

Glasgow City Council Internal Audit Section

Committee Summary

Corporate Review – Stock Management

Item 3(a)

28th January 2026

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the stock management arrangements in place within Glasgow City Council.
- 1.2 In order to fulfil some of the services provided by the Council, there must be effective stock management in place to allow the right stock to be available at the right time. Additionally, appropriate controls should be in place to minimise financial losses. The Council had approximately £3.4m in inventory recorded in its annual accounts as at 31st March 2025.
- 1.3 We confirmed with each Council Service what areas of the business held stock. Based on the information received, we selected five areas across the following three Services - Financial Services (Cookfreeze), Health and Social Care Partnership (EquipU) and Neighbourhoods, Regeneration and Sustainability (NRS) (Pest Control, Scientific Services, and Roads). We undertook spot check visits at each of these five locations to view the stock management arrangements in place at each. This review did not examine wheelie bin stock as this was covered as part of the Stock audit undertaken in 2024/25.
- 1.4 EquipU operates an electronic stock system known as "Elms". The site holds assistive technologies used for vulnerable citizens across central Scotland and the stock held at this site was valued at approximately £900k as at 31st March 2025.
- 1.5 Roads use the electronic "Roads Online Costing System" for managing the supplies needed for maintaining roads and lighting throughout Glasgow. This involves a diverse range of products from cement to electrical cabling. Stock valued at approximately £1.1m was held here as at 31st March 2025. Pest Control and Scientific Services operate manual hard copy stock systems. These sites hold a smaller range of stock items (e.g. poisons for Pest Control and chemicals for analytical processes in Scientific Services). No value could be provided for the stock held at these sites.
- 1.6 Cookfreeze is the Council's production site for frozen meals that are prepared for distribution at Council premises such as schools and care homes. This site operates a manual hard copy stock system. There was stock valued at £97k held here as at 31st March 2025.
- 1.7 The purpose of the audit was to ensure there are sufficient and appropriate controls in place covering the management of stock at Council sites. The scope of the audit included a review of key controls in the following areas:

- Roles and responsibilities
- Documented policies, procedures, and guidelines
- Staff training
- Security and storage arrangements
- Stock records
- Issue of stock
- Stock-take arrangements
- Management of stock levels.

2 Audit Opinion

2.1 Based on the audit work carried out, a limited level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and six recommendations which management should address.

3 Main Findings

3.1 We note that although the five sites visited provided different services and held different types of goods in stock to assist the provision of these services, we found that there were effective security and access arrangements for stock at each of the sites. We were advised that required staff at each of the five sites are provided with on-the-job training.

3.2 However, we identified areas where controls could be strengthened. Three of the five sites visited had no documented procedures relating to stock management. The remaining two sites (EquipU and Scientific Services) did have procedures in place, but these did not cover all expected processes and were currently being updated.

3.3 We conducted sample counts over the five locations visited comprising of almost 400 units of stock. The Pest Control sample counts identified one item where the quantity counted was less than the stock book balance by one unit. The Service confirmed that this was an error in the stock book, and this was corrected at the time. At all other sites, for the sample of items reviewed, the number counted was accurate. However it should be noted that at the Roads depot, a report detailing all stock held at the site could not be generated on site, therefore our sample solely consisted of selecting physical items onsite and checking the system amount and not vice versa. It was later confirmed that stock reports can be requested from Head Office and these will be used to facilitate future counts.

3.4 We confirmed that regular stock takes are undertaken by local management at Scientific Services, EquipU and Pest Control. At Cookfreeze, although the number of meals held is subject to stock takes by local management, the ingredients stock held to make future meals is not included in the stock takes. In addition, we found that all of these stock takes are not independently verified by staff not involved in the stock management process. Although we were advised that head office staff undertake ad hoc counts at the Roads depot throughout the year, evidence of these counts is not retained.

3.5 We found that though stock is held at the Pest Control and Scientific Services sites, it is not valued and therefore not incorporated in the year end stock figure on the balance sheet.

3.6 At all sites visited, segregation of duties could be improved. At the Pest Control and Scientific Services sites, there was generally only one individual carrying out the full stock

management process. Additionally, although access to stock records was limited to approved personnel at all sites visited, there was potential for stock balances to be adjusted by only one individual at each site.

