

APPENDIX B

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

Classification of Recommendations					
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	Management Update
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	June 2024	The 2024/25 audit is progressing in line with the audit timetable working towards completion in November 2025.
2	Financial Statement Working Papers Management should ensure that the 2023/24 financial statement working papers and technical accounting papers reflect the additional requirements for the 2022/23 audit and ensure that these are provided in line with the financial statements timetable.	Grade 1	Head of Corporate Finance	June 2024 but may require more time for some aspects.	Focus remains on responding in a timely fashion to all audit queries. Work is ongoing providing working papers through the 2024/25 audit.
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.	Review of Code requirements has been undertaken as part of 2024/25 accounts closedown.

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4	Income and expenditure recognition Management should ensure that a lessons learned review is performed of the income and expenditure errors identified through the 2022/23 audit to identify improvements and ensure they do not occur in future years.	Grade 2	Head of Corporate Finance	April 2024	Work was undertaken to identify any potential instances of internal income and expenditure being incorrectly classified and corrective action taken prior 2025/26.
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	This point will be considered as part of the ERP implementation project.
6	Bank Accounts The Council should continue to take steps to mitigate the risk of fraud from inactive accounts	Grade 2	Head of Customer Operations/Head of Corporate Finance	Ongoing – in line with business as usual	Complete.
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	This point will be considered as part of the ERP implementation project.

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8	Valuation Updates The Group and Council should ensure that valuations are properly assessed at the balance sheet date to reflect all information available including the latest market information. Management should ensure that City Property have details of all capital additions to assets due to be revalued in year to ensure they can be reflected in valuations.	Grade 2	Valuation and Disposals Manager (City Property) Head of Corporate Finance	June 2024	Complete.
9	Valuation Review City property should implement a more formal, robust peer and supervisor review process, including but not limited to pre- emptively identifying the issues raised in this report. Management should also satisfy itself these checks have been completed in line with its responsibilities around use of specialists.	Grade 1	Valuation and Disposals Manager (City Property)	June 2024	Complete.
10	Valuation Programme and Assets not Revalued Management should ensure that Group assets are included as part of the review of the rolling asset valuation programme and assets not subject to valuation.	Grade 2	Head of Corporate Finance	June 2024	Group assets will be incorporated into the 2024/25 assets not revalued consideration.

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11	<p>Heritage Asset Existence</p> <p>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.</p>	Grade 2	Head of Museums and Collections	June 2024	<p>1. EY annual audit concluded in August 2025 with all 20 artworks found at recorded locations. 2. Regarding existence testing (stock checks): Reduced inventory capacity by 50%.</p> <p>3. Current stock check capacity for display and stored assets: Display: Currently 12,256 assets on public display . 25% will be checked. 4 years required to complete 100%. Stored: Currently estimated 1.2million stored assets – Will check 4000 objects/annum of stored collection.</p> <p>4. Programme of checks noted on "Inventory Action Plan" as reference in recommendation 12. 5. Object Movement recording: Priority remains updating notifications of object moves.</p> <p>6. Searches for Unnotified moves prioritised by asset value/significance. The above data to be submitted to Finance for review/response.</p>
12	<p>Heritage Asset Records</p> <p>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.</p>	Grade 1	Head of Museums and Collections	Ongoing up to 2029	<p>1."Inventory Action Plan" developed (for museum collection only).</p> <p>2. Format agreed with GCC Internal Audit as per internal audit ref 2324084 which addresses items 1-5 and 7.</p> <p>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>4. Confirmation that inventory work is incorporated into staff work programmes and monitored through Performance Review.</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>6. Submission of Action Plan for sign off by Head of Museums by 28th August 2025.</p> <p>7. Library Special Collections: Estimates remain to be calculated based on current inventory projects to date.</p>

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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	The 24/25 accounts have been prepared using the statutory override in respect of infrastructure assets. No updated guidance has been received to date.
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	This has been considered in line with the implementation of the new ICT contract.

