

APPENDIX B

GLASGOW CITY COUNCIL ANNUAL AUDIT REPORT 2023/24 - ACTION PLAN PROGRESS

| Classification of Recommendations | | | | | | |
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| Grade 1: Key risks and/or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory compliance. Consequently management needs to address and seek resolution urgently. | | | | | | |
| Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management | | | | | | |
| Grade 3: Less significant issues and/or areas for improvement which we consider merit attention but do not require to be prioritised by management. | | | | | | |
| No. | Recommendation | Grading | Responsible Officer | Original Implementation Date (where applicable) | EY Conclusion/Response (at the time recommendation was made) | Management Update - January 2026 |
| 1 | Financial Statement Timetable Management should ensure that a realistic timetable for both financial statement production and the audit are developed. This should ensure that there is sufficient capacity within the finance team to support this alongside business as usual activities. | Grade 1 | Head of Corporate Finance | (Revised Date) September 2026 | Partially complete. The Council achieved the production deadline for the unaudited financial statements however continues to be impacted by the delayed audit cycle. Work is continuing to progress with bringing forward the audit timeline with the 2024/25 audit being a key milestone in this journey. | The 2024/25 audit is progressing. Currently targeting full completion including IFRS16 for February 2026. |
| 3 | Disclosure Checklist Management should ensure that the Code amendments are fully reflected, ideally through completion of a disclosure checklist to ensure the financial statements remain Code compliant on an annual basis. | Grade 2 | Head of Corporate Finance | Ongoing – date of finalised implementation to be agreed with audit as part of 23/24 planning arrangements. | Partially complete. While a review of Code requirements was undertaken as part of the 2023/24 closedown, best practice is for management to complete the disclosure checklist. This will be particularly important when there are significant changes to the Code which will be the case in 2024/25 with IFRS 16 implementation. | Review of Code requirements has been undertaken as part of 2024/25 accounts closedown. |

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| 5 | Accounting for Depreciation The Council should ensure that depreciation is accounted for in line with Code requirements. This should include ensuring that depreciation is charged when an asset is brought into use and ensure that asset useful lives are subject to regular review with appropriate consideration given to updated useful lives included within asset valuation reports. | Grade 1 | Head of Corporate Finance | June 2024 | Partially complete. The Council's policy remains inconsistent with the Code requirements however we recognise that there remains systems limitations which make full compliance challenging. We continue to report an unadjusted error in Appendix F in respect of this. We recognise that a further interim arrangement has been established to consider refurbishments. The Council should ensure as part of the SAP replacement project that the system supports Code compliance in respect of asset accounting. | This point will be considered as part of the ERP implementation project. |
| 7 | Journal Review While our audit work did not identify any indications of management override, we recommend that interim arrangements are put in place to review or authorise journals before posting and that the Council ensures that new systems include the functionality to have fully integrated control functions to ensure segregation of duties. | Grade 1 | Head of Corporate Finance | Ongoing - to be discussed as part of 2023/24 audit planning | Incomplete. As noted within this report, we have identified that there have been no amendments to the Council's controls in respect of journal approval and therefore the original finding, risk and recommendation continues to apply. | This point will be considered as part of the ERP implementation project. |
| 11 | Heritage Asset Existence Management should extend their own existence testing performed in respect of heritage assets to ensure the sample size is commensurate to both the volume and value of heritage assets. Confirmation of completion of this exercise alongside a summary of work performed should be provided to central finance. | Grade 2 | Head of Museums and Collections | June 2024 | Partially complete. As reported in Appendix F, an error of £5.1 million was identified due to inconsistencies in data held between central finance and the museums team. | 1. EY Annual audit will report in Aug 2026 3 & 4. Existence testing (stock checks) for display and stored assets: Programme of checks ongoing as outlined in the "Inventory Action Plan". Display: 25% of assets on public display to be checked annually, totalling 3064 objects - 2985 objects on display in the Riverside Museum have been checked. The remaining 1015 will be completed by May 2026. Stored: 4,000 objects to be checked annually – 3644 checked. Includes the addition of records and locations to Collections Management System (CMS) of the following collection items- <ul style="list-style-type: none"> •Dress - 481 objects inventoried •Numismatics - 519 new numismatics recorded and added to the CMS •Archaeology - 1563 items catalogued for A.2011.39 Laigh Newton and currently being added to a database import spreadsheet •Natural History Registers project - 403 Records for natural history specimens added to CMS from accessions register •Botany Cataloguing and addition of records to (CMS): 202 records for botanical specimens added to the CMS •Geology Inventory: 161 specimens recorded •Maryhill Stores - 315 objects Finally, 82 Open Museum Kits have been audited (kit level only, not objects) 5. Object Movement recording: priority of updating notifications of object moves continues. A total of 8114 object moves have been recorded on the CMS. 6. Searches for unnotified moves prioritised by asset value/significance: 85 reported for the period, 6 of which have been located. Since all are of a low value/significance they have not been reported to Finance for review. |

