Item 2(g)

28th September 2022

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – Financial Budget Implementation

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the implementation of approved Glasgow City Council Budget Options.

1.2 Each year, the Executive Director of Finance provides the Council with an updated financial forecast. In recent years, this includes a projected budget gap for the forthcoming financial year, which is required to be met through savings options. Officers from all Council Services and ALEOs then present budget savings options to Elected Members to meet the requested savings target. Officers may also be asked to provide options for investment or re-direction of resources into political priority areas. If approved at the Council's budget meeting, these Budget Options form part of the Councils overall annual budget. The relevant service department then has the responsibility for managing implementation and delivery of the options. The overall financial position is monitored by officers and reported each period to the City Administration Committee and the Finance and Audit Scrutiny Committee. However, this monitoring does not monitor the operational implementation of individual budget options.

1.3 This audit involved a review of a sample of approved Budget Options to ensure that reasonable progress has been made in implementing each approved option and evaluate the progress made in achieving stated outcomes. The scope of the audit included:

- The methodology used to calculate and appraise Budget Options;
- Processes in place for agreeing budget options with Services;
- Reviewing any policies and procedures in place in relation to monitoring of Budget Options; and
- Lessons learned exercises and remedial actions.

The review did not examine the accuracy of the financial monitoring presented at the Finance and Audit Scrutiny Committee which has been subject to separate assurance reviews in prior years.

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 the key controls are in place and operating effectively. Due to the varied nature of individual Budget Options there are no documented procedures for their development however we were satisfied that they are carried out by suitably qualified and experienced Officers.

3.2 As part of our sample we reviewed one instance where the savings option proposed by Council Officers was an

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estimated figure. The methodology used to calculate this was documented and reasonable. In addition, approved Budget Options are uploaded to the Council's financial system in a timeous manner.

3.3 There is no requirement for political parties to produce fully costed proposals for individual Budget Options, they have a mandate to allocate set funding for a particular purpose. Where options are put forward by Council Officers there is a requirement that they are costed, and this was reflected in the two samples reviewed.

3.4 Where Budget Options relate to a financial savings the achievement of their objectives is monitored through the periodic monitoring process. Historically, Investment Budget Options progress/success was informally monitored by the Service responsible for implementation. However, from the start of 2022/23 the Financial Management Steering Group now report quarterly on the progress of revenue investments both in terms of financial monitoring and monitoring of the achievement of expected outcomes.

3.5 Lastly, we identified two related budget options in our sample which had not progressed as expected. We confirmed the explanation for this was reasonable and had been appropriately dealt with and communicated at the time.

3.6 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.7 We would like to thank officers involved in this audit for their cooperation and assistance.