



Glasgow City Council

Finance and Audit Scrutiny Committee

Item 4

26th March 2025

Report by: Head of Audit and Inspection

Contact: Duncan Black Extension: 74053

Internal Audit – Audit Plan 2025/26

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 2025/26 and to seek the approval of the Finance and Audit Scrutiny Committee of the Audit Plan for 2025/26.

Recommendation

Members are asked to agree the implementation of the Audit Plan for 2025/26 as detailed in Appendix 1.

Ward No(s):

Citywide: ☐

Local member(s) advised:

consulted: Yes ☐ No ☐

Yes ☐ No ☐

Glasgow City Council Internal Audit

Annual Audit Plan 2025/26

1. Introduction

- 1.1 The Global Internal Audit Standards in the UK Public Sector (GIAS) require the Head of Audit and Inspection to submit the annual audit plan to an appropriate Audit Committee. This report outlines the proposed annual audit plan for Glasgow City Council for 2025/26.

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 going forward will be undertaken in accordance with the GIAS for the UK Public Sector. These new standards come into effect from 1 April 2025 and 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).
 - 2.5 The Internal Audit team at Glasgow holds the British Standard ISO9001:2015 Quality Management Standard. This Standard has been held for over 20 years and an annual assessment of compliance with the Standard is undertaken by independent British Standard reviewers. The last review undertaken by British Standard reviewers was in February 2025 and confirmed that the Internal Audit team continues to have processes and procedures in place that demonstrate compliance with the requirements of the Standard.
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- 2.6 The GIAS includes 15 principles that Internal Audit functions must follow and cover a range of areas including ethics and professionalism, governance of the Internal Audit function, management of the Internal Audit function and performing Internal Audit services. The Public Sector Internal Audit Standards previously introduced a requirement for an external assessment of an organisation's Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside the organisation. This requirement continues under the new GIAS in the UK Public Sector. The latest external assessment was undertaken in 2021 at Glasgow City Council by the Assistant Director Audit and Risk Management and Principal Group Auditor from Birmingham City Council. The assessment confirmed that Internal Audit conforms to the requirements of the PSIAS. The next assessment under the GIAS in the UK Public Sector is due by May 2026.

3. Internal Audit Reporting

- 3.1 The audit plan shows the outputs which Members and senior officers can expect from Internal Audit during 2025/26.
- 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.

