

Governance, Risk and Best Value Committee

10.00am, Thursday, 9 March 2017

Internal Audit follow-up arrangements: status report from 1 October 2016 to 31 December 2016

Item number	7.2
Report number	
Executive/routine	
Wards	None

Executive summary

This report provides an overview of the process adopted by Internal Audit for following up the status of audit recommendations. It also identifies all the open audit recommendations at 31 December 2016 that are past their initial estimated closure date.

Links

Coalition pledges	P30
Council outcomes	C25
Single Outcome Agreement	

Internal Audit follow-up arrangements: status report from 1 October 2016 to 31 December 2016

1. Recommendations

- 1.1 It is recommended that the Committee notes the status of the overdue outstanding recommendations and determine with which, if any, officers they want to discuss the current status with.

2. Background

- 2.1 Where follow-up actions in response to Internal Audit recommendations have not been taken by management in relation to critical, high and medium risks, escalation is to the Corporate Leadership Team (CLT) and GRBV.

3. Main report

Outstanding recommendations

- 3.1 At the end of each month, Internal Audit prepares a complete listing of all open recommendations and shares these with Management on a divisional or line of service basis. Internal Audit then invites management to identify which recommendations they consider to have been addressed or which are no longer relevant.
- 3.2 Internal Audit will review Management's supporting evidence for recommendations that Management consider to be closed and feedback their view on whether this is the case. Recommendations that are agreed as closed have their status updated in Internal Audit's records.

- 3.3 There are five high recommendations and 18 medium recommendations that remain open with due dates of or prior to 31 December 2016. These are split as follows:

Grading	Overdue at 30 September 2016	Closed	Management now tolerating risk	Newly overdue	Total
High	5	-	-	-	5
Medium	17	9	-	10	18
Total	22	9	-	10	23

- 3.4 The details of these recommendations are shown in Appendix 1, with 13 items previously reported to GRBV separately identified. We have split these recommendations below by Directorate:

Directorate	Overdue at 30 Sept 2016		Overdue at 31 Dec 2016	
	High	Medium	High	Medium
Chief Executive	-	1	-	1
Communities & Families	-	1	-	1
Health & Social Care	3	6	3	3
Place	2	6	2	8
Resources	-	3	-	5
Total	5	17	5	18

- 3.5 We have also illustrated below the number of overdue recommendations each quarter over the last 12 months.

Grading	Overdue at 31 Dec 2015	Overdue at 31 March 2016	Overdue at 30 June 2016	Overdue at 30 Sept 2016	Overdue at 31 Dec 2016
High	4	2	6	5	5
Medium	18	15	16	17	18
Total	22	17	22	22	23

- 3.6 We recognise that four of the open recommendations (all in Resources), are impacted by delays in implementing the new ERP system 'Business World'. In each of these cases, Management will not be able to complete the agreed management action until the enhanced capability afforded by 'Business World' becomes available.

- 3.7 We have observed increased focus on outstanding actions by management, with the Central Leadership team (CLT), now considering open audit actions on a bi-monthly basis.

4. Measures of success

- 4.1 The implementation and closure of Internal Audit recommendations within their initial estimated closure date. Where recommendations are not closed within this time period, the Committee can determine whether action to date is acceptable or if further action is required.

5. Financial impact

- 5.1 There are no direct financial implications arising from their report, however failure to close the open audit actions has the potential to expose the Council to financial risk. .

6. Risk, policy, compliance and governance impact

- 6.1 If Internal Audit recommendations are not implemented, the Council will be exposed to the risks set out in the relevant detailed Internal Audit reports. Internal Audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.
- 6.2 To mitigate the associated risks, the Committee should review the status of overdue recommendations presented and challenge responsible officers where there is concern that limited or no action has been taken.

7. Equalities impact

- 7.1 Not applicable.

8. Sustainability impact

- 8.1 Not applicable.

9. Consultation and engagement

- 9.1 An overview was provided at the Corporate Leadership Team (CLT) and each Director was made aware of responsibilities to implement and agreed internal audit recommendations.

