



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Head of Audit and Inspection

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Item 6

25th March 2026

**ARMS LENGTH EXTERNAL ORGANISATIONS
INTERNAL AUDIT UPDATE REPORT**

Purpose of Report

To present to the Finance and Audit Scrutiny Committee details of the internal audit work undertaken at the Arms-Length External Organisations (ALEOs) within the Council group.

Note:

In most cases one of four opinions is expressed within audit reports:

1. The control environment is satisfactory i.e. audit testing found no concerns with the control environment.
2. A reasonable level of assurance can be placed upon the control environment i.e. audit testing found no major weaknesses in the control environment but some improvements could be made.
3. A limited level of assurance can be placed upon the control environment i.e. improvements are necessary to ensure the control environment is fit for purpose.
4. The control environment is unsatisfactory i.e. significant improvements are required before any reliance can be placed upon the control environment.

Recommendations

The Committee is asked to:

- 1) Note the content of the report, and
- 2) Instruct the Head of Audit & Inspection to provide a further report to the Finance and Audit Scrutiny Committee including an update on the implementation of actions arising from the audits undertaken.

Ward No(s):

Citywide:

Local member(s) advised: Yes No

consulted: Yes No

1. Introduction

- 1.1 The Internal Audit annual opinion, which informs the Council group's Annual Governance Statement in the Financial Statements, includes the Council's ALEOs. The Finance and Audit Scrutiny Committee therefore has an interest in the outcomes of audits at the Council's ALEOs that have an impact upon the governance arrangements within the Council's group.
- 1.2 Glasgow City Council's Internal Audit function is also the appointed Internal Auditor for the following ALEOs (and relevant subsidiaries) within the Council's group:
 - City Building (Glasgow) LLP.
 - City Building (Contracts) LLP.
 - City Property (Glasgow) LLP.
 - Glasgow Life; and
 - Jobs and Business Glasgow.
- 1.3 Each ALEO has its own agreed Internal Audit plan that is approved by the Audit Committee of the organisation. The audit plan is developed following the same process as that of Glasgow City Council. The outcomes from the audits undertaken at each of the ALEOs are reported to the Audit Committee of the ALEO in the first instance.
- 1.4 All ALEOs within the Council group are also required to complete and submit to Internal Audit an annual self-assessment questionnaire on the governance arrangements within the organisation. These questionnaires are sample checked on a rolling basis to confirm reliability and the outcomes help inform the annual opinion.
- 1.5 This report provides a summary to the Council's Finance and Audit Scrutiny Committee of the Internal Audit activity relating to ALEOs in the period October 2025 to February 2026.

2. Results of audits undertaken at ALEOs

- 2.1 The table below provides summary details of the assurance audits completed at ALEOs, the opinion of the audit and the number and priority of recommendations.

Audit Title	Opinion	Number and Priority of Recommendations			
		High	Medium	Low	Opportunity for Improvement
City Building (Glasgow) LLP					
Governance Review	Satisfactory	0	0	0	0
Sub - Contractors – Phase 1	Reasonable	0	1	0	0
Safety Compliance – Emergency Lighting	Reasonable	0	1	3	0
City Property (Glasgow) LLP					
Governance Review	Audit Complete. To be presented to the City Property Audit Committee in April 2026.				
Glasgow Life					
Convention Subvention	Satisfactory	0	0	0	0
Establishment Visits	Audit Complete. To be presented to the Glasgow Life Audit Committee in August 2026.				
Jobs and Business Glasgow					
Absence Management	Reasonable	0	2	0	1
Governance Review	Audit Complete. To be presented to the Jobs and Business Glasgow Finance and Audit Committee in August 2026.				
TOTAL		0	4	3	1

2.2 There are a number of audits currently being undertaken at the ALEOs where the fieldwork is ongoing and the summary results will be reported in the next Internal Audit ALEO update report to the Finance and Audit Scrutiny Committee.

3. Implementation of Actions Arising

3.1 As with all internal audit recommendations, the Head of Audit and Inspection monitors the implementation of all audit recommendations and reports progress to the ALEO Audit Committee. The current status is detailed in Appendix One.

3.2 Of the 37 recommendations, 24 (65%) have been completed and 13 (35%) are outstanding. Revised implementation dates have been agreed for all outstanding overdue recommendations and these will be followed up and reported back to Committee until fully implemented.

4. Recommendations

4.1 The Committee is asked to:

- 1) Note the content of the report, and
- 2) Instruct the Head of Audit & Inspection to provide a further report to the Finance and Audit Scrutiny Committee including an update on the implementation of actions arising from the audits undertaken.

APPENDIX 1

ALEO	Number of Recommendations												
	Made	Not yet due for completion			Completed			Outstanding			No Longer Relevant		
		H	M	L	H	M	L	H	M	L	H	M	L
City Building (Glasgow) LLP	5	-	-	-	4	0	0	1	0	0	-	-	-
City Property (Glasgow) LLP	9	-	-	-	0	0	3	1	4	1	-	-	-
Glasgow Life	13	-	-	-	3	4	2	3	1	0	-	-	-
Jobs and Business Glasgow	10	-	-	-	2	5	1	0	2	0	-	-	-
TOTAL	37	0	0	0	9	9	6	5	7	1	0	0	0