

# Glasgow City Council Internal Audit Section

## Committee Summary

### Financial Services – Corporate Treasury Management

**Item 5(c)**

**22nd May 2024**

## 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 the management of the Council's cash flow, borrowing and investments, with the aim of assisting the Council in achieving its objectives. The Treasury Management Strategy and an Annual Investment Statement is presented to the Finance and Audit Scrutiny Committee (FASC) each year. In addition, the strategy is considered by the City Administration Committee (CAC) to be approved for the forthcoming financial year.
- 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:
  - 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.
  - Arrangements to ensure the Treasury Management team makes optimum use of Council funds while adhering to the priorities of the Strategy.
  - Recording of Treasury transactions in bank accounts, financial ledger and other subsidiary records.
  - The controls to prevent and detect unauthorised transactions.

## 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. The Treasury Management Strategy and Annual Investment Strategy 2024/25 have been reported to FASC and approved by CAC, with mid-year reviews of the 2023/24 strategy presented to FASC accordingly. There are also a wide range of documented procedures in place which cover the Treasury Management function, and we were satisfied that the team demonstrated appropriate awareness of these.
- 3.2 We were informed that there have been no changes to legislative or regulatory requirements applicable to the Treasury Management function. The team continue to adopt new practices aimed at reducing manual processes and hard copy records, by using electronic means of approval and record keeping.
- 3.3 We noted that transactions must be approved by two authorisers and through sample testing we confirmed that this process was in operation. We were also advised that an additional control measure is now in place, which consists of a dual administrator process which has been introduced by Bankline. This process is for instances where an administrator is required to make a change such as amending a user's access to the system.
- 3.4 System controls are in place for user access permissions as well as the transfer of funds. We noted that the threshold level in relation to the Council's main bank account (sweep account) has increased, however we were satisfied that this did not affect the monitoring arrangements in place by Ledger Control & Banking.
- 3.5 We confirmed that daily borrowing assessments are carried out and processes are in place between the Treasury team and Ledger Control & Banking to ensure an accurate daily borrowing/lending figure is calculated and any unexpected differences are investigated accordingly. Bank reconciliations are prepared and checked by separate officers and records of these are appropriately retained in a restricted shared drive.
- 3.6 Communication arrangements between the Treasury Management function and other services are in place and are continuously being enhanced by the team. This is to ensure

that the arrangements continue to enable relevant officers to create more accurate cashflow projections.

- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 It is recommended that Committee notes the content of this report.