Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Head of Audit and Inspection

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Item 5

22nd October 2025

Internal Audit 2025/26 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 2025/26.

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 2025/26.

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 2025	Sept 2024
Number of Qualified staff (FTE*)	**11.7**	14.7
Number of staff with a recognised counter fraud qualification (FTE)	**4.6**	4.6
Number of Trainees (FTE)	**8**	6
Number of Graduate Apprentices (FTE)	**2**	2
Number of technical staff	**1**	1
Training Days (including professional qualification)	**143**	126
Training Days per Staff Member	**5.4**	4.6
Sickness absence per staff member (annual target 5 days)	**2.4**	9.1

** Full Time Equivalent*

1.3 Table 1 shows that there has been a net reduction in the number of qualified staff from this same point last year. The recruitment market for qualified accountants and auditors remains very challenging and therefore when staff accept external opportunities, it is currently difficult to backfill these posts. Our focus remains on “growing our own” through our graduate and apprentice trainee program.

Table 2. Internal Audit Key Priorities Performance Update

	KPIs	Quarters 1 & 2 2025/26	2024/25
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	**Not yet due**	Compliant
5	Average client survey score at least 3 out of 4	**3.54**	3.57
6	Achieve Audit Glasgow income target	**On track – Green**	Achieved

1.4 The 2025/26 Internal Audit plan was agreed with the Committee on 26 March 2025. 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 2025/26	Quarters 1 & 2 2024/25
Percentage of audits with fieldwork complete	**8%**	9%
Percentage of audits with fieldwork ongoing	**36%**	40%
Percentage of audits due to start	**56%**	51%

1.5 No new significant issues have been reported to date from the work undertaken in relation to the 2025/26 plan. Previous audit actions, including issues identified in the 2024/25 Annual Report, are regularly followed up and the status reported to this Committee.

1.6 The main issues reported in the 2024/25 Annual Report are provided in table 4 below, with an updated position statement from Internal Audit.

Table 4. Update on 2024/25 Significant Issues

2024/25 Significant Issue	**2025/26 Mid-Year update**
ICT Service and Security	Progress continues to be made. Whilst a number of higher risk areas are now mostly mitigated, there are other areas where remediation is still ongoing. Therefore the Council Group remains exposed to risk in these areas. Through the Road to Multi-Source Strategy (R2MS), management intend to work with Managed Service Providers to mitigate the risks, in this complex and ever-changing area, as much as possible during 2025/26. **Open.**
City Building Investigation	A new Executive Director was appointed in January 2025 and they are taking forward improvements in governance and internal control. Internal Audit will continue to review arrangements going forward as part of our work. **Closed.**
Scottish Events Campus Limited (SEC)	Management have made significant improvements in arrangements during 2024/25, including the appointment of additional specialist health and safety teams and a new digital incident reporting system. Scrutiny on progress continues to be reported through the SEC Board and a series of internal and external health and safety audits are scheduled for 2025/26. **Closed.**