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| 12 | Heritage Asset Records Recognising the significance of the collections and the significant work required to catalogue in a consistent manner, management should have a clear timetable in place for completion of the cataloguing projects which takes into account both resources available and the risks associated with not having a complete collection catalogue. This plan should give due consideration to what level of detail should be held, the costs associated with the project and how and when regular updates to members should be provided. | Grade 1 | Head of Museums and Collections | Ongoing up to 2029 | Partially complete. Work continues to address this recommendation with 7 steps being identified to support implementation with a range of dates for these to be addressed. | <p>1."Inventory Action Plan" developed (for museum collection only). 2. Format agreed with GCC Internal Audit as per internal audit ref 2324084 which addresses items 1-5 and 7. 3. Plan cites remaining inventory projects and for each: number of assets; estimated timescale and delivery dates; inventory standard used; named officers; funding source; staff source and tracks progress quarterly.</p> <p>1-3 As outlined in the plan - 3329 objects have been inventoried which includes the addition of records and locations to Collections Management System (CMS):</p> <ul style="list-style-type: none"> •Dress - 481 objects inventoried •Numismatics - 519 new numismatics recorded •Archaeology - 1563 items catalogued for A.2011.39 Laigh Newton and currently being added to a database import spreadsheet •Natural History Registers project – 403 Records for natural history specimens added to CMS from accessions register •Botany Cataloguing and addition of records to (CMS): 202 records for botanical specimens added to the CMS •Geology Inventory: 161 specimens recorded <p>4. Confirmation that inventory work is incorporated into staff work programmes and monitored through Performance Review. 'Inventory Projects' details the work required by the Collections Management team and is monitored in performance reviews – 6 monthly and annually.</p> <p>5. Progress reporting will be conducted through governance reporting structure to Head of Museums and Collections and at Collections Asset Management Board meeting, and thereafter to the Council through reporting processes agreed as part of the Collections Agreement Contract between GCC and Glasgow Life.</p> <p>This was first reported at the CAMB meeting on 10th September 2025 (meetings quarterly) and is reported at the Collections Meetings and then to senior management on a monthly basis.</p> <p>6. Submission of Action Plan for sign off by Head of Museums by 28th August 2025.</p> <p>Approved 15th August 2025 at the Collections and Loans Panel meeting which the Head of Museum chairs.</p> <p>7. Library Special Collections: Estimates remain to be calculated based on current inventory projects to date. This work is still in progress.</p> |
| 13 | Infrastructure Assets While there remains some uncertainty around the future accounting requirements for infrastructure assets, the Council should ensure that in line with the Scottish Government request, work is undertaken to address information deficits to ensure timely adoption of the permanent solution. | Grade 1 | Executive Director of Finance | Ongoing - date of finalised implementation to be agreed with audit as part of 23/24 planning arrangements | Partially complete. The Scottish Government are yet to release updated guidance on the statutory override as this is due to end after March 2025. The original recommendation therefore remains applicable at the current time. | Local Government finance circular 8/2024 extends the statutory override in Scotland until 31 March 2027. |
| 14 | PPE Existence The Council should ensure that: <ul style="list-style-type: none">•Asset owners should be assigned and reminded of their responsibilities to maintain detailed supporting records for Council assets.•An annual sample check of existence of equipment is performed.•An impairment assessment is performed to identify assets which may no longer be in use or may be damaged/lost.•A review of the policy for capitalising equipment is performed to consider the approach for low value moveable equipment. | Grade 1 | Head of Corporate Finance | April 2024 | Partially complete. While we note that guidance has been shared, as noted on pages 31 and 32, we continued to experience challenges in verifying the existence of IT equipment. | New process in place following implementation of the new ICT contract. |