10. Background reading/external references

10.1 None.

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Status report: Outstanding Recommendations Detailed Analysis

No	Review and Risk Level	Initial Finding & Recommendation	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
Communities and Families					
1	Governance Arrangements - Arms Length Companies CW1502 ISS.1 ## Medium	<p>The Director responsible for each Arms Length Company within the Council appoints an Observer for each company from within the Directorate. The role is to scrutinise the activities and performance of the company and raise any concerns arising with the Directorate. The Observer attends company meetings on behalf of the Directorate but is not a company officer.</p> <p>We did not identify any process documentation for the observer roles within any of the Directorates. This results in the Council being subject to an element key man risk in the control of each of these entities, as the loss of the Observer would leave the Council with a limited understanding of the scrutiny processes in place for that particular company.</p> <p>Observers may not carry out scrutiny to the required level. Financial and reputational risks may remain unidentified with the potential to adversely affect the Council. The controls in place are reliant on the knowledge, skills and experience of the senior staff involved. This knowledge may be lost if there is not sufficient succession planning.</p>	<p>With change over in senior staff responsible for this company, all the above information will need to be handed over from the current staff members. To facilitate this; documentation will need to be produced and a briefing provided.</p>	<p>Interim Executive Director of Communities & Families</p> <p>30 June 2016</p>	<p>The officer from Communities and Families who acts as Observer at the Edinburgh Leisure Board is liaising with colleagues in Finance to finalise process documentation for the Observer role.</p> <p>Feeding in to the Governance activities which are taking place on this, in advance of the next Companies Hub meeting in March 2017.</p>
Health & Social Care					
2	Personalisation SDS - Option 3 HSC1503 ISS.1 ## High	<p>At present, the supported person is not informed of their assessed budget when they are asked to choose their option. They are only told of the resources available to them when they receive their personal support plan after they have selected their option.</p> <p>Management should seek clarification from Scottish Government on how the legislation should be applied where the supported person is allocated the same budget whichever option is chosen. Management must then ensure that the SDS assessment process is compliant with Scottish Government's instructions. This may mean informing the supported person of their personal budget at an earlier stage of the assessment process.</p>	<p>Scottish Government have been approached on this issue through the Social Work Scotland SDS Sub-group and have indicated that they are prepared to consider issuing further guidance.</p> <p>These discussions will take place through the Social Work Scotland SDS Sub-group and Senior management will ensure that Edinburgh is involved in these discussions.</p> <p>Processes and procedures will be updated on receipt of changed guidance.</p>	<p>Strategic Planning, Service Re-Design and Innovation Manager</p> <p>31 October 2016</p>	<p>Changes to be requested to SWIFT to allow recording and monitoring of compliance. Once these changes have been made an instruction will be issued to all staff reminding them of the need to inform service users of their "indicative budget".</p> <p>Planned completion date: to be confirmed by 24/2/17 following response from ICT Services.</p>

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3	Personalisation SDS - Option 3 HSC1503 ISS.2 ## High	<p>We were unable to find links to the Edinburgh Choices website in key communications to service users and the general public about SDS. The Council has produced detailed pamphlets and leaflets which explain SDS to service users and carers but advocacy services are not covered, and readers are not directed to the Edinburgh Choices website. Practitioners we spoke to could not direct us to advocacy services.</p> <p>The service should ensure that information about advocacy services is available to service users</p>	<p>Existing leaflets and information materials to be reviewed to make reference to Edinburgh Choices.</p> <p>Information to be produced for dissemination to practitioners regarding the duty to identify people who may benefit from advocacy and support them to access this services and the agencies that the Council has commissions to provide advocacy services.</p>	<p>Strategic Planning, Service Re-Design and Innovation Manager</p> <p>31 August 2016</p>	<p>Changes to be requested to SWIFT to allow recording and monitoring of compliance. Once these changes have been made an instruction will be issued to all staff to identify those service users who may benefit from Advocacy Services and to support them to access these. Staff will be reminded that information about providers of independent advocacy services is available on Edinburgh Choices. Procedures and leaflets to be updated as part of the work to implement the new structure. Planned completion date: to be confirmed by 24/2/17 following response from ICT Services.</p>
4	Personalisation & SDS - Stage 2 RS1245 ISS.2 ## High	<p>The Swift system has the capability to support authorisation controls, however, the cost threshold is currently set at £20K per week, potentially equating to £1.04M a year. This is such a high level that in effect, there is no authorisation process operating within the Swift system to prevent a service being attached to a client without approval.</p> <p>Packages of care are currently not checked against the relevant budgets during the approval process .</p> <p>System control to be implemented to ensure that no package of care service be concluded without the appropriate approval being met. Exception Reports should be produced which highlight any services that have been attached to the system, which do not have the appropriate approval.</p>	<p>A new Financial Approval Procedure will be produced which will ensure that all requests for care and support are approved before progressing to Business Services to be input to SWIFT.</p>	<p>Strategic Planning, Service Re-Design and Innovation Manager</p> <p>30 June 2015</p>	<p>Work is currently taking place to realign budgets to the new Health and Social Care structure. In parallel to this work is also underway to revise business process and make amendments to systems to support these. The changes required in relation to approval of budgets will be picked up as part of this work. Planned completion date: To be confirmed</p>

