Governance, Risk and Best Value Committee

10.00am, Tuesday 30 October 2018

Annual Assurance Schedule – Resources

Item number	7.2
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The purpose of this report is to present the Annual Assurance Schedule from the Executive Director of Resources to the Governance, Risk and Best Value Committee for scrutiny and to note that an action plan will be developed in response to areas where controls need to be enhanced.

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Report

Annual Assurance Schedule – Resources

1. Recommendations

1.1 To note the Resources Directorate annual assurance schedule, submitted for scrutiny.

1.2 To note that an action plan is being developed to respond to the issues identified in the annual assurance statement, which will be combined with other Directorate plans to provide a composite action plan for reporting to the Corporate Policy and Strategy Committee.

2. Background

2.1 Each year the City of Edinburgh Council requires that the individual Executive Directors complete certificates of assurance that represent their professional view of the effectiveness and appropriateness of controls in their areas of responsibility. These certificates support the writing of the Annual Governance Statement which is a component part of the authority's Statement of Accounts.

2.2 An assurance schedule, to help prompt Executive Directors and relevant Heads of Service to consider various aspects of their control environment, is circulated in advance of certificates.

2.3 On 31 July 2018 the Chief Internal Auditor, in her annual opinion, reported weaknesses in regard to the Council's internal controls for the year ended 31 March 2018. The Governance, Risk and Best Value Committee requested that an action plan from each Directorate be developed to identify how they are going to improve internal controls.

2.4 On 7 August 2018 the Corporate Policy and Strategy Committee also considered the Internal Audit Opinion and called for an update report on Directorate actions to strengthen controls including the timescales for implementation.

3. Main report

3.1 The Resources schedule (appendix 1) was completed and returned to the Strategy and Insight Division, which includes the corporate governance team, after which a Certificate of Assurance was issued. This informed the drafting of the Annual

Governance Statement, submitted to Council as part of the Unaudited Annual Accounts on 28 June 2018.

3.2 The Certificates of Assurance require that Heads of Service and Executive Directors confirm that:

3.2.1 they have considered the effectiveness of controls in their service area/directorate, including controls in place to mitigate major risks to their service area/directorate's objectives;

3.2.2 to the best of their knowledge, appropriate controls are in operation upon which they can place reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and

3.2.3 they have identified actions that will be taken to continue improvement.

3.3 The schedule is completed by each Head of Service and then the relevant Executive Director, or by a nominated senior manager on their behalf.

3.4 Before signing their Certificate of Assurance, the Head of Service or Executive Director concerned should personally assure themselves that the schedule has been completed accurately.

3.5 An action plan for Resources is attached at appendix two. This includes actions in relation to identified internal control weaknesses. In each instance a responsible officer and a deadline for completion is included.

4. Measures of success

4.1 Improved internal controls and good governance throughout all service areas.

4.2 Identification of areas where controls require strengthening.

5. Financial impact

5.1 The annual assurance process and production of the annual governance statement is contained within relevant service area budgets.

6. Risk, policy, compliance and governance impact

6.1 The assurance schedule exercise acts as a prompt for service areas to think about good governance and the internal control environment. Action plans support improvements in areas where weaknesses have been identified.

6.2 Completed schedules are reviewed by a group led by the Democracy, Governance and Resilience Senior Manager and consists of representatives from Internal Audit and Governance.

7. Equalities impact

7.1 There are no direct equalities impacts as a result of this report.

8. Sustainability impact

8.1 There are no direct sustainability impacts as a result of this report.

9. Consultation and engagement

9.1 The annual assurance schedule exercise is a corporate activity concerned with internal controls and does not require consultation or external engagement.

9.2 The Annual Assurance Schedule template for 2017/18 was drafted using input from the Council's subject matter experts. This included contributions from Resilience, Internal Audit, Health and Safety, Corporate Governance, Legal Services, Finance and Human Resources.

