

Glasgow City Council Internal Audit Section

Committee Summary

Corporate Review – Capital Budget Monitoring Process

1 Introduction

Item 5(b)

29th January 2025

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the arrangements in place to monitor and review expenditure on Capital Projects.
- 1.2 The Council operates an ongoing capital investment programme that encompasses various asset classes across all Services. This capital programme is essential for assisting the Council in fulfilling its statutory and policy objectives, as well as aligning with the themes outlined in the Council's Strategic Plan.
- 1.3 Governance arrangements for the capital programme involve the application of a project management toolkit and oversight by Elected Members through Committee reports. Senior officers participate in the scrutiny process via the Capital Programme Board when applicable. The Council classifies capital expenditure over £2 million as major capital expenditure, and such projects are normally reported to the Capital Programme Board. However, the focus of this audit was on capital projects that fall under this threshold.
- 1.4 The objective of the audit is to gain assurance that effective financial management arrangements, including budget monitoring and control processes, are established and being adhered to for 'non-major' capital projects and expenditures. The scope of the audit included:
- Policies, procedures and roles & responsibilities governing the capital budget monitoring process.
 - Budget setting process, including approval.
 - The arrangements and approval processes for amendments to budgets and actual spend.
 - The monitoring and reporting process.
 - The arrangements in place for reconciliations in the financial system.
 - Record keeping arrangements to maintain an adequate audit trail to support budget monitoring activities undertaken.
- 1.5 The audit fieldwork included reviewing a sample of capital projects/expenditure across the following services:
- Neighbourhoods, Regeneration and Sustainability (NRS)
 - Financial Services (FS)
 - Education Services (ES)
 - Social Work Services (SWS)

2 Audit Opinion

2.1 Based on the audit work carried out, assurance can be taken that the control environment is satisfactory.

3 Main Findings

- 3.1 We are pleased to report that key controls relating to the budget monitoring process for non-major capital projects are in place and operating effectively. Roles and responsibilities among all relevant officers are well understood. The budget-setting process, including mechanisms for approving amendments and actual expenditures is functioning as expected, and these are communicated to all relevant officers in a timely manner. This is initiated by Financial Services, who confirm the total budget available for capital projects. Service managers then allocate this budget to individual projects, which are subsequently submitted for consideration and approval by the appropriate route. This process is conducted in accordance with established protocols by all services to ensure proper governance.
- 3.2 Monthly project monitoring meetings are routinely conducted across all services, bringing together service management, project managers, and other relevant officers. We noted that as part of these meetings, project managers report on the current status of their respective projects, provide updates on expenditures, timelines, and any risks that may impact project deliverables.
- 3.3 During the audit fieldwork, we reviewed a sample of ten capital projects. In all instances, we found that the necessary approvals had been obtained, monitoring arrangements were effectively implemented, the ledger was appropriately maintained, and all transactions were accurately reconciled and recorded in SAP. We also found that there were adequate record keeping arrangements in place to demonstrate a clear audit trail to support budget monitoring activities undertaken.
- 3.4 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.5 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.6 It is recommended that the committee note the content of this report.