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5	Personalisation SDS - Option 3 HSC1503 ISS.3 ## Medium	<p>Scottish Government collects data on SDS users through annual and quarterly statistical surveys of local authorities. The answers to survey questions are based on data held in Swift. The accuracy and completeness of data input is therefore essential. There have been several changes in the assessment process and data captured in the past year.</p> <p>There was no cut-off date after which all assessments would be carried out using new templates. The full process of assessment and arranging care can be lengthy. This means that there are several different ways of recording assessments running concurrently, with different data captured in each one. It is therefore difficult to extract complete and accurate data for management information and for reporting to Scottish Government.</p> <p>Further changes to the assessment process are expected over the next year as a result of the Transformation Programme and integration with the NHS. A change management process should be in place to minimise the number of process and recording changes through the year, implement clear cut-off dates, and to ensure changes are communicated to staff clearly.</p> <p>In the meantime, Research and Information should be aware of the likely inconsistencies in data recorded and ensure that reports are thoroughly reviewed before issue.</p>	A change management process will be established and overseen by the SDS Infrastructure Steering Group. The inconsistencies in data recording are as a result of numerous changes to processes and trying to reduce the recording burden of implementing these on frontline practitioners. The Research and Information Team are aware of all changes to recording practice and take these into account. A summary of all changes and the impact on data extraction has also been produced.	Strategic Planning, Service Re-Design and Innovation Manager 30 June 2016	Existing change management processes will be formalised as part of the revised governance being put in place for the Health and Social Care Transformation Programme. Planned completion date: 31 March 2017
6	Personalisation SDS - Option 3 HSC1503 ISS.6 ## Medium	<p>Since October 2015, all personal care plans must be signed off by a senior. This is a measure introduced to improve the quality of personal support plans. We obtained a report of all personal support plans completed between October 2015 and January 2016. We identified 44 cases out of 811 (5.4%) where the system recorded that the assessor who prepared the personal support plan also signed it off. This was reflected in the variable quality of the 25 personal care plans we reviewed as part of our audit work.</p> <p>All personal care plans should be signed off by a senior, as required by HSC policy. 'Workarounds' on Swift should be deactivated to prevent this breach of segregation of duties recurring.</p>	<p>1.Ensure that there is a mechanism in place on SWIFT for the senior to record that they have signed off the support plan. At present any edits made by the senior at the time of the review will show that the senior has both prepared and reviewed the plan</p> <p>2.Data quality reports will be set up to identify any support plans signed off by the assessor who produced the plan</p> <p>3.Sector Managers and seniors to ensure appropriate oversight and sign off by senior for the personal care plans</p>	Strategic Planning, Service Re-Design and Innovation Manager 30 June 2016	An instruction will be issued to all staff that Support Plans must be signed off by a senior social worker, who cannot be the same person who created the plan. Reports will be set up to ensure compliance as part of regular quality monitoring. Planned completion date: to be confirmed by 24/2/17 following response from Strategy and Insight