- 3.7 We also found that the arrangements for recording and monitoring stock issue/usage could be improved for three of the five sites (Cookfreeze, Pest Control and Roads).
- 3.8 Although we were advised that re-order levels are monitored regularly at all five sites, we found that none of the sites had formal arrangements in place for dealing with slow-moving / obsolete stock and the subsequent write off process including approval.
- 3.9 An action plan is provided at section four outlining our observations, risk and recommendations. We have made six recommendations. 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.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	5
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.10 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 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: Adequate documented procedures are in place for dealing with stock and all relevant staff have received appropriate training.				
1	<p>We found the following in relation to stock management procedures:</p> <p>EquipU and Scientific Services had a set of stock management procedures, however these did not cover all key aspects of stock management arrangements such as stock write off and were in the process of being updated. Cookfreeze, Roads and Pest Control had no documented procedures in place.</p> <p>We were advised that the lack of procedures / lack of updates at sites were due to a lack of staff resources to complete these, taking into account competing business pressures.</p> <p>This increases the risk that staff are not clear on their roles and responsibilities, that inconsistent practices and errors develop and that stock levels are not appropriately managed.</p>	<p>All sites: Management should develop/update the procedures for stock control, ensuring that all key aspects of the process (issuing and returning of stock, managing stock levels, stock takes, and stock valuations) are clearly detailed.</p> <p>Thereafter, procedures should be shared with all relevant staff, with additional training provided, where appropriate.</p>	Medium	<p>Response:</p> <p>EquipU: We shall amend our processes to incorporate stock write off, scrap and damaged stock.</p> <p>Cookfreeze: Correspondence will be issued to the team detailing the process and a sign off sheet used to verify their understanding of the process.</p> <p>Pest Control, Roads and Scientific Services: Management at each site will update the procedures for stock control, ensuring that all key aspects of the process (issuing and returning of stock, managing stock levels, stock takes and stock valuations) are clearly detailed. Thereafter these will be shared with all relevant staff and additional training provided where appropriate.</p>

