



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Head of Audit and Inspection

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Item 7

21st October 2026

Internal Audit 2026/27 Mid-Year Report

Purpose of Report:

The purpose of this report is to advise Members on the performance of the Internal Audit section during the first half of 2026/27.

The report also includes a summary of the work undertaken by the Corporate Fraud & Investigations team and details of Whistleblowing and National Fraud Initiative cases investigated during the period.

Recommendation:

Committee is asked to note the report.

Ward No(s):

Citywide: ☐

Local member(s) advised: Yes ☐ No ☐

consulted: Yes ☐ No ☐

1. Internal Audit – Performance Update

- 1.1 The purpose of this report is to provide an overview of Internal Audit performance for the first half of 2026/27.
- 1.2 The tables provided below cover various areas of performance, including the Internal Audit team establishment.

Table 1. Audit Team – Establishment (as at 30th September)

Analysis of staff	Sept 2026	Sept 2025
Number of Qualified staff (FTE*)	14.8	11.7
Number of staff with a recognised counter fraud qualification (FTE)	4.2	4.6
Number of Trainees (FTE)	6	8
Number of Graduate Apprentices (FTE)	2	2
Number of technical staff	1	1
Number of staff in the Executive Compliance Unit (FTE)	4	3
Training Days (including professional qualification)	123	143
Training Days per Staff Member	4.6	5.4
Sickness absence per staff member (annual target 5 days)	11.1	2.4

** Full Time Equivalent*

- 1.3 Table 1 shows that there has been a net increase in the number of qualified staff from this same point last year. This is due to recruitment and progression from our trainees who qualified during the period. However, the recruitment market for qualified accountants and auditors remains challenging and we have one unfilled post, following two unsuccessful recruitment attempts.
- 1.4 Sickness absence is higher than expected, exceeding our target days. Management continue to apply the Council's Attendance Management Policies with support from colleagues in HR.
- 1.5 Staff from the Executive Compliance Unit (ECU) have been incorporated into the staffing figures above for 2026/27, reflecting an integration into the wider Internal Audit team. The ECU team will continue to be reported as part of the Internal Audit team stats in future updates.

Table 2. Internal Audit Key Priorities Performance Update

	KPIs	Quarters 1 & 2 2026/27	2025/26
1	Complete all required fieldwork to prepare the Annual Assurance Statement that is necessary to inform the council's Annual Governance Statement	At risk - Amber	Complete
2	Corporate Fraud & Investigations team – cover all key areas relating to corporate fraud and report through Annual Assurance Statement	On track – Green	Complete
3	Maintain British Standards Institute ISO 9001:2015 accreditation	Not yet due	Compliant
4	Internal and External quality assessments against relevant standards	Awaiting Outcome	Compliant
5	Average client survey score at least 3 out of 4	3.53	3.57
6	Achieve Audit Glasgow income target	On track – Green	Achieved

- 1.4 The 2026/27 Internal Audit plan was agreed with the Committee on [25 March 2026](#). As set out in section 6, a number of changes to the plan are planned in order to respond to both changes in the Council and resource availability.

Table 3. Audit Team – Work and Efficiency

	Quarters 1 & 2 2026/27	Quarters 1 & 2 2025/26
Percentage of audits with fieldwork complete	4%	8%
Percentage of audits with fieldwork ongoing	31%	36%
Percentage of audits due to start	61%	56%

- 1.5 No new significant issues have been reported to date from the work undertaken in relation to the 2026/27 plan. Previous audit actions, including issues identified in the [2025/26 Annual Report](#), are regularly followed up and the status reported to this Committee.
- 1.6 The main issues reported in the 2025/26 Annual Report are provided in table 4 below, with an updated position statement from Internal Audit.