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7	Personalisation SDS - Option 3 HSC1503 ISS.8 Medium	To ensure segregation of duties and the quality of assessments, all assessments (which include the user's budget) are checked and then authorised or returned by the assessor's senior. Where a special service (e.g. a care home placement) is required, then the assessment and personal support plan also need to be authorised by the Sector Manager. We identified 65 cases out of 2,525 (2.6%) where the system recorded the assessor who prepared the budget also signing it off. All assessments and budgets should be signed off by a senior in accordance with HSC policy. 'Workarounds' on Swift should be deactivated to prevent this breach of segregation of duties recurring.	Workarounds' on Swift will be deactivated by 31 December 2016: Work is being taken forward through the Health and Social Care Transformation Project (Governance, Devolved Budgets and Budget Management) to implement the budget management functionality within SWIFT which will address issues around separation of duties. A working group has been established and identified all the workstreams required to implement delegated budget management. A workshop will be held in mid-May 2016 to agree new operational processes including the management of budgets through SWIFT with authorisation limits and the facility for budget holders to authorise within the system.	Strategic Planning, Service Re-Design and Innovation Manager 31 December 2016	An instruction will be issued to all staff that Budgets must be signed off by a senior social worker, who cannot be the same person who created the plan.. Reports will be set up to ensure compliance as part of regular quality monitoring. Planned completion date: to be confirmed by 24/2/17 following response from Strategy and Insight
Strategy & Insight					
8	Service Level Agreements with Outside Entities RES1605 ISS.2 Medium	There is no complete record of professional services provided by the Council to outside entities. A contracts register should be created which should be reviewed periodically to ensure that all professional services provided to external organisations are captured, and that there is a current service level agreement in place for each one.	The findings of this audit review will be presented to the Corporate Leadership Team. Executive Directors will be asked to detail professional services provided to other organisations and to ensure that these are underpinned by Service Level Agreements. The Governance Unit within Strategy & Insight will maintain the Council's Register of Service Level Agreements and shall liaise with service areas to ensure that these are regularly reviewed.	Governance and Democratic Services Manager 31 October 2016	Further clarity was required from 2 services areas original submissions. One response has just been provided and the other should be received by the Governance Team by Friday 17th February. These contributions will be reviewed prior to the Agenda Planning Meeting and an update provided.
Place					

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9	Contract Management - Roads SFC1505 ISS.2 ## High	The Transport Interim Quality Audit Team (now disbanded) identified works and materials failures resulting in major remedial works at additional cost to the Council. Officers were unable to demonstrate that site visits are carried out to confirm that the quality and extent of works completed are satisfactory. <i>An end of works quality assessment should be conducted by a qualified officer before final payments are made to contractors and ERS.</i>	ongoing site visits to be adequately recorded and final quality inspection process to be developed, by the Locality Transport teams, for appropriate works.	North West Local Transport and Environment Manager 1 June 2016	A report is being presented to 8 March 2017 GRBV recommending that the outstanding actions from audit SFC 1505: Roads Contract Management are closed as they have been superseded by the Edinburgh Roads Service Improvement Plan. Internal Audit will undertake a review of the service delivery model proposed under the Edinburgh Roads Service Improvement Plan in Quarter 3, 2017/18.
10	Contract Management - Roads SFC1505 ISS.6 ## High	There is no consistent or robust process for managing the costs of works undertaken by ERS. Lack of a schedule of rates for works hampers accurate budgeting. ERS are not required to obtain approval for additional costs. Internal recharges do not require to be authorised by the commissioning manager. Costs are recorded on Axim, while the estimated works budget is recorded on the Confirm project management system with no link between the systems. Remedial works are charged to the commissioning roads teams on top of the original budget. They are not able to reclaim those costs from ERS. <i>Robust monitoring of contract expenditure including end of works review</i>	For Locality (Revenue) Work, estimated works costs are prepared and noted on Confirm (Works Management System) making use of compound rates. Ensure that future works estimates make use of agreed and future schedule of rates.	North West Local Transport and Environment Manager 1 June 2016	A report is being presented to 28 March 2017 GRBV recommending that the outstanding actions from audit SFC 1505: Roads Contract Management are closed as they have been superseded by the Edinburgh Roads Service Improvement Plan. Internal Audit will undertake a review of the service delivery model proposed under the Edinburgh Roads Service Improvement Plan in Quarter 3, 2017/18.