10. Background reading/external references

10.1 City of Edinburgh Council – 28 June 2018 – Unaudited Annual Accounts 2017-18

10.2 Internal Audit Opinion and Annual report for the Year ended 31 March 2018, report to Governance, Risk and Best Value Committee, 31 July 2018

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 – Resources - Annual Assurance Schedule

Appendix 2 – Resources - Action Plan

Appendix 1

Executive Director of Resources

Schedule to Support Evidence of Assurance for the Annual Governance Statement

For the year end 31 March 2018

Directorate	Resources				
Completed by	**Veronica Wishart**	**Job title**	Senior Executive Assistant	**Date completed**	25.5.2018
Signed off by	**Stephen Moir**	**Job title**	Executive Director of Resources		
Print name of signatory	**Stephen Moir**	**Date of signature**	17.5.2018		

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Introduction

The Statement of Accounts 2017/2018 includes the Annual Governance Statement signed by the Council Leader, the Chief Executive and the Head of Finance. The Annual Governance Statement is supported by Certificates of Assurance from each of the Executive Directors.

The Certificates of Assurance require Executive Directors to confirm that:

1. they have considered the effectiveness of controls in their directorates, including controls in place to mitigate major risks to their directorate's objectives;
2. to the best of their knowledge, appropriate controls are in operation upon which they can place reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and
3. they have identified actions that will be taken to continue improvement.

Completing this schedule helps prompt Executive Directors to consider various aspects of their control environment before signing their Certificate of Assurance. Executive Directors should seek assurance through issue of a similar schedule to their Heads of Service to satisfy themselves that effective controls are in place across all service areas.

This schedule should be used as a prompt to think about good governance and the internal control environment and is not an exhaustive list.

Guidance on completing the schedule

The schedule should be completed by the Executive Director or by a nominated senior manager (suggested managers to provide information and/or responses are highlighted below). Additional guidance notes are provided throughout the document.

Before signing the Certificate of Assurance Executive Directors should ensure that this schedule has been completed accurately.

Please note that although evidence does not need to be attached to the completed schedule, accurate reference should be made to any supporting evidence because **responses made in the schedule may be subject to audit at a later date.**

Your assessment should consider how your directorate's arrangements would stand up to external scrutiny. When completing the schedule please include your assessment of the directorate's compliance and, if your assessment is partially or not compliant, please note planned improvement actions in the relevant column.

Please return your completed schedule to governance@edinburgh.gov.uk no later than **Friday 27 April 2018**.

Section	Requirements	Supporting officers
Section 1	Internal Control Environment	Head of Service
Section 2	Risk and Resilience	Service Area Risk Committee Representative/Resilience Co-ordinator
Section 3	Workforce Controls	Head of Service
Section 4	Council Companies	Senior Relationship Lead / Company Observer(s)
Section 5	Policy	Head of Service
Section 6	Governance and Compliance	Head of Service
Section 7	Information Governance	Directorate Record Officers
Section 8	Health & Safety	SMT Health & Safety Lead
Section 9	Performance	Head of Service
Section 10	Commercial and Contract Management	Head of Service
Section 11	Change and Projects	Head of Service
Section 12	Financial Control	Service Area Financial Manager or Representative
Section 13	Group Accounts	RESOURCES only
Section 14	National Agency Inspection Reports	Head of Service
Section 15	Internal Audit, External Audit & Review Reports	Head of Service
Section 16	Progress	Executive Director

For further information or assistance please contact:

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1	Internal Control Environment requirements	Guidance notes	Response and reference to evidence	Assessment	Improvement actions
1.1	You must have internal controls and procedures in place throughout your directorate that are proportionate, robust, monitored and operate effectively.	Please describe and/or give examples of the controls and procedures that you have in place and how these are monitored, tested, and reported.	We continue to make progress in consolidating the improvements introduced in recent years whilst promptly actioning further recommendations made following internal and external reviews. Financial Controls A number of improvements have been implemented in recent years, including: • full documentation of all procedures for the various roles within the section; • development of an anti-money laundering policy; • introduction of independent review of monthly income and expenditure account reconciliations, prepared in accordance with detailed, updated guidance; and • additional independent authorisation of changes to, and assessment of the on-going appropriateness of, Bankline access rights. The most recent assessment of the controls' effectiveness was included in Scott Moncrieff's 2016/17 review of the Council's key controls, reported to the Governance, Risk and Best Value Committee (GRBV) on 26 September 2017. No specific recommendations for improvement in this area were made, contributing to an overall internal control framework that was assessed to be well-designed and effective.	Partially compliant	