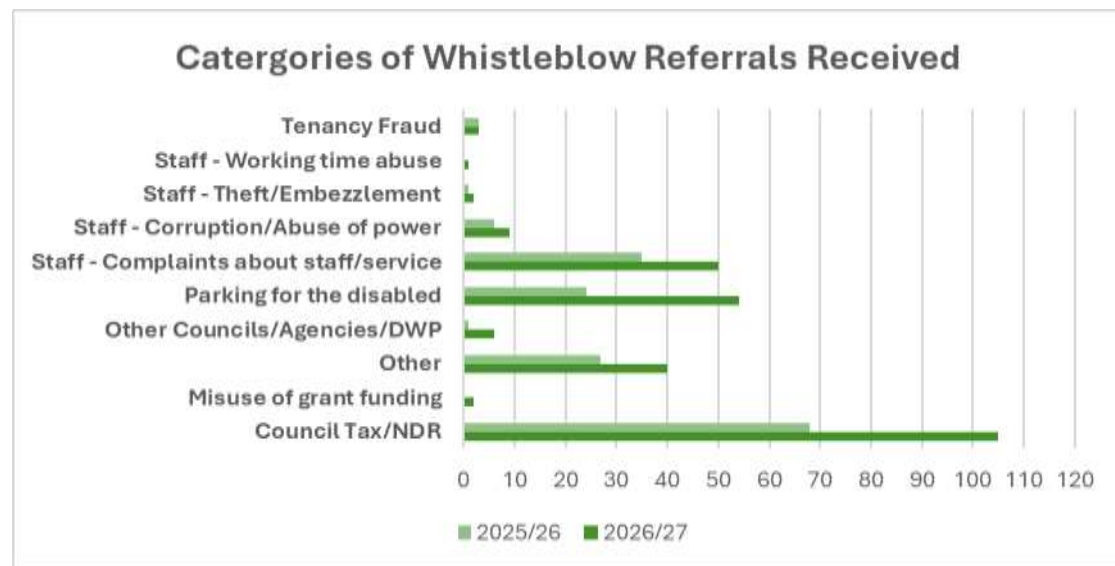
Table 4. Update on 2025/26 Significant Issues

2025/26 Significant Issue	2026/27 Mid-Year update
ICT Service and Security	A considerable number of higher risk areas have now been mostly mitigated. Due to the ever-changing nature of the IT control environment, Digital Services have commissioned the Security Assurance Services provider to undertake an evidence-based review of the Council's current cyber security arrangements. The outcome of this review is expected soon and will inform future activities Open.
Senior Officer Exit Payments	The enhanced governance arrangements, procedural changes and updates to the Council's Scheme of Delegated Functions implemented previously continue to operate. Internal Audit continue to review these. A review of culture has also been undertaken and work continues on the outcomes from this work. Closed
City Building Performance Management	The residual risk associated with this has been added to the City Building risk register and current mitigations and future actions have been identified to manage the risk. Closed

2. Whistleblowing

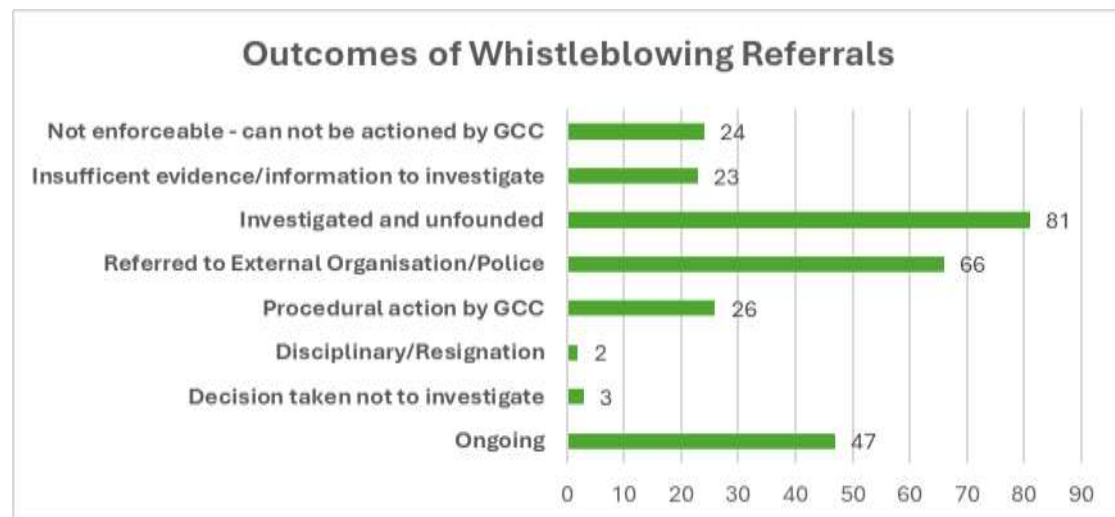
- 2.1 The 2025/26 Internal Audit Annual Report advised that there were seven whistleblowing cases ongoing as at 31st March 2026. All outstanding cases have since been closed as at 30th September 2026.
- 2.2 During the first six months of 2026/27, 272 whistleblowing referrals were logged, compared with 142 to the same period in 2025/26, with most whistleblowing categories seeing a significant percentage increase (upwards of 40%) on the previous year. A summary of the categories of referrals received is highlighted in table 5 below.