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11	Governance Arrangements - Arms Length Companies CW1502 ISS.1 ## Medium	<p>The Director responsible for each Arms Length Company within the Council appoints an Observer for each company from within the Directorate. The role is to scrutinise the activities and performance of the company and raise any concerns arising with the Directorate. The Observer attends company meetings on behalf of the Directorate but is not a company officer. We understand that all Arms Length Companies are different and that they will require different levels of intervention and interaction with their Observer.</p> <p>We did not identify any process documentation for the observer roles within any of the Directorates. This results in the Council being subject to an element key man risk in the control of each of these entities, as the loss of the Observer would leave the Council with a limited understanding of the scrutiny processes in place for that particular company.</p> <p>Process documentation should be prepared and maintained for each of the Arms Length Companies within Place.</p>	<p>To produce process documentation covering the above points for Transport for Edinburgh, Edinburgh Trams, and Lothian Buses.</p>	<p>Executive Director of Place 31 December 2016</p>	<p>Feeding in to the Governance activities which are taking place on this, in advance of the next Companies Hub meeting in March 2017.</p>
12	Recycling Targets PL1601 ISS.2 Medium	<p>The current system for logging weighbridge tonnage submissions is manual as contractors provide their submissions in varying formats, some of which require further calculations to be made by Waste Services to establish the required figures.</p> <p>The data is entered manually into three separate databases, twice by the admin assistant and once by the Waste Collection Route Manager. The same data is entered into each database, with no significant differences in functionality between them.</p> <p>Contractors should be required to submit monthly weighbridge tonnage data in a prescribed format to support batch uploads of data to the tonnage database and reduce the need for manual data entry. Many contractors now have weighbridges which can produce tonnage data electronically and in real time. Management should investigate whether it is feasible to obtain this data directly. In the short term, a single database should be used for analysis and reporting. This will mean data only needs to be entered once.</p>	<p>1. There will be a review of the current process with the aim of implementing the recommendation of reducing the number of times data is inputted.</p> <p>This action will be taken forward on completion of the transformation process and once team structures are in place</p>	<p>Waste Strategy Manager 31 October 2016</p>	

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13	Recycling Targets PL1601 ISS.3 Medium	<p>Waste service regulations require all weighbridges to be periodically calibrated by an independent regulator. The current contract specifications allow Waste Services to request these certificates for review. To date no contractor has been asked to submit their calibration certificates.</p> <p>Historic data had to be amended in February 2016, when errors on weighbridge downloads for food waste were identified for November 2015. The weighbridge was recalibrated. This was detected through a variance analysis completed by Waste Services, but may have been identified sooner had calibration certificates been requested from the contractor.</p> <p>Contract managers should request calibration certificates on a regular basis for assurance that accurate tonnage data is received from contractors.</p>	<p>A letter will be sent to all relevant contractors to request a copy of the most recent weighbridge calibration certificate.</p> <p>All future contracts will ensure that the annual requirement for a weighbridge calibration certificate is part of either the Terms and Conditions of Contract or will be contained within the Technical Specification itself. It may be considered to form a KPI within contracts going forward.</p>	<p>Waste Strategy Manager 31 December 2016</p>	
14	Recycling Targets PL1601 ## ISS.5 Medium	<p>Although there is considerable recycling internally within the council, there is currently no internal waste management policy. The Waste and Recycling Strategy 2010 - 2025 focuses on external, public waste but there is no supporting policy which specifically states how the Council itself as a major local employer, plans on reducing waste arising from its own operations (e.g. schools, council offices) and increasing recycling participation.</p> <p>Internal Waste Management Policy to be developed</p>	<p>Our proposed management action is to approach the Sustainable Development Unit and Facilities Management to establish a working group to review any existing internal waste policy, the purpose being to incorporate this within, and consult on, a refreshed Waste Strategy Document (Ref Action 2). The inclusion of the Sustainable Development Unit is critical in moving forward this action as they hold responsibility for development of the Council's internal waste policy and recording data on internal waste arisings. Waste & Fleet Services will commit to taking the lead in establishment of the internal working group</p>	<p>Strategy Officer 30 September 2016</p>	<p>Currently the cross departmental working group is in abeyance following the departure of key members during Transformation. However Trade Waste Team are leading on a roll out of collection services for key materials to buildings across the estate and this work is on going during 2016.</p> <p>In addition a new cross departmental working group will be established following the conclusion of the Transformation programme to embed good practice</p>