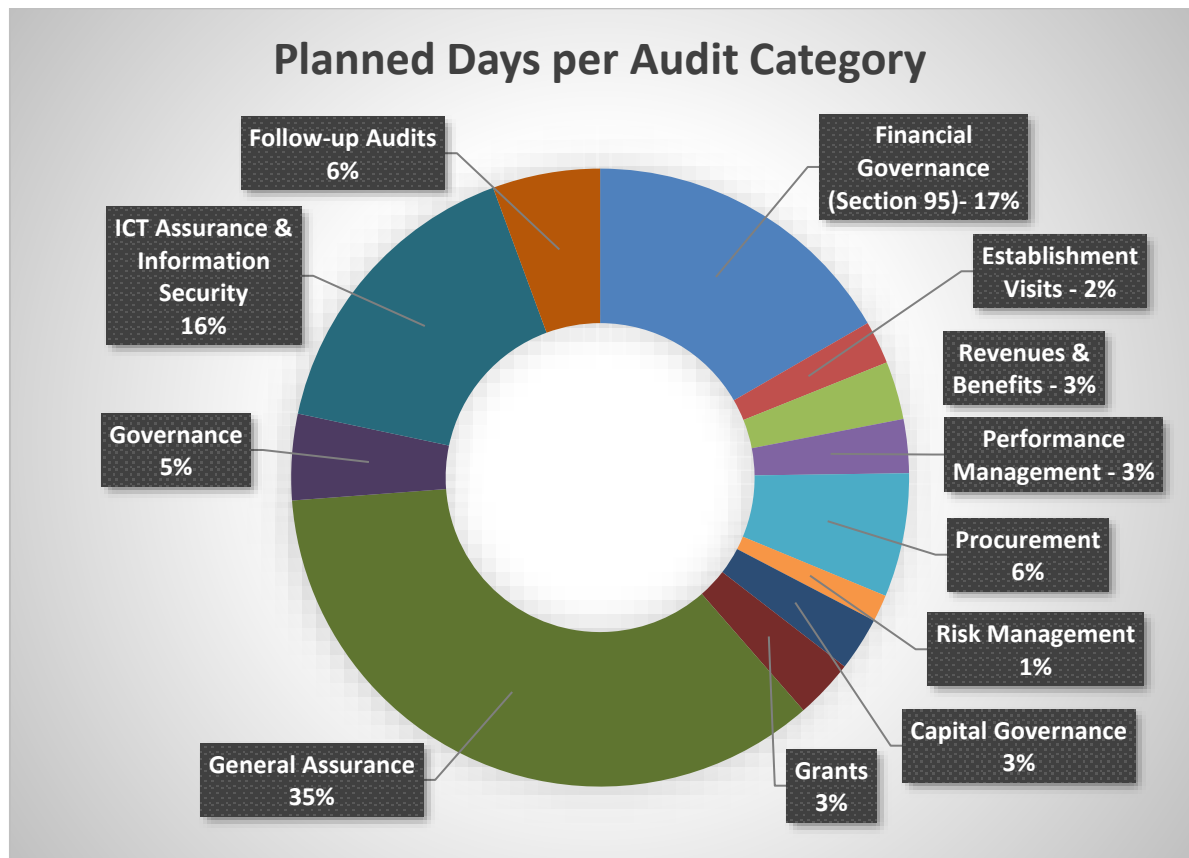
4. Internal Audit Outputs in 2025/26

- 4.1 The main output of Internal Audit in 2025/26 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 full list of the areas we will cover in 2025/26, and on which we will provide assurance, are shown in Appendix 1, together with the link to the Council Plan and Corporate risks. The GIAS in the UK Public Sector require that the audit plan should be kept under review to reflect any changing priorities and emerging risks. We will therefore ensure the plan remains relevant and reflects any changes to the inherent risks at the Council. FASC will be kept up to date with any material adjustments to the audit plan in 2025/26. An update on internal audit performance will also be provided in a mid-year report.
- 4.3 In addition to providing assurance on the 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 2025/26 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.
- 4.5 Internal Audit plans to relaunch the Whistleblowing Policy in 2025/26, therefore some time will be spent reviewing and relaunching it.

5. Resources

- 5.1 In 2025/26 approximately 3,823 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 28.3 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, 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.

6. Corporate Fraud and Investigations Team

- 6.1 The work planned for the Corporate Fraud & Investigations (CFI) Team in 2025/26 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.
 - Whistleblowing – investigating other types of allegations which are made through the Council's Whistleblowing hotline/internet reporting facility.
- 6.2 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 and Scottish Canals. We also undertake ad hoc reviews for other Scottish local authorities. In 2025/26 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 approve the Audit Plan for 2025/26, as detailed in Appendix 1.
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Appendix 1 – 2025/26 Internal Audit Annual Work Programme

The table below sets out the proposed internal audit work programme for the financial year 2025/26 with links to the Strategic Plan and Council risks as at March 2025.

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
Section 95	Accounts Payable	GC 4 – Mission 3	n/a	40
	Accounts Receivable	GC 4 – Mission 3	FIN 0116, FIN 2056	35
	Treasury Management	GC 4 – Mission 3	FIN 0123	6
	Payroll Verification	GC 4 – Mission 3	n/a	50
	ERP Replacement	GC 4 – Mission 3	FS 1943	80
	Financial Sustainability	GC 4 – Mission 3	FIN 0129, FIN 1504, FIN 0946, HSCP 0549, EDU 0050, CEX 0032	25
	Pay and Grading	GC 4 – Mission 3	CRR 2288, CEX 0923, CEX 0924, CEX 0925, FS 1961	30
	Credit Balances Controls – phase 2	GC 4 – Mission 3	n/a	15
	Flexible Capacity	GC 4 – Mission 3	n/a	15
Data Analytics	Data Analytics	GC 4 – Mission 3	n/a	30
	Continuous Monitoring (using data analytics)	GC 4 – Mission 3	n/a	50
Procurement	Procurement Compliance	GC 2 – Mission 2	CEX 0037	50
	Corporate Procurement Manual	GC 2 – Mission 2	CEX 0037	12
	PECOS	GC 2 – Mission 2	CEX 0037	18
	Purchase Cards	GC 2 – Mission 2	n/a	20
	Flexible Capacity	n/a	n/a	15
Performance Management	Operational Performance Management	GC 4 – Mission 3	CEX 0042	50
Revenues and Benefits	Non Domestic Rates/Council Tax changes	GC 4 – Mission 3	FIN 0135	30
	DWP migration	GC 1 – Mission 1	FIN 0121, FIN 0118, HSCP 0559	12
	DIPS	n/a	n/a	12