			Significant improvements have been achieved in recent years in **procure-to-pay compliance**, particularly with the introduction in April 2014 of a mandatory purchase order policy. The target by value of 80% of Oracle expenditure being initiated by means of a purchase order has been exceeded in every month since May 2017 and, along with related indicators covering such areas as levels of on-contract spend, is subject to monthly reporting to the Resources Management Team. The phased introduction of electronic invoicing has also reduced the risk of error through manual input whilst supporting other initiatives to direct spend, wherever possible, through contracted suppliers. Internal audit work undertaken in 2015 resulted in improvements being put in place with regard to **contract mobilisation** documentation and the **use of procurement cards**, the latter increasing oversight of spend in this area. A number of further improvements, initially intended to be linked to the roll-out of Business World, were actioned in 2016, including a full review of **contract register contents** by responsible Category Managers, complemented by the introduction of password protection and restricted-access folder storage. Migration of the procurement pipeline to a Sharepoint site has also provided a full audit trail of changes made.		

			Following the establishment of a dedicated Contract and Grants team within Commercial and Procurement Services in August 2017 and in-depth analysis of ten initial pilot projects, work is also now well underway to improve **contract management practice** across the Council as part of creating value at both pre- and post-contract award stage. In addition to the existing Procurement Handbook, a draft Contract Management Manual and toolkit have been developed, alongside introduction of "early warning" alerts in respect of potential financial stability concerns and improved monitoring of major sub-contractor performance. Following feedback from elected members, additional details are now also reported to Committee in respect of contracts awarded under delegated authority and/or by means of waiver. Use of waivers is subject to a documented process and should not be used to abrogate responsibility for appropriate planning. The most recent report to Committee was considered in March 2018. <u>Human Resources (HR) controls</u> Specific projects in relation to operations e.g. Getting the Basics Right Programme within HR, Compliance team etc is currently underway. The annual Workforce Controls report will be considered by Finance and Resources Committee in June 2018. The intention is for this report to provide an insight into		Design and consultation underway on the new proposed HR Operating model. This seeks to address controls and risks

			Council workforce metrics and trends for workforce Full Time Equivalent (FTE), and outline how the Council has implemented a single dashboard and Management Information (MI) process to provide the organisation with consistent, regular, and accurate workforce MI/data to facilitate workforce controls, strategic workforce planning, and to measure performance. Reporting at Council and Directorate level is now available and will be reported to Management teams (CLT/RMT etc). The Council faces unprecedented financial challenges and savings. The revised in-year saving requirement for 2018/19 is £20.9m, with significant further incremental annual savings requirements thereafter, together totalling £151.2m by 2022/23. In order to monitor change through the Council's Transformation Programme, monthly workforce dashboards are reported to Committee. The last report was approved in March 2018. To allow the Council to make informed decisions on its recruitment plans, as reported to Committee in November, the HR service worked with senior managers to produce detailed information on permanent, fixed term and agency recruitment. Whilst that work was being completed, limited recruitment continued in areas such as schools, social workers and roles funded by the Housing Revenue Account, a recruitment pause was applied for all other roles, with enhanced controls		however, recognise that this will take time to embed.

			being operated by Executive Directors. This pause has now been lifted. As previously reported, as part of the Transformation Programme, Committee agreed to time bar of one year (from date of leaving) before re-engagement or re-employment of former employees who had left employment with the organisation via Voluntary Early Release Arrangement / Voluntary Redundancy (VERA/VR). This is reviewed and the last report considered at Committee in February 2017. The Council has in place a Corporate Policy Framework which enables a consistent application of policy assurance processes across the organisation. At the Corporate Policy and Strategy (CP&S) Committee in February 2017, in considering the Avoidance of Bullying and Harrassment Policy, a request was made for a review of the current policy assurance process in relation to HR Policies. GRBV scrutinised the proposed process and referred the report to C&PS Committee for decision. As a result of the review, the report made recommendations to streamline the assurance process in relation to these policies, while ensuring it still maintains a focus on best practice, continuous improvement and robust governance. Additionally, this report recommended that HR Policies be exempt from the application of Corporate Policy Framework templates, but instead are presented to Committee as they would be available to staff.		