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15	Licensing PL1602 ISS.2 Medium	<p>Schemes of delegation covering licensing powers and responsibilities are in place for civic licences (the Council scheme), and for licences governed by the Licensing Board. For civic delegated decisions where an application is a renewal and non-contentious, the Authorised Officer can be a Licensing CSO (GR6). This level of authority is not formalised in writing within the section. A small number of granted licences did not have appropriate evidence verifying the correct process had been followed</p> <p><i>Delegated powers within the section require to be formalised. A guidance note should be produced to accompany the scheme of delegation, outlining the categories of application that can be signed off by Officers, and at what grade. Guidance should cover the requirement for segregation of duties between CSOs processing an application and granting the licence.</i></p>	<p>A guidance note accompanying the Councils Scheme of Delegation to Officers will be prepared for all licensing staff and discussed with elected members. All staff will be briefed on this guidance.</p> <p>The Team will be instructed that all grant/refusal decision sheets must be scanned and indexed in the relevant action diary within APP.</p>	Regulatory Services Manager 31 October 2016	SOD formalised, reviewed by legal. Guidance awaiting Senior Manager sign off
16	Licensing PL1602 ISS.3 Medium	<p>Licensing income in respect of front counter and postal transactions is recorded within the Council income system, ACR, by Customer Hub staff, who set up the APP record with a note of the amount and method of payment. Receipt of the correct fees is checked by Licensing staff, who further populate APP with the full receipt details. Checks are not undertaken to ensure that income recorded in APP matches income recorded in ACR.</p> <p><i>The ACR and APP systems should be reconciled monthly and any unexplained differences investigated.</i></p>	<p>We have created a report from APP which provides a list of all licence applications and payments received for the 'period' requested. We also receive a copy of the completed 'frontier journal' spreadsheet showing the amounts being posted to licensing cost centres. The information from the report will be used to reconcile the 'amounts' posted to the various cost centres by the banking team which will allow any discrepancies to be investigated and resolved timeously.</p> <p>This will be carried out on a monthly basis</p>	Operations Manager (Licensing) 31 October 2016	Meeting with Finance awaited to identify solution
17	Contract Management - Roads SFC1505 ISS.4 ## Medium	<p>All new revenue works are planned and commissioned using Confirm as of December 2015. However at the time of the audit, Confirm had not been fully embedded across ERS and the Neighbourhood Offices. As a result, no revenue works commissioned by five of the six Local Area Offices have been included in the ERS works programme for Quarter 4 in 2015/16</p> <p><i>ERS and Neighbourhood staff should be trained in the use of the Confirm system, to enable ERS to carry out commissioned work. Take-up of Confirm should be monitored to identify areas where further training is required.</i></p>	<p>ERS staff have been trained in the use of Confirm system, however further training/support will be delivered for Neighbourhood Staff commissioning work through Confirm.</p> <p>Management teams to reinforce the need to commission work through Confirm.</p>	Local Environment Manager 1 June 2016	<p>A report is being presented to 8 March 2017 GRBV recommending that the outstanding actions from audit SFC 1505: Roads Contract Management are closed as they have been superseded by the Edinburgh Roads Service Improvement Plan.</p> <p>Internal Audit will undertake a review of the service delivery model proposed under the Edinburgh Roads Service Improvement Plan in Quarter 3, 2017/18.</p>