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
Capital Governance	Capital Governance – General	GC 2 – Mission 2 & GC 4 – Mission 3	CRR 0017	40
	Capital related to provision of school meals	GC 1 – Mission 1	CRR 0017 & FS 1988, 2532	10
Risk Management	Risk Management compliance	GC 4 – Mission 2 & 3	n/a	20
	Risk Management workshop	n/a	n/a	5
Grants	Grants – general	GC 4 – Mission 2	n/a	40
	Glasgow Communities Fund	GC 4 – Mission 2	n/a	15
ICT	SAP Platform upgrade	GC 4 – Mission 3	CRR 1954 & FS 2367	15
	Artificial Intelligence (AI) Governance	GC 4 – Mission 3	CRR 1954	18
	Evergreen Updates	GC 4 – Mission 3	CRR 1954	12
	Application Audits	GC 4 – Mission 3	CRR 1954	50
	Cloud Application Assurance	GC 4 – Mission 3	CRR 1954	18
	Operating System Configuration Standards and Legacy Operating Systems	GC 4 – Mission 3	CRR 1954	15
	Future of Digital and ICT	GC 4 – Mission 3	CRR 1954	50
	IT Security Model	GC 4 – Mission 3	CRR 1954	15
	SEEMIS Data Management	GC 2 – Mission 3	CRR 1954	12
	Flexible Capacity	n/a	CRR 1954	20
Governance	Governance Questionnaires	GC 4 – Mission 2	CRR 0016, EDU 0052,	20
	Culture *	GC 4 – Mission 2	CRR 0016	60
Establishment Visits	Establishment visits – various sites	GC 4 – Mission 3	EDU 0658	40
General Assurance	Child Poverty and Whole Family Wellbeing Fund	GC 1 – Mission 1	CRR 0004	20
	Scheme of Delegation Compliance *	GC 4 – Mission 3	CRR 0016	30
	Complaints and Members Liaison Unit queries	GC 4 – Mission 2 & 3	n/a	50
	Maximising Attendance	GC 4 – Mission 3	FS 2370	18
	Lone/visiting worker arrangements	GC 4 – Mission 3	n/a	25
	Self-directed Support Framework of Standards	GC 1 – Mission 3	N/a	18
	Recruitment and Selection	GC 4 – Mission 3	EDU 0048, FIN 1907	25
	Encore income	GC 4 – Mission 3	FIN 1505	18
	Homelessness	GC 1 – Mission 3	n/a	25
	Mobile device management	GC 4 – Mission 3	n/a	20

Audit Category	Audit	Grand Challenge (GC)/Mission	Council Risk (if applicable)	Indicative Budget (Days)
	Compliance with mandatory training, qualifications and memberships	GC 4 – Mission 3	EDU 0052	40
	Preparedness for Terrorism (Protection of Premises) Act (Martyn's Law)	GC 1 – Mission 4	n/a	15
	Carbon/Utilities Management	GC 3 – Mission 2	NR 1764	20
	Early Years Replacement System	GC 1 – Mission 2		10
	Resilience	GC 4 – Mission 3	CEX 0038	10
	Changes Resulting from the Budget	GC 4 – Mission 3	n/a	20
	Alarm Receiving Centre	GC 4 – Mission 1	n/a	6
	Preparedness for PPP Contract Handback	GC 2 – Mission 2 & GC 1 – Mission 2	EDU 0050	12
	Property Rationalisation	GC 2 – Mission 2	CRR 0024	20
	Registrars	GC 4 – Mission 3	CEX 0035	12
	Public Sector Reform	GC 4 – Mission 2	n/a	15
	Empty Homes Process	GC 2 – Mission 2	CRR 0024	15
	Management Circular Compliance – Education	GC 1 – Mission 2	EDU 0051, EDU 0052	20
	Stock Management	GC 4 – Mission 3	n/a	25
	Workforce Governance *	GC 4 – Mission 3	CRR 0016, CEX 0040, FIN 0117, FIN 1907, HSCP 0568, NRS 1756	50
	Previously Closed Recommendations	GC 4 – Mission 3	CRR 0016	20
	Follow up work related to Brodies report *	GC 4 – Mission 2 & Mission 3	CRR 0016	10
	Taxi Usage	GC 3 – Mission 1	n/a	15
	Weighbridge Controls	GC 3 – Mission 2 & GC 4 – Mission 1	n/a	12
	School Transport	GC 3 – Mission 1	n/a	18
	Flexible Capacity	n/a	n/a	30

* These reviews will provide assurance that the concerns and recommendations raised by the Brodies report (reported to FASC 11 March 2025) have been addressed.

Audit Category	Audit	Indicative Budget (Days) *
Strathclyde Pension Fund	Direct Impact Portfolio	36
	Altair Application	
Glasgow City Integration Joint Board	Financial Sustainability/Financial Planning	37
	Compliance with the Integration Scheme	
	Flexible Capacity	
Glasgow City Region City Deal	Fair Work First	53
	Investment Zones	
	Clyde Mission Heat Decarbonisation	
City Building (Glasgow) LLP	Payroll review, including payroll verification and bonuses	145
	Sub contractor Management	
	Financial management/Billing/Recharging	
	Compliance - gas servicing, fire doors, smoke and heat detectors	
	Scheme of Delegation Compliance	
	Flexible Capacity	
Jobs and Business Glasgow	Financial Sustainability	36
	Stakeholder Engagement	
	Attendance Management	
Glasgow Life	Financial Sustainability	90
	Events Governance	
	Health and Safety	
	Spot Checks	
	Workforce/Succession Planning	
	Stakeholder Management	
	Subvention	
City Property (Glasgow) LLP	Financial Management	45
	Asset Maximisation	
	Dilapidations	
Audit Glasgow		356

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

Appendix 2 – Glasgow City Council Internal Audit – 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 2025/26 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 – 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 2025/26.
 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 2025/26.
 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 2025/26.
 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.
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Appendix 4 – Glasgow City Council Internal Audit 2025/26 Organisational Chart