Table 5: Whistleblowing referrals 2026/27



2.3 As at 30 September 2026, investigations for 225 of the referrals had been concluded, and 47 remained ongoing. The outcomes of these referrals are noted in table 6 below.

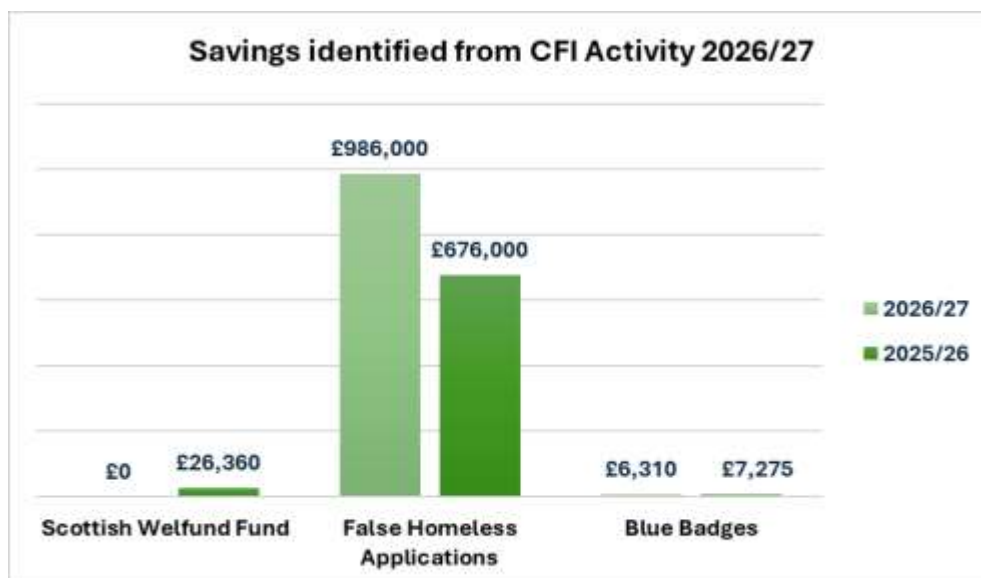
Table 6: Whistleblowing referrals – outcomes



3. Corporate Fraud & Investigation (CFI) Team

3.1 During the first six months of 2026/27, the work of the CFI team has identified savings of approximately £999.2k for the Council and the wider public purse – this is an increase on the identified savings of £709.5k identified for the same period in 2025/26. Visits relating to Scottish Welfare Fund have been temporarily suspended during the first half of 2026/27, due to recent changes in legislation relating to unannounced visits, however the decrease here has been offset by an increase in referrals relating to fraudulent homeless applications. The savings for 2026/27 are noted in table 7 below.

Table 7: Corporate Fraud and Investigations activity 2026/27



* There are additional blue badge savings relating to the use of paid bays by fraudulent blue badge users. These are not included in the figure above, however, assuming a reasonable use of the spaces identified, the continued fraudulent use identified could have resulted in loss of parking income to the Council of around £657,240.