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18	Contract Management - Roads SFC1505 ISS.8 ## Medium	<p>Officers were unable to provide documents during the audit for 7 of the 9 projects selected to demonstrate that key contract and legislative requirements had been met. The documents should have been retained to comply with the Council's Record Retention policy. It was unclear if they had ever existed and if so, whether they had been destroyed or archived in a manner which made them difficult to recover. Officers were able to provide some documents after the audit. We note that the samples tested predate the introduction of the new works management system, Confirm, which was introduced over the course of 2015, and which will be used to store records relating to ERS works orders going forward.</p> <p><i>The process for commissioning and managing road and footway maintenance undertaken by ERS should be mapped, with key documents such as a schedule of works, a health and safety risk assessment and final project sign off identified. Key documents must be retained in accordance with the Council 's records management policy.</i></p>	<p>Recommendation accepted – A number of Contract records have been provided to the Auditor retrospectively as individuals involved in Audit were not responsible for commissioning. Note. 9 Schemes selected date from 2013 and 2014. Additional Contract Information Provided March 2016.</p> <p>Management of internally commissioned works to ERS is now administered on a formal Works Management System (Confirm). Records relating to asset management, works orders, estimates and completion now recorded on Confirm. Summer 2015</p>	Local Environment Manager 1 June 2016	<p>A report is being presented to 2 Feb 2017 GRBV recommending that the outstanding actions from audit SFC 1505: Roads Contract Management are closed as they have been superseded by the Edinburgh Roads Service Improvement Plan.</p> <p>Internal Audit will undertake a review of the service delivery model proposed under the Edinburgh Roads Service Improvement Plan in Quarter 3, 2017/18.</p>
Resources					
19	Continuous Controls - One Time Payments CG1503 ISS.1 Medium	<p>The One Time Payment Form (OTP) is defined as being for 'one time' payments which do not relate to a contract for supplies and services. However, the audit review highlighted that the OTP system is being heavily used for multiple payments in the following categories:</p> <p><u>System workarounds:</u> Oracle payment system cannot make payments to non UK bank accounts; and Historically suppliers such as the DVLA and Sheriff Clerk required individual cheques provided with each application for Vehicle Tax or Council Tax Summary Warrant. This practice remains when other more efficient debit or electronic payment options should be available.</p> <p><u>Inefficient Channel:</u> Due to either a lack of knowledge of options available; or lack of access to CEC systems; a large number of cheques are raised by CEC to CEC or to suppliers already on the database. Key examples of this are: Replenishment of Libraries Petty Cash Imprest; and Client account transfers in H&SC.</p> <p><i>Channel shift should be embraced to move regular multi-payments to a more efficient platform.</i></p>	<p>Business World system is implemented. Procurement state that any methods of making payments to DVLA and Post Office is a statutory requirement and will have to continue at present.</p> <p>OTP'S relating to vendors will only be accepted if payment is for a rebate only. [wef 18/1/16]</p> <p>Payment Services will request that these types of payments are set up in the new BW system as a sundry account and paid via BACS/Cheque.</p> <p>It must be noted that the new BW e-solution will not have the facility to convert currencies that are not British pounds.</p>	Customer Senior Manager 31 October 2016	<p>These actions are intrinsically linked to the implementation of the new Business World system. As a result of delays to the programme, the original due date could not be met. Internal Audit have been kept informed of changes to the anticipated implementation date of the Business World system, now scheduled for 1 October 2017. The revised timescales have been agreed with Internal Audit as the ICT implementation dates have become known.</p>

