procedures and practices are introduced as a result.

3. **Procedural Advice –** Internal Audit will continue to provide procedural advice to Services and will participate in various forums, governance boards and working groups.

   Assurance – that sound procedural advice is provided which helps to ensure the development of strong controls.

4. **Review of Documents, Processes and Procedures –** Internal Audit will respond to Services' and ALEOs' requests for reviews of their processes or procedural documentation. The output will be the provision of advice and guidance which helps to ensure that strong controls are built into processes and procedures at an early stage.

   Assurance – that adequate internal controls are built into systems, processes and procedures as they are developed.

5. **Follow-up Visits –** in 2024/25 Internal Audit will undertake a programme of follow up audits in line with agreed recommendation implementation dates.

Summary reports will be presented to the FASC (or the relevant Board or Committee) detailing the findings of these follow up audits.

Assurance – that actions identified by Internal Audit and agreed by Services and ALEOs to strengthen controls are fully implemented.

APPENDIX 3

Glasgow City Council Internal Audit – Annual Audit Plan 2024/25

Audit Outputs – Work not Directly Contributing to the Annual Governance Statement

1. **Staff working groups –** these include various Financial Services groups and boards. The aim of our participation on groups is to provide advice and guidance where required and, where appropriate, to represent Internal Audit within Financial Services. We will continue this provision during 2024/25

2. **Professional activities -** this includes participation in the Scottish Local Authority Chief Internal Auditors' Group (SLACIAG) and the UK Core Cities Audit Group. Internal Audit's contribution includes participation at meetings, occasionally hosting those meetings and delivering presentations on audit related matters, including assurance and fraud work. The aim is to share information, and provide examples of best practice and to learn from others' examples, including how other organisations are responding to topical issues. We will continue with participation with these groups during 2024/25

3. **Freedom of Information (FOI) and Subject Access Requests (SAR) –** Internal Audit helps to ensure that the Council complies with FOI and SAR requests. This will continue in 2024/25

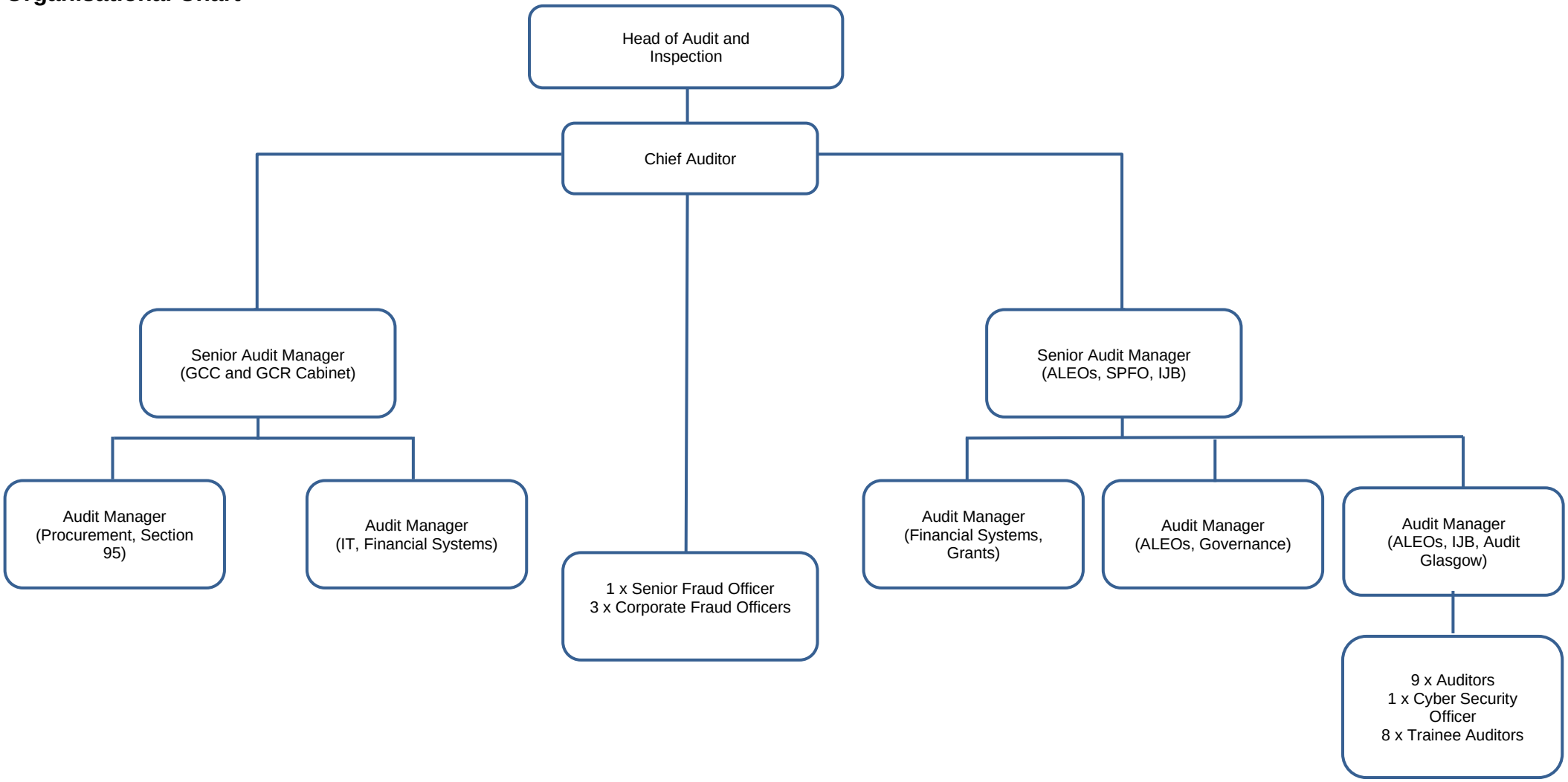
4. **Procurement Approvals** – Together with Legal Services, Internal Audit considers and approves requests from Services to make direct awards to suppliers, in compliance with the Council's Standing Orders.