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15	RAAC Assessment and Impact on Assets Valuations The Council should ensure complete surveys of their estate as a matter of urgency to ensure all buildings impacted by RAAC are identified. The results of these surveys should then be factored into any valuation or impairment assessment performed to inform the 2023/24 financial statements with ongoing monitoring after the balance sheet date.	Grade 1	Divisional Director, Property, Housing & Major Projects Head of Corporate Finance	June 2024 (as surveys are completed)	Complete.
16	Common Good Fund Reporting Management should review the Common Good fund reporting to ensure that: <ul style="list-style-type: none"> • Updates are presented on a frequent basis to note progress in maintaining an accurate and complete common good fund asset register • The Council's policy for accounting for Common Good fund assets is reviewed in conjunction with both legislative requirements and the latest LASAAC guidance published in 2023. 	Grade 2	Head of Corporate Finance / Head of Legal	December 2024	Complete.
17	Rights and Obligations The Council Group should ensure that the legal agreements in respect of this arrangement are corrected urgently. The Council should perform a lessons learned exercise to identify any other assets where the appropriate legal arrangement have not been put in place.	Grade 2	Head of Corporate Finance / Head of Legal	December 2024	Complete.

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18	PPP Schemes and Central Documentation Storage The Council should ensure that all documentation to support financial statement balances including relevant contracts and leases are retained in a central location to ensure they are readily available both for new finance team members and to support audit requests.	Grade 1	Head of Corporate Finance	June 2024	Complete.
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	Under the initial term contract, CGI conducted a programme of application back-up and restore testing, across over 100 servers. Through the Future of Digital and ICT Services (FICT) project, the Council established revised requirements for DR and these are being implemented. A series of DR tests have been commissioned - to date, two have successful concluded, with a further three planned in August 2025.
20	Monitoring the Delivery of the 2024/25 Budget The Council should establish reporting arrangements to monitor the achievement of savings within the three- year budget. This should include an assessment of the return on investment against key projects.	Grade 1	Director of Financial and Business Services	Current processes will continue	Complete.
21	Use of Reserve Balances: Budget Support Fund The Council should set clear criteria for the use of Budget Support Fund balances and report on the use of the Fund within regular budget monitoring reports.	Grade 1	Director of Financial and Business Services	Current processes will continue	Complete.

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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	A Financial Outlook Report for the period 2026-28 was presented to City Administration Committee on 21 August 2025.
23	Budget Monitoring Reports The Council should review the content and focus of budget monitoring reports to ensure that they reflect key indicators to monitor financial resilience and support elected member scrutiny.	Grade 2	Director of Financial and Business Services	December 2024	Complete.
24	CIPFA Financial Management Code The FASC should consider an updated self-assessment against the Financial Management Code as part of the wider improvement actions following conclusion of the 2022/23 annual accounts.	Grade 2	Head of Corporate Finance	June 2024	Complete.
25	National Fraud Initiative The Council should formally agree a prioritisation of actions related to the NFI programme internally and through engagement with Audit Scotland, as the leader of the NFI programme in Scotland.	Grade 2	Director of Financial and Business Services	Ongoing	Complete.
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	December 2024	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	June 2024	Corporate Finance continue to recruit to vacant posts however it continues to be providing difficult to recruit qualified accountants.

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28	Annual Governance Statement The Council should review the content of the Annual Governance Statement against the requirements of good practice to ensure that risks and accountability are fully explained.	Grade 2	Head of Internal Audit	Ongoing	Complete.
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	June 2024	<p>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.</p> <p>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.</p>
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	<p>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.</p>

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31	The Council's self- assessment identified a range of improvements to the audit committee arrangements. Improvement actions should be adopted prior to the next committee cycle.	Grade 2	Head of Internal Audit	June 2024	Complete.
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	The format and content is being reviewed for the 2026 edition to take account of updated requirements.
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	Through recent contract extension negotiations, the Council has agreed its revised requirements for security services and these are progressing. A further recruitment campaign has been completed for the Cyber Security Manager post and interviews are being held in August 2025. In the meantime, the Council has enhanced its existing security team through the services of external specialists and procurement of a Security Assurance Services (SAS) provider to work with the Council to provide support and advice and re-baseline the security action plan is nearing completion, with a report planned for Committee approval in August 2025.
34	The Council should prepare an IFRS 16 implementation readiness assessment in advance of the standard coming into effect in April 2024.	Grade 2	Head of Corporate Finance	Ongoing - date of finalised implementation to be agreed with audit as part of 23/24 planning arrangements	Complete.