4. National Fraud Initiative

- 4.1 Work is ongoing to review and resolve any outstanding matches identified through the 2024/25 National Fraud Initiative (NFI). Preparations for the 2026/27 NFI exercise are also underway, with all required data submissions due by mid-October. Following submission, match reports are expected to be released in December 2026.
- 4.2 Audit Scotland issue a self appraisal checklist and encourage all participating bodies to use the checklist to assess their involvement in the NFI prior to and during the NFI exercises. There are two parts to the checklist – (A) designed to assist Audit Committee members when reviewing, seeking assurance over, or challenging the effectiveness of the Council's participation in the NFI, and (B) for staff involved in planning and managing the NFI exercise. Suggested responses to the checklist are included at Appendix 1.

5. Audit Glasgow

- 5.1 As part of the Audit Glasgow initiative, we continue to undertake audit assignments and provide support to other public sector organisations. A full internal audit service is provided to Shetland Islands Council. Ad hoc work is provided for other Scottish local authorities, however we continue to ensure our main focus is on delivering the Internal Audit function to the Council and wider Council family.

6. 2026/27 Audit Plan

- 6.1 The 2026/27 Internal Audit plan was agreed in March 2026, and since then we have kept the plan under review to ensure that it remains fit for purpose. Also as noted at 1.3, backfilling vacant qualified accountant and auditor posts is currently very challenging. We have developed a strategy to respond to these recruitment and retention challenges, however the due to the increased sickness absence within the period and, as a consequence, the reduced resources available in 2026/27 we are required to make amendments to the agreed audit plan.
- 6.2 It is also important that we take an agile approach to the areas we intend to review to ensure that we make the best use of our resources and that we focus on the higher risk areas of the control environment. For some of the areas we intended to review there have been changes or delays to systems or projects, which mean it would no longer be appropriate or useful to undertake the planned audit during 2026/27.
- 6.3 We have therefore undertaken a risk based review and intend to amend the 2026/27 plan to combine a number of reviews and remove the audits noted in table 10 below. These audits will not be undertaken during 2026/27 but will be considered for inclusion in the 2027/28 plan. Audits to be added to the plan during 2026/27 are noted at table 11 below also.

Table 10 – Amendments to the 2026/27 Internal Audit plan

Area	Audit Title
Section 95	Payroll Team Changes
Section 95	Failure to Prevent Fraud Legislation
ICT	ESRI System
General Assurance	Assessors – Statutory Requirements
General Assurance	Visitor's Levy
General Assurance	Technical Services
General Assurance	Grey Fleet Management
General Assurance	Education Services Recruitment Arrangements
General Assurance	SARs Process
Risk Management	Risk Management
Procurement	Purchase to Pay

Table 11 – Additions to the 2026/27 Internal Audit plan

Area	Audit Title
General Assurance	Fleet Management – Disposals

- 6.4 We have also removed the flexible capacity in the plan, meaning that if any additional work is required during the year, we may have to make further adjustments to the plan. In addition to the changes noted above we have also merged some similarly themed audits and made a small number of amendments to the budgeted number of days for others. Despite these resourcing constraints, the intention is still to provide an annual opinion that is unrestricted in terms of scope.

7. Global Internal Audit Standards (GIAS)

- 7.1 Since 1 April 2025 Internal Audit teams in the UK have been working to new professional standards. These are a combination of the [Global Internal Audit Standards](#) (GIAS) and the [Application Note](#) “Global Internal Audit Standards in the UK Public Sector”. For Local Authorities, the [Code of Practice](#) on the Governance of Internal Audit should also be used to interpret some of the essential conditions in the new standards.
- 7.2 An internal quality assessment (IQA) was undertaken in quarter 1 of 2026/27 to assess compliance with the new standards. Validation of the IQA was subsequently conducted via an independent external quality assessment (EQA), by Leeds City Council in August 2026. We are awaiting the outputs from the EQA and an update, along with any associated outcome and actions, will be reported to a future committee.