5. **Other areas –** Internal Audit staff receive appropriate professional training in accordance with their roles within the section. This includes supporting trainee auditors to achieve membership of CIPFA and ensuring staff receive appropriate training through Council programmes and GOLD courses.

APPENDIX 4

Glasgow City Council Internal Audit 2024/25

Organisational Chart



APPENDIX 5

Internal Audit Charter

Introduction

The Internal Audit Charter formally defines the purpose, authority and responsibility of Internal Audit, in accordance with the Public Sector Internal Audit Standards (PSIAS) adopted by the Relevant Internal Audit Standard Setters.

Internal Audit is led by the Head of Audit and Inspection and reports directly to the Executive Director of Finance with open access to the Chief Executive.

The Internal Audit Charter will be reviewed and reported to Senior Management and Committee as appropriate.

Definitions

The PSIAS include specific definitions that have been interpreted as:

Chief Audit Executive – the Head of Audit and Inspection

Board – the appropriate Council Committee with responsibility for audit matters

Senior Management – Council senior officers

Purpose

Internal Audit is defined within the PSIAS as an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

Internal Audit Mission

The mission of Internal Audit is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

The purpose and mission of Internal Audit are achieved through the delivery of the Internal Audit plan which informs the Head of Audit and Inspection's annual opinion on the adequacy of the Council's system of internal control including the arrangements in subsidiary bodies that are incorporated into the Council's group. This annual opinion is provided to the Chief Executive, senior Council officers and Elected Members. It is management's responsibility to implement and maintain effective internal control

systems within its area of responsibility. It is Internal Audit's role to assist management by reviewing and evaluating the effectiveness of those control systems.

Role of the Head of Audit and Inspection

The CIPFA guidance in relation to "The Role of the Head of Internal Audit in Public Service Organisations" is intended to provide best practice for Chief Audit Executives to achieve, and for Boards to measure Internal Audit against. The statement sets out an overarching principles-based framework which applies across the UK public sector. It states that the Chief Audit Executive plays a critical role in delivering an organisation's strategic objectives by:

- championing best practice in governance and management, objectively assessing the adequacy of the management of existing risks, and commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control.

Authority

Internal Audit's authority is derived from policies, procedures, rules and regulations established by the Council. These include, but are not limited to, the Financial Regulations, the Whistleblowing and Response Policy and the Code of Conduct.