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| 19 | SAP Outage Lessons Learned Management should ensure that appropriate disaster recovery plans are in place which include regular testing of back-ups for key systems. Disaster recovery plans should be reviewed following recent implementation to identify further areas for improvement. | Grade 1 | Head of Digital Services | Ongoing and as agreed as part of future IT requirements | Partially complete. While testing has been performed, a routine disaster recovery programme has not been established. | Following the SAP incident, CGI undertook a programme of back-up and recovery testing across over 100 applications, including SAP. Through contract extension negotiations with CGI, the Council agreed its revised requirements for disaster recovery and back up and a programme of testing has been successfully undertaken. |
| 22 | Longer Term Financial Strategy There is a need to translate the three year budget into a longer term strategy to model the impact of a range of risks both on the Council's reserves and the priorities set out in the Strategic Plan. | Grade 1 | Executive Director of Finance | Ongoing as part of annual budget process | Partially complete. Refer to commentary on page 42 onwards in respect of financial sustainability. | A Financial Outlook Report for the period 2026-28 was presented to City Administration Committee on 21 August 2025, with a 10 year forecast under development. |
| 26 | Monitoring of Investment Programme The Council should ensure that capital monitoring arrangements provide clear and concise reporting against individual programme progress and budgets. | Grade 2 | Director of Financial and Business Services | (Revised Date) April 2026 | Partially Complete. | A review of the format of the report provided to FASC will be undertaken in light of the feedback from the committee. |
| 27 | Financial Management Capacity The Council needs to critically reassess the sufficiency of its financial management capacity in the context of audit findings, the underlying financial statement control weaknesses, and the anticipated challenges going forward. | Grade 1 | Director of Financial and Business Services | (Revised Date) December 2025 | Partially Complete. We note that since the original recommendation was made, the finance team has experienced significant turnover which creates both challenges and opportunities for the team. | Recruitment process to fill vacancies complete, Corporate Finance staffing numbers will be maintained at this level. |
| 29 | Significant Governance Actions The improvement actions in relation to the significant governance matters at City Building must be concluded at pace. | Grade 1 | Director of Financial and Business Services | (Revised Date) December 2025 | Partially complete. While progress has been made in recent months, delays have been experienced in concluding the actions and signing the 2022/23 and 2023/24 financial statements. The longer-term objective of building back assurance for the Group accounts will be challenging based on current timetables and pace of progress. | The 2023-24 financial statements have now been signed and the target is to have the 2024-25 financial statements signed by the statutory deadline of December 2025. However this timeframe will not support the incorporation of City Building into the 2024-25 GCC Group financial statements audit however this will be the target for the 2025-26 GCC Group accounts. |
| 30 | Organisational Capacity The Council must ensure that clear roles and responsibilities are established in a robust accountability framework. | Grade 1 | Director of Financial and Business Services | Ongoing in line with policies and procedures | Partially complete. Following the original recommendation, the Council has experienced turnover in its Corporate Management Team. There has also been delays to the pay and grading project which means that key dates for the 3 significant projects will overlap more significantly than initially planned. | Each of these projects continue to be progressed in line with council policies and procedures. Future of ICT project has completed and so has moved into business as usual with the procurement of the Compute and Storage Workstream currently underway. ERP Replacement is also making progress with the award of contract for both the software supplier and the system implementor. Pay & Grading continues to make progress however an implementation date is still to be agreed although this is a key focus for the Steering Group. |

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| 32 | The Council should consider its performance reporting arrangements to ensure it is compliant with statutory performance indicators requirements. | Grade 1 | Head of Corporate Policy and Governance | September 2024 | Partially complete. The Council's OPDSC considered the updated Performance Manual in September 2024, and the Annual Performance Report was published in January 2025. We do, however, note that the standalone Performance Report does not fully meet the Accounts Commission's expectations for public performance reporting. Requirements will also change for reporting year 2025/26 and as a result, we consider that this recommendation remains outstanding. | The format and content is being reviewed for the 2026 edition to take account of updated requirements. Consideration of this is being included in the current independent review of the operational scrutiny committee prior to implementation. |
| 33 | The Council must prioritise the implementation of recommendations in relation to cyber security as a matter of urgency. | Grade 1 | Head of Digital Services | Ongoing | Partially Complete. | Through recent contract extension negotiations with CGI, the Council agreed its revised requirements for security services. These have been implemented and are progressing. A further recruitment campaign was completed for the Cyber Security Manager post however, the post remains unfilled. Options are under review about the recruitment of permanent resources in a highly competitive and challenging market. In the meantime, the Council has enhanced its existing security team through procurement of a Security Assurance Services (SAS) provider to work with the Council to provide support and advice. The SAS provider will undertake a full review of security operations and controls and provide recommendations and an action plan. |
| 38 | The Council should review arrangements in place to capture and reduce emissions, including Scope 3. | Grade 1 | Head of Sustainability | 30 April 2024 | Partially complete. Until arrangements to report upon Scope 3 emissions are agreed by the sector we consider that the reporting and reduction measures will remain an area of risk. | The draft revised climate plan was approved by City Administration Committee to be put out to consultation in December 25. The consultation is ongoing and due to complete in February 26. A final version of the revised climate plan will be presented to the Net Zero Committee in April 26 and then to the City Administration Committee for formal adoption. |
| 40 | The Council needs to ensure that key plans are linked to a medium term financial plan to support delivery. | Grade 1 | Head of Corporate Policy and Governance | 31 March 2025 | Partially complete. | The 2026-28 Budget outlook went to City Administration Committee on 21 August. In order to build upon the previous longer term approach but also to ensure alignment to key plans of the council the Financial Outlook also includes a proposed Public Service Reform and Financial Strategy including a governance structure and monitoring process. The Corporate Leadership Team of the council has recently stated its intention that the development of budget strategy and decision-making alongside public service reform activity will align to provide sustainable services for the future and these new structures will enable this close coordination and monitoring. |