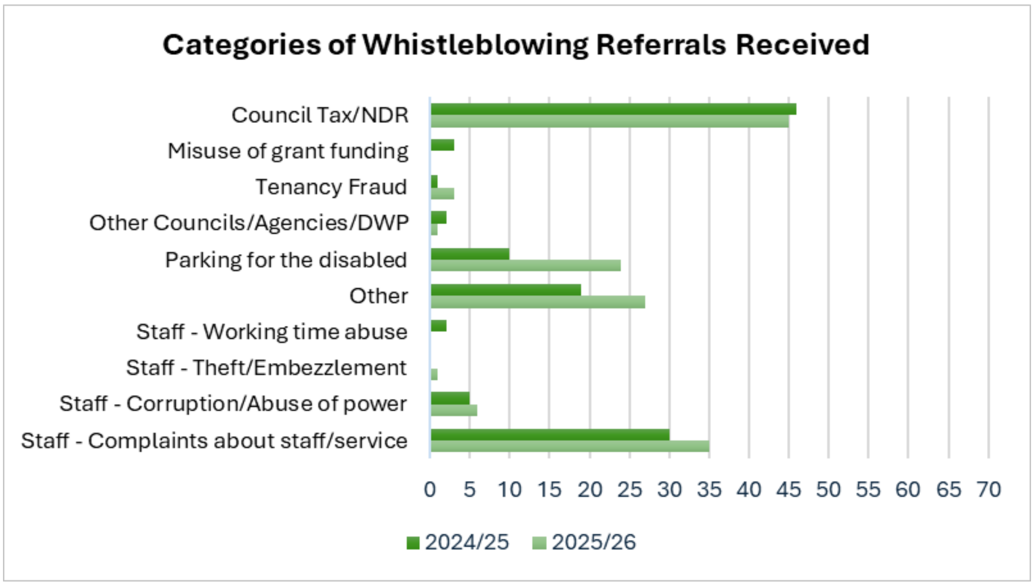
Senior Officer Exit Payments	Management have developed enhanced governance arrangements, procedural changes and updates to the Council's Scheme of Delegated Functions to address the issues and recommendations highlighted by Brodies. These were considered by the Wellbeing, Equalities, Communities, Culture and Engagement City Policy Committee on 17 April 2025 before being approved by the City Administration Committee on 8 May 2025. Changes to the Scheme of Delegated Functions and Committee Terms of Reference were approved by Full Council on 15 May 2025. A full review of the Scheme of Delegation is planned for 2025/26. The Internal Audit plan for 2025/26 (approved by the Finance and Audit Scrutiny Committee on 26th March 2025) includes specific reviews to provide assurance on the concerns and recommendations arising from the Brodies report. **Open**
City Building Performance Management	A performance management framework has been agreed and work is ongoing to address the other issues found. **Open**

2. Whistleblowing

2.1 The 2024/25 Internal Audit Annual Report advised that there were four whistleblowing cases ongoing as at 31st March 2025. These have all been concluded.

2.2 During the first six months of 2025/26, 142 whistleblowing referrals were logged, compared with 119 to the same period in 2024/25. A summary of the categories of referrals received is highlighted in table 5 below.

Table 5: Whistleblowing referrals 2025/26



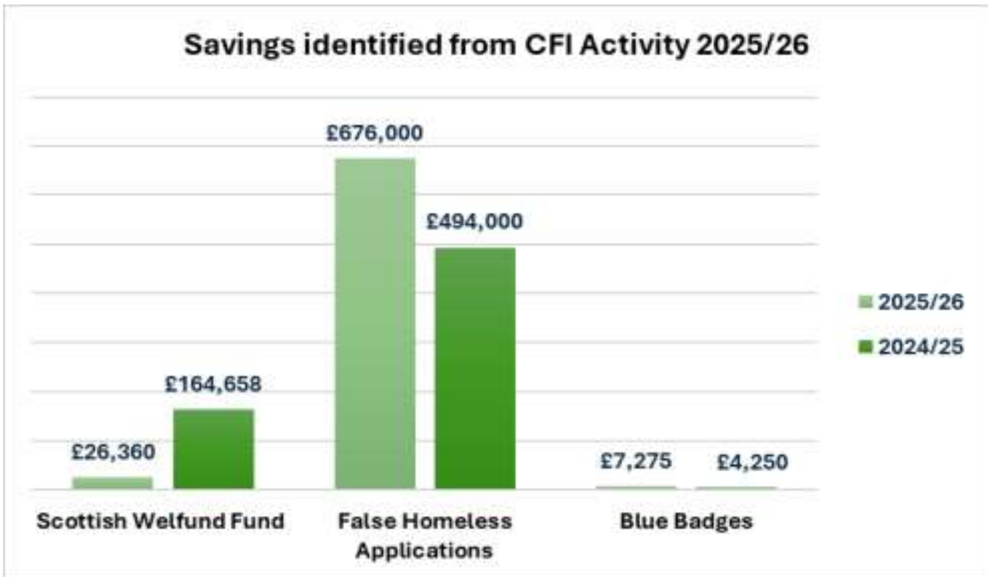
2.3 As at 30 September 2025, investigations for 127 of the referrals had been concluded, and 15 remained ongoing. The outcomes of these referrals are noted in table 6 below.