Internal Audit:

- Has unrestricted access to all Council records, cash, property, assets and people, where necessary on demand and without prior notice.
- Can obtain information and explanations as it considers necessary to satisfy the probity of any matter under consideration.
- Can require the production of any records and other such property as is deemed necessary, and
- Requires all senior officers to report all actual or perceived losses (cash, stock, equipment or data), all suspected or actual instances of theft, embezzlement, fraud, corruption or any other impropriety.

Scope

The scope of Internal Audit's work includes:

- All Council systems, processes, policies, plans and procedures.
- Use and safeguarding of resources and assets, including data.
- Governance and risk management processes.
- Commissioning and procurement.
- Projects and programmes.
- Whistleblowing and Fraud, including investigation of allegations of fraud and corruption.
- All subsidiary and associate organisations that form part of the Council group.
- Strathclyde Pension Fund.
- Glasgow City Integration Joint Board.
- Glasgow City Region Cabinet, and
- Other section 106 bodies.

Resourcing and Audit Planning

In line with PSIAS requirements Internal Audit develops a risk-based audit plan which enables the Head of Audit and Inspection to provide an annual opinion on the adequacy of the Council's system of internal

control. The plan is developed through an assessment of risk and assurance needs and is sufficiently flexible to be able to adapt to changing organisational risks and priorities. It is submitted to the appropriate Council Committee with responsibility for audit.

The annual audit plan sets out the planned audit resources for the year with the objective of giving an evidence-based opinion. It is the Head of Audit and Inspection's responsibility to ensure that Internal Audit is adequately resourced in order to carry out its function. The team is made up of a mix of qualified staff (in the main CIPFA qualified accountants), CIPFA trainees and apprentices. The team also has a cyber security officer.

Internal Audit complies with relevant Council policies and procedures and Internal Audit's standard operating procedures manual.

The PSIAS defines consulting services as follows: "Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training". Internal Audit will consider all requests for additional work, including those considered consulting, which are outwith the audit plan, on agreement with relevant senior officers. This includes attendance at working groups and offering advice and guidance.

Independence and Objectivity

The PSIAS define independence as "freedom from conditions that threaten the ability of the Internal Audit activity to carry out its responsibilities in an unbiased manner". To assist Internal Audit to carry out the role and constructively challenge senior managers of the Council, the Head of Audit and Inspection holds a sufficiently senior position in the Council. Senior Officers and those charged with governance have input into the annual audit plan however they do not direct the plan.

All staff within Internal Audit challenge, on the basis of objective evidence, decisions, policies or practices they consider inappropriate or in need of improvement, no matter who is involved in the decision making. It is essential for Council officers and Elected Members to recognise Internal Audit's role and responsibilities and accept Internal Audit comment and advice in this spirit, giving a reasoned response if they take a different view.

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activities or processes audited. They make a balanced assessment of relevant circumstances and are not unduly influenced in forming judgements by their own interests or the interests of others.

Objectivity and independence in the provision of advice and guidance are maintained, and conflicts of interest avoided. Internal Audit has no operational responsibility for, or authority over, activities audited and all officers undertaking audit work are required to complete declarations of interest annually, including "nil" returns. Where Internal Audit officers are deemed to have operational involvement or other conflict, they must remove themselves from any related Internal Audit activity.

Other Work

Internal Audit will seek opportunities to share expertise with other public sector organisations, where resources permit and where there is no impact on the ability to deliver the level of assurance required to enable the Head of Audit and Inspection to provide an annual opinion to the Council group.

Quality

All Internal Audit work is undertaken in compliance with the PSIAS and is subject to regular internal quality reviews, with the results of these reviews reported to a Quality Management Review Team. External quality reviews are also undertaken through a 5-yearly external quality assessment. Internal Audit is also ISO9001 quality accredited by the British Standards Institution, which is reviewed annually, the current certification being ISO9001:2015.

Performance

Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of Glasgow City Council Internal Audit Services that Internal Audit:

1. Performs its work in accordance with this Audit Charter, which is consistent with the Public Sector Internal Audit Standards, Definition of Internal Auditing, Code of Ethics and ISO 9001: 2015,
2. Operates in an efficient and effective manners; and
3. Is adding value and continually improving Internal Audit operations.