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20	Continuous Testing-Standby, On Call & Disturbance Payments CG1511 ISS.2	<p>Guidance is published on the Orb for standby, on call and disturbance payments, setting out the rules and rates applicable. This guidance is supported by frequently asked questions. It is however a complex area with a range of common and less common situations, and in practice various combinations of allowances are claimed. The complexity of the process does not help scrutiny of claims and provides opportunity for inaccurate or inappropriate claims to be approved. Issues contributing to weakening the control framework, whether intended or otherwise are outlined below:</p> <ol style="list-style-type: none"> 1. Lack of relevant detail in narrative fields preventing proper scrutiny of claim. Claims often just have "Call" and not enough information to identify separate or repeat incidents; 2. There are different claim forms for "Standby and Call-out", Overtime, "Non-Standby Call-out". The fact that these are separate and often input at different times makes robust scrutiny more difficult; 3. Core and standby periods used by areas often differ from the published times provided by the Service Area; and 4. Frequent failure to reset claim forms leading to conflicting dates appearing on forms. <p><i>The claim process should be simplified where possible on the migration to the new payroll system.</i></p>	<p>Management are aware of the weaknesses of the current HR/Payroll solution and have retested the functionality to confirm the findings contained in the report. Configuration of the Business World solution will where possible include reduced complexity to prevent the recurrence of these issues going forward.</p> <p>Ongoing we will document specific system controls that have been configured within the new system to preclude recurrence of these issues. This will be shared with Internal Audit for the purposes of completeness and ensure we have in fact closed out the weaknesses identified.</p>	Interim People Support Manager 31 October 2016	<p>These actions are intrinsically linked to the implementation of the new Business World system. As a result of delays to the programme, the original due date could not be met. Internal Audit have been kept informed of changes to the anticipated implementation date of the Business World system, now scheduled for 1 October 2017. <i>The revised timescales have been agreed with Internal Audit as the ICT implementation dates have become known.</i></p>
21	Continuous Testing-Standby, On Call & Disturbance Payments CG1511 ISS.3	<p>The iTrent payroll system in its current configuration lacks basic automated input controls to validate the quality of information submitted. This leads to a high number of erroneous claims being accepted. A key example of this found during the review was a claim from 22:30 to 12:00 which led to a 1.5 hour claim being paid at 13.5hrs. This led to an overpayment of £316.80 which had not been identified. The money was recovered when we notified payroll. Lack of basic automated controls has led to a variety of types of errors being accepted, all identified during the course of this review:</p> <p><i>As part of the development of and migration to the new payroll system logical validation checks over input should be incorporated wherever possible.</i></p>	<p>Management are aware of the weaknesses of the current HR/Payroll solution and have retested the functionality to confirm the findings contained in the report. Configuration of the Business World solution will where possible include increased validation to prevent the recurrence of these issues going forward.</p> <p>Ongoing we will document specific system controls that have been configured within the new system to preclude recurrence of these issues. This will be shared with Internal Audit for the purposes of completeness and ensure we have in fact closed out the weaknesses identified.</p>	Interim People Support Manager 31 October 2016	<p>These actions are intrinsically linked to the implementation of the new Business World system. As a result of delays to the programme, the original due date could not be met. Internal Audit have been kept informed of changes to the anticipated implementation date of the Business World system, now scheduled for 1 October 2017. <i>The revised timescales have been agreed with Internal Audit as the ICT implementation dates have become known.</i></p>

No	Review and Risk Level	Initial Finding & Recommendation	Initially Agreed Management Action	Owner & Initially Expected Implementation Date	Last Status Update
22	Procurement Arrangements CW1501 ISS.1 ## Medium	<p>The contract registers are currently held in excel with shared open access within C&PS. There are plans to set up the pipeline register as a web application.</p> <p>Action should be taken to secure the integrity of the pipeline and contract registers.</p>	(ii) The transfer of the pipeline to a Sharepoint database provides an audit trail reducing vulnerability to deliberate or accidental manipulation. In the short term we will introduce password protection for the contracts register or move the live version into a folder with restricted access, but in the medium term intend also to move the register to a database that provides an audit trail and provide wider access to staff to input their updates.	Commercial Insight & Development Manager 31 March 2016	<p>(ii) Short-term - the pipeline register is now held on the Sharepoint database. The contract register is now password protected; only 4 members of the Commercial Operations Team now have access to update the master. Completed.</p> <p>The contract register and pipeline will be held within Business World 4 when this is implemented. As a consequence of delays to ERP programme the expected dates have not been met as CPS are reliant on Business World implementation.</p>
23	Risk Management RES1608 ISS.2 Medium	<p>The Risk Function and CRO have delivered risk training to the CLT, their respective Senior Management Teams ('SMTs') and to GRBV Councillors. Feedback indicates that this training has been effective in securing buy-in and understanding at the senior manager level and above. However, risk training has not recently been provided to middle management levels, nor have senior managers within directorates been trained to provide risk management training to their teams. This represents a potential gap in the understanding and embedding of risk management below senior manager level.</p> <p>Human Resources should include risk management and internal controls training modules as part of CEC's essential learning. Individual's scores from the end of module assessments can be used to confirm staff's understanding of their responsibilities.</p>	HR is currently reviewing the requirements of induction and essential learning throughout the Council. The latest timing for go-live is likely to be prior to the commencement of FY18. The plan with HR will be confirmed shortly.	Principal Risk Manager 30 November 2016	Risk management and Internal controls elearning has already been designed and is currently live on the Council's elearning platform. A decision that elearning will be essential learning for all managers will be recommended in May 2017 by the CLT, when they will consider a report on the Council's annual policy refresher, which is essential learning for all Council employees.
	## = Issue Previously Reported				