Table 6: Whistleblowing referrals – outcomes

3. Corporate Fraud & Investigation (CFI) Team

3.1 During the first six months of 2025/26, the work of the CFI team has identified savings of approximately £709.5k for the Council and the wider public purse – this is an increase on the identified savings of almost £664k identified to the same period in 2024/25. A reduction in savings relating to the Scottish Welfare Fund has been offset by an increase in referrals for both fraudulent homeless applications and blue badge use. The savings for 2025/26 are noted in table 7 below.

Table 7: Corporate Fraud and Investigations activity 2025/26



* *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 £642,540.*

4. National Fraud Initiative 2024/25

4.1 After submitting data in October 2024 for the 2024/25 National Fraud Initiative (NFI), the Council received 18,377 matches to investigate. Further matches have been released since the initial release as NFI update the information. A total of 20,207 matches have now been received. A breakdown of these matches is shown in table 8 below.

Table 8. National Fraud Initiative 2024/25

Priority	Match Type	Total Number of Matches Received	
High	Council Tax Reduction Scheme Matches	3,941	
	Benefit Matches	250	
	Pension Matches	2,775	
	Payroll Matches	165	
	Blue Badge Matches	2060	
	Creditors	10,015	
	Procurement Matches	21	
	Total High Priority Matches		**19,227**
Medium	Council Tax Reduction Scheme Matches	165	
	Benefit Matches	39	
	Non Domestic Rates	325	
	Licensing Matches	2	
	Pension Matches	1	
	Blue Badge Matches	1	
	Total Medium Priority Matches		**533**
Low	Council Tax Reduction Scheme Matches	258	
	Benefit Matches	69	
	Procurement Matches	63	
	Payroll Matches	57	
	Total Low Priority Matches		**447**
	Total Matches		**20,207**

4.2 In total staff have investigated, or are in the process of investigating, 14,976 matches as detailed in table 9 below. The approach is to prioritise the higher priority matches in the first instance. However, if we identify a systemic data issue with a category of matches, then we will move on and refocus on other categories.

Table 9 – Summary of work undertaken

Investigation Details	Number of Cases		Value	
Total of on-going Investigations		**1284**		
Errors Identified	23			
Frauds Identified	22			
Matches Cleared	13,647			
Total of Completed Investigations		**13,692**		
Benefit Overpayments			£17,731	
Pension Overpayments			£40,416	
Council Tax Reduction Scheme Overpayments			£47,190	
Total Value of overpayments identified				**£105,337**

4.3 We have also cancelled 912 blue badges which are no longer valid and therefore cannot now be fraudulently used.

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 and Scottish Canals. 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. 2025/26 Audit Plan

6.1 The 2025/26 Internal Audit plan was agreed in March 2025, 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 reduced resources available in 2025/26 require us 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 2025/26.

6.3 We have therefore undertaken a risk based review and intend to amend the 2025/26 plan to combine a number of reviews and remove the audits noted below. These audits will not be undertaken during 2025/26 but will be considered for inclusion in the 2026/27 plan.

Table 10 – Amendments to the 2025/26 Internal Audit plan

Area	Audit Title
Revenues and Benefits	DIPS
Procurement	PECOS
General Assurance	Registrars
General Assurance	Public Sector Reform
General Assurance	Preparedness for Martyn’s Law
General Assurance	Taxi Usage

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 made a small number of amendments to the budgeted number of days for some audits. 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 From 1 April 2025 Internal Audit teams in the UK are 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. Whilst 1 April 2025 is the effective date for the new standards, Internal Audit teams are not required to demonstrate full compliance on this date. They must work in accordance with the new standards from 1 April in order to build up their conformance.

7.3 As reported to Committee in March 2025, Internal Audit has undertaken a gap analysis to determine what actions are required to ensure compliance with the new standards. An action plan has been developed which sets out the main actions we are taking and a timescale for implementation. Significant progress has been made over the past few months and the team is on target to implement the required actions by the planned timescale.

8. Recommendation for Committee

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