The Head of Audit and Inspection is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including Audit Glasgow activity. The QAIP includes both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments are undertaken at least once every five years.

The Head of Audit and Inspection reports every six months to the Finance and Audit Scrutiny Committee regarding team performance in relation to their Annual Service Plan and Improvement Report (ASPIR) targets. This includes measures on fieldwork completion, ISO 9001 and PSIAS compliance.

Glasgow City Council **APPENDIX 6**
Fraud and Corruption Policy

1. Introduction

1.1 Glasgow City Council is committed to taking all appropriate action to prevent and detect fraud and corruption.

1.2 This policy sets out the Council's approach to tackling fraud and corruption. We aim to prevent, detect, investigate and report all instances of such behaviour.

1.3 This policy applies to all Council employees, elected members, partners and anyone acting on the Council's behalf.

2. Fraud and Corruption Definition

2.1 Fraud

2.1.1 The term 'fraud' is commonly used to describe a wide variety of dishonest behaviour such as deception, forgery, false representation, theft, embezzlement, bribery and concealment of material facts. Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion. The Council defines fraud as a dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the City or the wider community.

2.2 Corruption and Bribery

2.2.1 The Council regards corruption as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

2.2.2 The Bribery Act 2010 came into effect from 1st July 2011. The Act created an offence which can be committed by organisations that fail to prevent persons associated with them from committing bribery on their behalf. It is a full defence for an organisation to prove that despite a particular case of bribery, adequate procedures were in place to prevent persons associated with it from committing an act of bribery.

2.2.3 The Council has developed an online training course on the Bribery Act which must be completed by relevant members of staff.

3. Roles and Responsibilities

3.1 Internal Audit

3.1.1 Internal Audit operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme of work, which is reported to the Finance and Audit Scrutiny Committee. The Head of Audit & Inspection provides an independent opinion on the adequacy and effectiveness of the systems of internal control based on the work undertaken during the year. Internal Audit will consider the potential for the occurrence of fraud and how the Council manages fraud risk.

3.2 External Audit

3.2.1 Part of the role of external audit is to form an objective view of the discharge by the organisation of its stewardship responsibilities. External auditors undertake specific reviews to test the adequacy of the Council's financial systems. They also examine arrangements for preventing and detecting fraud, corruption and bribery.

3.3 Corporate Fraud & Investigations Team

3.3.1 The Corporate Fraud & Investigations (CFI) Team provide the Council's Counter-Fraud services. They utilise all legal methods to detect and investigate fraud and corruption. The CFI Team sits within Internal Audit and is responsible for investigating a range of potential fraud areas, including: council tax reduction, non-domestic rates exemptions, the Scottish Welfare Fund, blue badge misuse and false homelessness applications.

3.4 Elected Members

3.4.1 Elected Members are expected to lead by example at all times, maintaining the highest standards of probity, honesty, integrity and accountability in their dealings. They should act in a manner which sets an example to the community whom they represent and to the employees of the council who deliver services.

3.5 Employees

3.5.1 Council employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. It is the responsibility of directors and managers to be aware of the appropriate financial and other anti-fraud regulations and to be responsible for ensuring compliance with these by the staff for which they are responsible. Managers must establish and maintain systems of internal control ensuring that the Council's resources are properly applied on the activities intended. This includes the responsibility for the prevention and detection of fraud, corruption and financial malpractice. Advice may also be sought from Internal Audit on potential control issues.

3.5.2 Those employees that commit fraud against the Council will be subject to disciplinary action, civil action or criminal prosecution where deemed appropriate. Employees are responsible for their own conduct and behaviour. If an employee is found to have committed or attempted to commit fraud or has knowledge of their partner or spouse committing or attempting to commit fraud against the Council, he/she will be investigated in accordance with the Council's Conditions of Service – Discipline & Appeals Procedure. Appropriate action will be taken, up to and including dismissal.

3.5.3 All employees of the Council have a duty to assist with an investigation. Failure to do so may be considered a breach of trust or failure to comply with the Code of Conduct which could lead to disciplinary action under the Council's Conditions of Service. Appropriate action will be taken, up to and including dismissal.