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| 41 | The Council should finalise the development of a Performance Dashboard to allow elected members to scrutinise all areas of the Strategic Plan. | Grade 2 | Head of Corporate Policy and Governance | 30 September 2024 | Partially complete While the Council has outlined a revised arrangement to report on progress as part of work with the Community Planning Partnership, we consider that there remains an area of risk that overall outcomes and progress against the Strategic Plan are not fully understood due to the detailed nature of reporting to OPDSC. | This work continues as part of the implementation of the Performance Management Framework and the current Committees Review. An implementation date will be finalised as part of the milestone and implementation plan of that review and updated in this Action Plan. |
| 42 | Developer Contributions Management should review the current working papers and supporting evidence in place to support developer contributions with a view to improving the ability to analyse the data and more readily identify historic balances or other outliers. A review of historic balances should be performed to determine whether the funds could be utilised or whether they require return. | Grade 3 | Head of Corporate Finance | (Revised Date) 31 March 2026 | n/a | All historical contributions documented and reconciled. Full review of commitments to be completed. |
| 43 | IFRS 16 The Council should establish robust arrangements to monitor and record all leases impacted by IFRS 16 across both the Council and Group portfolio. | Grade 1 | Head of Corporate Finance | Ongoing – to be included in the pre audit annual accounts by February 2026. | n/a | The council identified relevant leases and engaged with its treasury advisers to provide technical support for the implementation of IFRS16. Unfortunately the required output was not available in sufficient time to reflect the technical requirements within the unaudited annual accounts. As part of the audit process there will be a requirement to comply with IFRS16 and restate assets and liabilities as required. Work is ongoing during the audit process to ensure compliance. |
| 45 | IT System Owners and Process Arrangements The Council should ensure that a clear record of system owners is obtained and regularly updated. This should be supported by records that set out who is responsible for key controls and processes within these systems and that there is sufficient provision within contracts to provide evidence to support audit requirements. | Grade 2 | Head of Digital Services | 30 June 2025 | n/a | Digital Services has engaged the business to identify and record IT system owners. Audit requirements are clearly set out in the Council's contracts with Managed Service Providers. |
| 46 | Exit Packages Calculations The Council should engage with SPF to ensure that strain on fund calculations are only made for relevant individuals and consider whether any amendments are required to improve the accuracy of estimated costs. | Grade 2 | Head of Corporate Finance | 30 June 2025 | n/a | Where there are instances of delay between calculation of exit costs and exit, estimates are reviewed for accuracy. |

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| 47 | Exit Package and Approval Documentation Management should review the current operational processes for recording approvals and agreements to early retirements and redundancies. This should include clear guidance on requirements for electronic approvals. | Grade 2 | Director of Communication and Corporate Governance | 30 June 2025 | n/a | The Terms of Reference of the of the Corporate Workforce Board were agreed in October 25 and the Board met in October 25. There have been no proposals for early retirement or voluntary redundancy which required to be considered by the Board. |
| 48 | Business Case Rationale Management should set clear guidance on minimum expectations for any future restructure papers. This should include at a minimum an outline of how the restructure achieves value for money, what alternatives to early retirement or voluntary redundancy were considered and how the restructure meets the Council's strategic priorities. | Grade 1 | Director of Communication and Corporate Governance | 30 June 2025 | n/a | The Terms of Reference of the of the Corporate Workforce Board were agreed in October 25 and the Board met in October 25. There have been no proposals for early retirement or voluntary redundancy which required to be considered by the Board. |
| 49 | Scheme of Delegated Functions and Code of Conduct The Council's low emission zone was implemented from June 2023. The Low Emissions Zone (Scotland) Regulations 2021 introduces specific financial reporting requirements for the scheme which the Council will have to comply with for 2023-24. | Grade 1 | Director of Legal and Administration | 30 June 2025 | n/a | Training on the principles to be applied in relation to applying, monitoring and reviewing the scheme of delegations was provided to the Corporate Leadership team in May 2025. Gold courses on the Scheme of Delegations and the Employee Code of Conduct, both of which have a focus on ensuring that the Nolan Principles are applied and understood, have been finalised and are due to be launched by the end of January. The GOLD Course on the Scheme of Delegations was presented to the Corporate Leadership Team in December 2025 and it was agreed that the launch will be supported by a Corporate Announcement to all staff from the Chief Executive. More regular reviews of the Scheme of Delegated Functions are being undertaken, with changes approved at meetings of the Council on 30 October and 11 December 2025. Work has begun on a more comprehensive review of the Scheme of Delegated Functions and further updates will be provided as work on this progresses |

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