8. Recommendation for Committee

- 8.1 Committee is asked to note the content of this report.

National Fraud Initiative Self Assessment Checklist (draft)

Part A: For those charged with governance (with management comment)	Yes/no/partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks and have we taken appropriate preventative and detective action?	Yes Built into the Internal Audit planning process	No	
2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes Executive Director of Financial Services is named contact. Process managed by Internal Audit. Good awareness of roles and responsibilities.	No	
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error. And do we make reference to NFI in our governance codes and statements?	Yes Built into Internal Audit plan and annual and mid year reporting.	No	
4. Does our Key Contact have sufficient authority and time to ensure that NFI is delivered effectively?	Yes Executive Director of Financial Services, delegated to Internal Audit.	No	
5. Has the approach to follow up of different NFI match types been clearly set out and reported as part of the bodies NFI planning process?	Yes Approach outlined in mid year and annual Internal Audit reporting.	No	
6. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?	Yes Reported twice yearly to FASC via mid year and annual Internal Audit reports.	No	
7. Where we have not submitted data or used the matches returned to us (eg, council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Yes External provider contracted for Single Person Discount cases.	No	

8. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes Process is managed and overseen by Internal Audit, in conjunction with services (e.g. SPFO and CBS).	No	
9. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes Any trends will be captured by Internal Audit and built into planning process.	No	
10. Do we need and have access to fraud investigation officers to enable frauds to be followed up fully?	Yes Corporate Fraud & Investigations team is within Internal Audit.	No	
11. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	Yes Summary results published in annual and mid year Internal Audit reports. There have been no cases which have resulted in prosecution in recent NFI exercises, however, this would be considered for any relevant cases.	No	

Part B: For NFI Key Contacts and users		Is action required?	Who by and when?
Planning and preparation			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes Built into Internal Audit annual planning process.	No	
2. Are we investing sufficient resources in the NFI exercise?	Yes Internal Audit, CBS and Payroll undertake most of the investigation work. Overall progress monitored by Internal Audit.	No	

3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data and being clear about the approach to follow up of different match types.	Yes This is considered by the Internal Audit management team with approach summarised in mid year and annual reports.	No	
4. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes For example, creditors matches have historically been low outcome but we still investigate a sample each cycle.	No	
5. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes This is confirmed by Internal Audit.	No	
6. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes This is built into the audit workplan.	No	
Effective follow up of matches			
7. Do all departments involved in NFI start the follow up of matches promptly after they become available?	Yes Plans are in place to ensure that matches are investigated once available. Usually undertaken by Internal Audit, CBS or SPFO.	No	
8. Do we give priority to following up high-risk matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes Approach is determined by Internal Audit management, and outlined in the mid year and annual reports.	No	
9. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes Approach is well established and works well.	No	
10. Are we drawing appropriately (in health bodies) on the help and expertise available from NHS Scotland Counter Fraud Service?	N/A	N/A	

11. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes No recent cases which have involved reporting to the Procurator Fiscal, however, this would be considered where relevant. Funds are recovered wherever possible.	No	
12. Do we deploy resources in proportion to risks, and scale down work on match reports where early work has not found any fraud or error?	Yes Approach is managed by Internal Audit. Where matches are not generating results and indications are that data is flawed, resources will be focused on other categories of matches. This is outlined in reporting to FASC.	No	
13. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?	Yes Where results are found on matches, work will continue on medium and low priority matches until no further results are being achieved.	No	
14. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes Any resourcing issues will be escalated to CMT and FASC for awareness. Progress is monitored by Internal Audit.	No	
Recording and reporting			
15. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes Outcomes are recorded where appropriate. High level stats reported to FASC.	No	

16. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)?	Yes Used where required, experience of other staff considered first.	No	
17. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform Audit Scotland and the Cabinet Office NFI team about these outcomes?	N/A The only instance of this is the SPD exercise which is contracted out to an external provider, however most of their work involves the use of credit check companies, so results cannot be attributed to NFI data.	No	