3.5.4 Advice and assistance will be provided by Internal Audit to management and Human Resources in respect of employee conduct in relation to fraud and corruption as and when it is appropriate to do so.

4. Fraud Prevention

4.1 The Council undertakes a range of measures to prevent fraud and corruption. They key areas include:

Culture of Integrity	We aim to foster a culture of integrity, honesty and openness where everyone is aware of their responsibilities and are prepared to take action to prevent or report fraud or corruption.
Risk Assessment	The risk of fraud and corruption should be considered by all managers. Appropriate mitigating actions should be taken to reduce the risk of fraud or corruption occurring. Should instances of fraud or corruption occur, arrangements should be in place so that they are identified and do not go unnoticed.
Internal Control Environment	The Council will adopt a robust system of Internal Control. This includes, where appropriate: • Segregation of duties • Authorisation and approval processes • Reconciliations • Management oversight
Training	System and process owners should ensure that appropriate training is in place for users so that they understand and adhere to the controls in place.

5. Anti-Fraud and Corruption Framework

5.1 The Council bears ultimate responsibility for the protection of its finances. The Council recognises that fraud and corruption are costly in terms of reputational damage and financial loss. The Corporate Governance Framework underpins the Council's activities with a number of components to protect the Council against fraud and corruption. These are:

5.2 Annual Governance Statement

5.2.1 The Council has adopted a local Code of Corporate Governance that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework Delivering Good Governance in Local Government. The Annual Governance Statement explains how Glasgow City Council delivers good governance and reviews the effectiveness of these arrangements. Within the overall control arrangements of this statement, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

5.3 **Internal Audit**

5.3.1 Under the Public Sector Internal Audit Standards, Internal Audit is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In addition, it supports the Council's Section 95 Officer discharge the responsibilities contained in the legislation.

5.3.2 As part of the assurance gathering process used to prepare the Council's Annual Governance Statement the Head of Audit & Inspection provides an annual report providing an opinion on the adequacy and effectiveness of the Council's control environment.

5.4 **External Audit**

5.4.1 External Audit will carry out specific reviews to test the adequacy of the Council's financial systems. They also consider arrangements for preventing and detecting fraud and corruption.

5.5 **Corporate Fraud & Investigations Team**

5.5.1 The Corporate Fraud & Investigations Team is part of Internal Audit and its function is to detect and investigate fraud and corruption. It undertakes investigations across a range of areas and a summary of the outcomes are reported annual to the Finance and Audit Scrutiny Committee.

5.6 **National Fraud Initiative (NFI)**

5.6.1 The National Fraud Initiative (NFI) is the Audit Commission's data matching exercise that tackles a broad range of fraud risks faced by the public sector. The NFI has been embedded in the statutory external audit process for audited and inspected bodies since 1998 and is currently run every two years. Glasgow City Council fully participates in the NFI process.

5.6.2 The National Fraud Initiative compares different sets of data such as payroll or benefit records, against other records held by the same, or another organisation, identifying potentially fraudulent claims and payments. Where a match is found, this means there may be a discrepancy that may require investigation.

5.6.3 The use of data for NFI purposes continues to be controlled to ensure compliance with data protection legislation.

5.7 Contractors

5.7.1 The Council has in place robust procurement processes. It expects all contractors it has dealings with to act with honesty and integrity in all dealings with the Council, its service users and residents. The Council expects the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. We will seek the strongest available sanctions against contractors that commit fraud against the Council or who commit fraud against public funds.

5.8 Whistleblowing

5.8.1 The Council's Whistleblowing & Response policy sets out the arrangements in place to deal with allegations of wrongdoing that have been made by either members of staff or members of the public. The policy explains whistleblowers' rights and the safeguards in place to protect them. The Council encourages anyone with a concern to come forward and disclose any information that could help identify and stop any wrongdoing.

5.8.2 Internal Audit logs all allegations and carries out a review in each case to determine the most appropriate course of action. The action will depend on the nature of the concern. Any matters which fall within the scope of other existing procedures, for example, child protection, complaints or HR issues, will be dealt with under these procedures. Some concerns may be resolved by agreed action without the need for investigation. Matters to be investigated may be dealt with internally by Internal Audit or other specialist sections e.g. the Trading Standards Unit, or may be referred to Police Scotland or another external agency.

