

Glasgow City Council Internal Audit Section

Committee Summary

Financial Services – Treasury Management

Item 5(f)

21st October 2026

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the Corporate Treasury Management function.
- 1.2 The Treasury Management function sits within the Corporate Finance section of Financial Services and is responsible for ensuring that the Council's cash flow is adequately planned so that sufficient cash is available when required. The Treasury Management Strategy and Annual Investment Strategy is presented to the Finance and Audit Scrutiny Committee (FASC) each year for noting. Thereafter the strategy is presented to the City Administration Committee (CAC) for approval.
- 1.3 The purpose of the audit was to gain assurance that the Treasury Management function continues to operate in accordance with the relevant policies, procedures and controls to ensure delivery of the strategy, and that proper governance of the treasury function is in place. The scope of the audit included a review of the key controls in the following areas:
 - The Treasury Management Strategy and Annual Investment Strategy, approval requirements and adherence to these.
 - Legislative or regulatory requirements.
 - Working arrangements to maintain the integrity of the control environment.
 - Segregation of duties between employees responsible for authorising, instructing, recording and receiving confirmation of Treasury Management transactions.
 - Loan repayments, deposits and interest.
 - Preparation and authorisation of bank reconciliations and other financial transactions.
 - Recording of treasury transactions in bank accounts, financial ledger and other subsidiary records, and
 - The controls to prevent and detect unauthorised transactions.

2 Audit Opinion

- 2.1 Based on the work carried out a satisfactory level of assurance can be placed upon the control environment. The audit has identified scope for improvement in existing arrangements and one recommendation which management should address.

3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and operating effectively. The Treasury Management Strategy and Annual Investment Strategy 2026/27 were reported to FASC in February 2026 and approved by CAC in March 2026 with mid-year reviews of the 2025/26 strategy presented to FASC in November 2025.
- 3.2 We were advised by the Treasury Management team that there has been no change to any legislative or regulatory requirements that are applicable to the Treasury Management function within 2025/26 or at the time of the audit fieldwork in 2026/27 (September 2026).
- 3.3 Through discussion with the Treasury Management team and review of evidence, we verified that transactions must be approved by two authorisers, and a rota is in place to ensure that this is always possible. We also confirmed that the approvals of transactions are held electronically. We conducted sample testing of transactions made between September 2025 and July 2026 to confirm that the approval process had been followed. In all five cases we confirmed that the transaction had been approved by two officers. In addition, there are adequate system controls in place to prevent unauthorised input and approval of transactions.
- 3.4 We verified that processes are in place to ensure loan repayments, deposits and interest are correct and are recalled on the due date, this involves daily borrowing assessments undertaken by the Treasury team. Furthermore, arrangements are in place between the Treasury team and the Ledger Control & Banking team to ensure that an accurate figure for daily borrowing and lending is calculated and that any discrepancies are investigated.
- 3.5 The Ledger Control & Banking team complete four weekly bank reconciliations and we confirmed that these are completed and checked by separate officers. In addition, the Treasury Management team complete reconciliations between the loans fund and the financial ledger to ensure that all transactions are recorded correctly; these are approved by a manager not involved in the preparation.
- 3.6 However, through review of the Treasury Management Trading Procedures provided, we found that the investment

limits recorded were not up to date. The limit recorded was a previous limit of £20 million, however the current approved investment limit set out in the Treasury Management Strategy and Annual Investment Strategy 2026/27 is £30 million. Through discussion and sample testing we confirmed that officers were aware of the correct investment limit and the current approved limit had been adhered to. Additionally, we observed that the Trading procedures referenced the CIPFA Treasury Management Prudential Code from 2017, however there is an updated version from 2021 which have been adopted.

- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.8 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK Public Sector.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented procedures in relation to Treasury Management are in place, reflective of current working practices and available to all relevant staff.				
1	We reviewed the Trading Procedures used by the Treasury Management team, and through our walkthrough and sample testing, confirmed that the procedures remain relevant and are followed by the Treasury Management team. However, we identified that the Trading Procedures contain a small number of inaccuracies and references to outdated information. Specifically: - The investment limit stated within the procedures is £20 million, whereas the current approved investment limit set out in the Treasury Management Strategy and Annual Investment Strategy 2026/27 is £30 million. - The procedures reference the CIPFA Treasury Management Prudential Code (2017), although a more recent version of the Code was issued in 2021. Through our review of Treasury Management transactions undertaken across five sample dates, we confirmed that in all instances, the Treasury	FS Management should review and update the Trading Procedures to ensure that it reflective of the current investment limits and up to date CIPFA Prudential Code. Thereafter, management should ensure that the updated document is communicated to all relevant staff.	Low	Response: Treasury Management Procedures will be reviewed and updated to reflect current investment limits and references to the latest CIPFA Prudential Code as and where required. Treasury Management staff will be notified of the updated procedures once these changes have been made. Officer Responsible for Implementation: Finance Manger Timescales for Implementation: 31 October 2026

No.	Observation and Risk	Recommendation	Priority	Management Response
	Management team adhered to the current approved investment limits and that key controls were operating effectively. We were advised that there had been a recent review and update of the Trading procedures, with the investment limits and Prudential Code not being updated in error. There is a risk that outdated information within Treasury Management procedures could result in the inconsistent application of controls and, uncertainty regarding current requirements.			