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35	Low Emission Zone reporting The Council should ensure a review of the legislative requirements is performed to ensure the statutory reporting requirements can be met.	Grade 2	Head of Corporate Finance	June 2024	Complete.
36	The Council should ensure that the annual review process sufficiently refines the commitments within the Strategic Plan to clarify priorities and promote accountability for delivery.	Grade 1	Head of Corporate Policy and Governance	June 2024	Complete.
37	The Council should ensure that performance reporting allows elected members to monitor progress against each of the commitments in Strategic Plan, against an agree set of criteria.	Grade 1	Head of Corporate Policy and Governance	30 September 2024	Complete.
38	The Council should review arrangements in place to capture and reduce emissions, including Scope 3.	Grade 1	Head of Sustainability	30 April 2024	The Climate Plan is in the process of being reviewed and will be presented to committee in November and the taken to CAC to seek permission to take out to public consultation. The updated plan will bring together mitigation and adaptation into one plan, and will include revised and new actions to capture and reduce emissions. This work will be informed by the pathways set out in the Net Zero Routemap. Methodologies for the tracking of scope 3 emissions remain insufficient, however some schemes have been piloted through our procurement activity. Good progress is being made on the model for climate investment with the OBC close to completion. Action 17 in CMP pertains to sequestration of carbon and creating a methodology to do so. This is something that needs a national approach as cities do not have the capacity within their boundaries to sufficiently sequester the necessary volume of carbon. We are working on supporting a national approach to this issue.
39	The Council should ensure that scrutiny arrangements are robust enough to support delivery of its climate ambitions.	Grade 1	Head of Sustainability	30 April 2024	Complete.

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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	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.
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	The first version of the PMF has been approved by the GCPP Strategic Partnership and is now in a testing phase until the end of 2025. This phase includes consideration of how this Framework can enhance understanding of the outcomes of the Strategic Plan . This work is being undertaken in collaboration with the Improvement Service and the council's partners on the Health Determinants Research Collaboration.
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	30 September 2025	Review has commenced and relevant actions will be identified.

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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 30 June 2025.	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.
44	Low Emission Zone Guidance and Records Management should perform a review of any new guidance published for the low emission zone disclosures to ensure compliance for 2024/25. A review of the data used to support production of the financial statement disclosure should be performed to ensure that detailed listings can be readily obtained to enable testing of the completeness and accuracy of the note.	Grade 2	Head of Corporate Finance	30 June 2025	The council reviewed the LEZ guidance during the preparation of the unaudited accounts to ensure compliance. All relevant data was captured to prepare the disclosure.
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	This is progressing, slightly later than planned due to priority focus on recent incident response.

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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	Where there are instances of delay between calculation of exit costs and exit, estimates are reviewed for accuracy.
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	Officers are currently considering the terms of reference of a new Corporate Workforce Planning Board. One of the first tasks of the Board will be to issue new guidance on approving, and recording the approval, of early retirement and voluntary redundancy.
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	Officers are currently considering the terms of reference of a new Corporate Workforce Planning Board. One of the first tasks of the Board will be to issue new guidance on approving, and recording the approval, of early retirement and voluntary redundancy.

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49	Scheme of Delegated Functions and Code of Conduct In addition to the planned updates to the governance arrangements and policy documents in respect of early retirement and voluntary redundancy, management should ensure that there is a clear plan in place to ensure that the Scheme of Delegated Functions and Code of Conduct are understood and applied in practice. This should include a training programme, employee communications/reminders and consideration of the requirement for culture audits.	Grade 1	Director of Legal and Administration	30 June 2025	<p>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 are currently being finalised, both of which have a focus on ensuring that the Nolan Principles are applied and understood. These will be shared with the CLT, SMTs and will be communicated via a Management Brief and Corporate Announcements to all staff.</p> <p>A comprehensive review of the Scheme of Delegated Functions is also being undertaken. Further updates on the progress of the review and timescales for completion will be provided.</p>
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