5.9 The Regulation of Investigatory Powers (Scotland) Act 2000

5.9.1 The Council is empowered to undertake surveillance in order to gather intelligence in respect of any allegations of fraud and corruption. All surveillance operations will be undertaken legally and in accordance with the legislation and best practice, where it is proportionate and justified to do so.

5.10 Money Laundering

5.10.1 All employees of the Council have a duty to comply with all relevant legislation and guidance regarding Money Laundering. Failure to do so may be considered a breach of trust which could lead to disciplinary action under the Council's Conditions of Service – Discipline & Appeals Procedure.

5.11 Councillors Code of Conduct

5.11.1 The Ethical Standards in Public Life (Scotland) Act 2000 introduced an ethical framework for public life in Scotland. Scottish Ministers have issued a Code of Conduct for Councillors setting out principles and rules that apply to all elected councillors in Scotland. In addition, the Act places a duty on Councils to promote the observance of high standards of conduct by their Councillor's and to assist them to observe the Code in accordance with Guidance issued by the Standards Commission for Scotland.

5.11.2 The Act also places a duty on Councils to maintain and allow the public access to a Register of their Councillor's interests in accordance with Regulations made by the Scottish Ministers and Guidance issued by the Standards Commission.

5.12 Code of Conduct for Council Employees

5.12.1 The Council has a range of policies and procedures which set out the conditions of service for employees. These documents detail the behaviours and standards expected of a Council employee.

5.13 Gifts and Hospitality

5.13.1 In order to comply with the Freedom of Information (Scotland) Act 2002 and the Bribery Act 2010, all service departments of the Council have adopted a standard approach to

the issue of Gifts and Hospitality offered to staff. Directors are responsible for the maintenance of a gifts and hospitality register within their service/ALEO with a centralised register for all Chief Officers, held by the Executive Director of Finance.

5.13.2 Gifts and Hospitality include monetary gifts, free or subsidised travel or accommodation, invites to concerts and events, or goods or services provided free or subsidised. Directors are required to keep the register up to date and complete at all times with offers, whether accepted, declined or used for charitable purposes. Copies of the registers are submitted to the Executive Director of Finance on a quarterly basis to ensure the centralised register for Chief Officers is up to date. The register of Gifts and Hospitality offered to Chief Officers is reported to the Finance and Audit Scrutiny Committee at least once per annum.

5.14 Finance and Audit Scrutiny Committee

5.14.1 The Finance and Audit Scrutiny Committee is responsible for: monitoring the financial performance of the Council, its Trading Operations and Arms Length External Organisations; money allocated to it by the Glasgow City Integration Joint Board; the performance of audit and inspection within the Council; and for promoting the observance by Councillors of high standards of conduct.

5.15 Risk Management

5.15.1 The Council has a Risk Management Framework in place, part of which requires the maintenance of Risk Registers in order to identify, record, review and revise key business risks.

5.15.2 As part of the risk assessment process, managers should consider the risk of fraud or corruption. Where necessary, managers should ensure that mitigating controls are put in place and implemented. Risk assessments should be kept up to date and should reflect any changes made to systems or processes.

6. Joint Working

6.1 The Council strives to work together to develop partnership potential and promotes joint interdepartmental working and joint working with external organisations where that work will promote the prevention and detection of fraud or corruption.

7. Police Scotland

7.1 The Council undertakes to report potential criminality to Police Scotland.

7.2 The Council will also share intelligence with Police Scotland where appropriate.

8. Reporting Fraud and Corruption

8.1 Allegations of fraud or corruption can be reported to Internal Audit and will be considered under the terms of the Glasgow City Council Whistleblowing and Response Policy.

8.2 Allegations can be made via the following routes:

• Call 0141 287 3777. The hotline will be answered when possible and at other times callers can leave a message on voicemail.
• Filling in our online form at www.glasgow.gov.uk/whistleblowing. This option allows whistleblowers to attach any documentary evidence to support their concern.
• Emailing fraud@glasgow.gov.uk. This option also allows whistleblowers to attach any documentary evidence in support of their concern.
• Writing to: The Head of Audit and Inspection, Financial Services, City Chambers, Glasgow, G2 1DU.