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				<p>Officer Responsible for Implementation:</p> <p>EquipU: Store Service Manager</p> <p>Cookfreeze: Unit Manager and Operations Manager</p> <p>Pest Control: Group Manager, Community Safety.</p> <p>Roads: Group Manager, Roads & Lighting Direct Services</p> <p>Scientific Services: Group Manager, Scientific Services</p> <p>Timescales for Implementation:</p> <p>EquipU: 31 January 2026</p> <p>Cookfreeze: 31 January 2026</p> <p>Pest Control: 31 March 2026</p> <p>Roads: 31 March 2026</p> <p>Scientific Services: 31 March 2026</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is detailed information available to facilitate accurate stock management.				
2	<p>At two of the NRS sites (Pest Control and Scientific Services) stock records could be improved.</p> <p>Neither of the two master files on site at either Pest Control or Scientific Services included cost data on them so there was no monitoring of stock values held. This was compounded by the fact that these values were not included in the Council's balance sheet inventory figure as at 31st March 2025. We were advised that these were not included as staff from the sites had not provided the information.</p> <p>We also note that there are currently different methods being used for managing stock, including the use of different systems and in some cases manual records. There may be an opportunity for efficiencies if these were streamlined.</p> <p>This increases the risk that the stock records are inaccurate and that the value of stock is unknown.</p>	<p>Pest Control and Scientific Services management should liaise with Corporate Finance to determine whether the Pest Control and Scientific Services stock values should be included in the Council's financial statements.</p> <p>All sites: Management should consider the feasibility of utilising a single system for stock management that could be used across all Services.</p>	Medium	<p>Response:</p> <p>EquipU: A single Council system will not be feasible for EquipU as it is a partnership with other external bodies who all use and pay for this system. The whole business of EquipU operates and relies on this system.</p> <p>Pest Control, Scientific Services and Roads: Management will consider the feasibility of utilising a single system for stock management across all services. Discussion will be had with Corporate Finance to determine whether the Pest Control and Scientific Services stock values should be included in the Council's financial statements.</p> <p>Cookfreeze: Management will consider the feasibility of upgrading the manual system to utilising a single Council system for stock management but it is likely that the cost of this will outweigh the benefits.</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Adequate processes are in place for the issuing and returning of stock.				
3	<p>Stock usage was examined at each site visited and the following issues were found:</p> <ul style="list-style-type: none"> At the Pest Control site, the stock required is requested on a daily basis by operatives. They are required to account for usage of stock on job cards. No reconciliation is conducted between the stock requested by operatives and the used stock recorded on job cards. At the Roads site, a complete audit trail of the stock that is issued is not maintained. Rather than recording the stock issued and then any returns, stock is given out without the system being updated. Once any unused stock is returned, the system is then updated to reflect the actual stock used. <p>We were advised that these practices have developed over time and are undertaken to make processes quicker and less resource intensive.</p> <p>If stock usage is not monitored and documented in full, there is an increased risk that stock may be misappropriated.</p>	<p>Pest Control and Roads: Management should consider whether improvements could be made to the audit trail of all stock issued/used to ensure any discrepancies can be identified.</p> <p>Where possible, a reconciliation between the stock requested by staff and the stock used should be undertaken to identify any variances. Any variances identified should be investigated.</p>	Medium	<p>Response:</p> <p>Pest control and Roads: Management will consider whether improvements could be made to the audit trail of all stock issued/used to ensure that any discrepancies can be identified and where possible undertake reconciliations.</p> <p>Officer Responsible for Implementation:</p> <p>Pest Control: Group Manager, Community Safety.</p> <p>Roads: Group Manager, Roads and Lighting Direct Services</p> <p>Timescales for Implementation:</p> <p>Pest Control: 31 March 2026</p> <p>Roads: 31 March 2026</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to identify slow-moving stock and action is taken to ensure excessive stock is not held.				
4	<p>None of the five sites visited had formal arrangements for reviewing and dealing with slow-moving or obsolete stock, this was particularly evident at Pest Control where during our sample count, we found two units of out-of-date product. We were advised that the manager who normally dealt with obsolete stock had been absent.</p> <p>We were advised by all sites that slow-moving and obsolete stock would normally be reviewed as part of the stock counts, however due to a lack of staff resources the arrangements had not been formally documented.</p> <p>Retaining unused stock reduces the store space available and means that stock may be depreciating further in value.</p>	<p>All sites: Management should agree and document the processes for managing slow-moving and obsolete stock, including appropriate disposal arrangements.</p> <p>Thereafter, management should undertake a review of any slow-moving stock, for example, items that have not been used in over a year to determine whether the stock item is still in date/still requires to be held. If deemed no longer required, management should ensure that the stock is dealt with appropriately, following appropriate processes and approvals.</p>	Medium	<p>Response:</p> <p>EquipU: We shall amend our processes to incorporate instruction for dealing with slow-moving and obsolete stock and undertake a review of slow-moving stock.</p> <p>Cookfreeze: Correspondence will be issued to the team detailing the process for dealing with slow-moving stock and a sign off sheet used to verify understanding of the process.</p> <p>Furthermore, a review of slow-moving stock will be undertaken.</p> <p>Scientific Services, Roads and Pest Control: Management will agree and document the processes for managing slow-moving and obsolete stock, including appropriate disposal arrangements. Management will also undertake a review of any slow-moving stock to determine whether the stock item is still in date/still requires to be held.</p> <p>Officer Responsible for Implementation:</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: All stock is counted on a regular basis in order that is monitored and managed effectively.				
5.	<p>We found the following issues relating to stock takes:</p> <ul style="list-style-type: none"> While we were advised that ad hoc stock counts are undertaken at the Roads depot by head office staff, these are not documented. We were advised that documented counts were conducted at some point in the past but the process has been discontinued with staff changes that have taken place over the last five years. At Cookfreeze, although the number of meals held is subject to stock takes, the ingredients stock held to make future meals is not included in the stock takes. It is recognised that ingredients are not held long before being used for meal preparation. The stock takes undertaken at all sites except Roads are not independently verified by staff not involved in the stock management process. This was due to limited resources onsite. <p>There is an increased risk that stock records could be inaccurate and that misappropriation of stock would go unnoticed.</p>	<p>NRS Roads management should formalise the frequency of stock counts and ensure that a record of all stock counts undertaken is maintained for audit trail purposes.</p> <p>Cookfreeze management should consider whether ingredients stock can be included in the stock takes undertaken to ensure that any misappropriation of ingredients can be identified.</p> <p>All sites, except Roads: Management should ensure that an officer not involved in the stock management process is present during stock takes to enable independent verification.</p>	High	<p>Response:</p> <p>EquipU: We shall amend our processes to ensure an officer is involved in the stock take that are not generally involved with stock management.</p> <p>Cookfreeze: We have amended our procedures and ingredients stock will now be counted. Where possible an officer not involved in the stock management process will be present during stock takes.</p> <p>Roads: Management will formalise the frequency of stock counts and ensure they are recorded for audit purposes.</p> <p>Scientific Services and Pest Control: Management will ensure that an officer not involved in the stock management process is present during stock takes to enable independent verification.</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is appropriate segregation of duties in place.				
6.	<p>Improvements could be made to the segregation of duties arrangements at the five sites visited:</p> <ul style="list-style-type: none"> At Pest Control and Scientific Services, there was generally only one individual responsible for stock management. This resulted in a repeat audit visit being required at Pest Control as the responsible individual was not in at the time of the initial visit and the stock records were locked in their drawer. We were advised this is due to the lower levels of stock held at these sites. Although access to stock records was limited to approved personnel at all sites visited, there was potential for stock balances to be adjusted by only one individual at each site whether that be an adjustment to a manual stock sheet (Pest Control, Cookfreeze and Scientific Services) or approving changes electronically (Roads and EquipU). <p>We were advised that staff resources mean that segregation of duties at the smaller sites are more difficult.</p> <p>There is an increased risk of misappropriation of stock going unnoticed if appropriate segregation of duties is not in place.</p>	<p>All sites: Management should ensure that where practically possible segregation of duties is in place to protect both the stock and the individuals involved in its management. This would involve sharing of the duties or some independent managerial oversight.</p>	Medium	<p>Response:</p> <p>EquipU: We shall ensure that where practically possible, segregation of duties will be introduced.</p> <p>Cookfreeze: Management will consider the segregation of duties where practically possible.</p> <p>Pest Control: Management will ensure that where practical that segregation of duties is put in place to protect stock and individuals involved in its management</p> <p>Roads: Management will consider the segregation of duties and independent management oversight.</p> <p>Scientific Services: Management will ensure that where practically possible segregation of duties is in place to protect both the stock and the individuals involved in its management. This would involve sharing of the duties or some independent managerial oversight.</p>

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