Item 8(f)

19th August 2026

Glasgow City Council Internal Audit Section
Committee Summary
Neighbourhoods, Regeneration and Sustainability – Review of Capital Governance

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the capital project management and governance arrangements in place for the Easter Queenslie recycling redevelopment.

1.2 The Easter Queenslie Recycling Centre project was approved in 2022 by the Neighbourhoods, Regeneration and Sustainability (NRS) Estates Board using funding allocated to the Resource and Recycling Strategy 2020-2030 of £20m and £17m from Zero Waste Scotland's Recycling Improvement Fund. Further to the original investment, the project was allocated a further £20m in Council funding mainly due to the change in price of specialised equipment for the Materials Recovery Facility (MRF). This was approved by the City Administration Committee in March 2025. The project is required to follow the Council's corporate guidance, including the Capital Project Management Toolkit (CPMT), Risk Management Policy and Framework (RMPF) and Corporate Procurement Manual and Toolkit.

1.3 The scope of the audit was to ensure there are sufficient and appropriate controls in place covering the project management and governance arrangements. The scope of the audit included the key controls in the following areas:

- Business Case and project plans
- Roles and Responsibilities
- Project Reporting
- Risk Management
- Budgetary control and monitoring arrangements including external funding
- Change controls process
- Procurement and contractual relationships
- The use and management of external consultants
- Lessons learned exercises, when required
- Benefits Realisation

2 Audit Opinion

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

3 Main Findings

3.1 We found that key controls are in place and generally operating effectively. We confirmed through review of evidence that an Outline Business Case (OBC) and Final Business Case (FBC) were developed and approved by the NRS Estates Board.

3.2 We were provided with evidence to show that all costs of the project were calculated by the Quantity Surveyor (QS) and were independently checked by an external company. In addition, there was an adequate approach in setting contingencies that guarded against optimism bias.

3.3 Through review of documents, we were satisfied that the Project Execution Plan (PEP) has been developed in accordance with the CPMT. The PEP was created by the Project Lead and contains details of activities, milestones and targets. The PEP is reviewed four-weekly by the Easter Queenslie Board.

3.4 We were provided with documented evidence to confirm a governance structure is in place for the project, including the responsibilities of all key roles such as project manager and project sponsor. In addition, we confirmed that an up to date contacts list was in place and a design responsibilities matrix, which details the responsibilities of those involved, was held. We confirmed that both documents were circulated to all relevant officers in the project.

3.5 In addition, we reviewed reports and minutes to confirm that project reporting arrangements are in place and are in line with the CPMT. This includes a monthly highlight report which includes an update on the project, upcoming milestones, top five risks and assigns the project a Red/Amber/Green (RAG) status. This is prepared by the Project Manager and presented to the Easter Queenslie Board on a monthly basis. We reviewed a sample of three pieces of information included in the highlight reports and confirmed they were all correct. This included a project schedule, financial status and restatements.

3.6 The project is also monitored using progress reports which provide detail on ongoing works; these reports are discussed at the Easter Queenslie Board meetings. The Board are also required to sign off stage reports as each element of the project is completed. We also confirmed through review of

Capital Programme Board reports that high level details of the project are included in these.

3.7 We were provided with evidence to show there are arrangements in place to manage external contractors and consultants. This included minutes of regular progress meetings with senior internal project officers and site visit reports.

3.8 In addition, through review of the OBC we noted that the anticipated benefits of the project have been identified and recorded in this document. Due to the project being in the early stages there has been no requirement to measure benefits at the time of the fieldwork, however we were advised by the Project Lead there are processes in place to monitor the impact of the MRF equipment via performance indicators once the equipment has been installed.

3.9 Through discussion with the Finance Manager and review of evidence we confirmed that adequate budget monitoring arrangements are in place and operating effectively, this includes the management of external funding. We reviewed the Period 11 monitoring report and confirmed that a sample of figures were reported accurately using source data. We were provided with minutes from the Easter Queenslie Board and confirmed a budget monitoring report is presented four-weekly. We also were able to confirm that the project is included in the overall capital budget monitoring report that is reported to the Finance and Audit Scrutiny Committee.

3.10 Through discussion with staff and review of evidence we found that the project's risk management arrangements are compliant with the Councils RMPF. The project maintains a risk register which is reviewed and updated by the Easter Queenslie Board on a four-weekly basis. Furthermore, we were provided with evidence to show that the project has a lessons learned log which is discussed at Board meetings in line with the CPMT.

3.11 We were provided with evidence to show that the Council's Corporate Procurement Unit (CPU) were involved in the procurement of the MRF and the process followed the requirements of the CPMT.

3.12 A change control process is in place, however, our audit testing identified that although the project has a local process for change control, it is not fully in line with corporate guidance as it does not include formal tolerance levels.

3.13 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of the recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
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

3.14 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.

3.15 We would like to thank officers involved in this audit for their cooperation and assistance.

3.16 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: There is an adequate process in place to ensure changes to the project are approved and recorded.				
1	We carried out a review of the change control processes within the project. Through discussion with staff and review of documents we found that the project has a process for managing changes. However, we identified that the approval processes are not fully in line with the CPMT. The current process is that all changes are discussed at the Easter Queenslie Board for approval. However, the CPMT requires the project to have lower-level changes to be managed in line with agreed tolerances. We were advised this is due to the scale of the project and the financial impact of required changes often breach the approval limits of the officers within the project team. Without defined tolerances there is an increased risk that the project changes are not subject to appropriate scrutiny and approval.	The Project Manager should identify tolerances for the project in line with the governance structure. This should be documented and communicated with the project team to ensure these can be applied to the change control process.	**Medium**	**Response:** Accepted A scheme of Delegation will be agreed at the Easter Queenslie Board, defining the appropriate delegated authority required for varying levels of contingency drawdown and changes to the approved project. **Officer Responsible for Implementation:** Divisional Director **Timescales for Implementation:** 30 September 2026