			In June 2017, the Corporate Leadership Team (CLT) agreed to review the list of key policies previously deemed to be essential learning for all existing Council employees regardless of job role and to move from an annual policy refresher cycle to a streamlined biennial key policy refresher effective from Autumn 2018. Following further external benchmarking and review of best practice across a number of organisations, a report was considered at CLT early May and agreed to move to a campaign based approach for essential learning. The Resources Management Team (RMT) continues to regularly review controls and targets for and sickness absence, agency and overtime expenditure as part of the 'Performance' item on a monthly basis. <u>Sickness</u> For the month of March 2018, sickness absence was 5.19%, down from January and February. In January 2018, RMT agreed the principle of implementing a Support and Challenge panels initiative to be progressed within the Directorate, with the first focus being on long and short-term absences. The panels are being run collaboratively with service areas, reviewing their high-level approach to absence and explore what support is required to achieve sustainable improvements to service area attendance. In March 2018, Committee approved the Sickness Absence Policy that replaced the Managing Attendance Procedure which has		

			been in use since 2018. This policy focuses on more on the promotion of employee wellbeing and makes it easier to follow. Overtime The overtime target was overspent by £0.559m. Targets for 2018/19 are being considered at present.		
1.2	You must have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Please describe and/or give examples of the controls and procedures that you have in place and how these are monitored, tested and reported.	Council companies As noted in last year's submission, the independent review of the governance arrangements for the Council's companies in late 2012, a range of improvements was introduced, including new service and funding agreements and more regular consideration of performance information by executive committees. A follow-up assessment to Audit Scotland's earlier national study Arm's Length External Organisations: are you getting it right? was undertaken in 2014, with the results reported to the Governance, Risk and Best Value Committee in August 2014. The revised arrangements were assessed to be well aligned to good practice, with service and funding agreements clearly linked to strategic objectives, priorities and targets and regular dialogue with the organisations concerned in place. This work was developed further as part of a governance review of all of the Council's companies undertaken in 2015/16 and reported to Council in June 2016. The review resulted in further recommendations to strengthen the independent scrutiny afforded through the Council's observer role, including	Compliant	

			attendance at all Board and Audit Committee meetings and regular receipt of updated management accounts and risk registers, maintained as part of a core set of documents for each company. The Head of Property and Facilities Management (P&FM) and Corporate Finance Senior Manager attend all relevant meetings of EDI, EICC and CEC Holdings held during the year, with the required core documentation also collated and thereafter verified by Internal Audit In May 2018, Audit Scotland will publish the key findings emerging from its recent ALEO performance audit, within which Lothian Buses will be included as a case study. An action plan, incorporating any actions will be prepared in light of these findings. <u>Partners / Third Parties</u> Effective controls and procedures are in place to monitor the performance of key partners such as CGI, Sheriff Officer, PWC etc through regular, formal reports and performance monitoring meetings which identify and ensure an effective response to risks and issues. As reported in last year's submission, Catering and Cleaning Significant Trading Organisations (STOs) have been de-badged and no longer treated as arm's length companies. Both functions are now fully embedded within Facilities Management (FM) and are currently being reviewed		

			through the Transformation Programme and BAU to enhance the service provision. In October, GRBV considered a report on the corporate element of Edinburgh Catering Services, that included an update on the current trading forecast and an explanation of what had caused the recurring deficit position and measures being taken to bring the service into a balanced and longer-term profitable position. A progress report was considered by GRBV in March, prior to a fuller report being submitted later in the year, following the closure of year-end accounts and a confirmed outturn position. F&R Committee receive bi-monthly progress reports on the implementation of the Asset Management Strategy Transformation Programme (AMS). The vast majority of the Council's ICT is delivered via the Partnership with CGI. The CGI contract allows for a strong control framework, the output from which is reviewed by the ICT SMT and at various joint governance forums. Service delivery is subject to robust challenge and follow up. Regular Status of the ICT Programme reports have been considered by Committee. Within Legal and Risk some services are delivered by external firms through the legal framework agreement. Controls and procedures are in place through the		

			agreement with an agreed protocol with each of the firms. PWC are the Council's co-source provider for Internal Audit (IA) and they are managed through a contract. A full suite of Service Level Agreements (SLA) in respect of Treasury, Insurance and Accountancy services provided to external bodies has been developed. A SLA is in place for the provision of insurance services with Scottish Borders Council. An SLA is in place with the Edinburgh IJB for the provision of IA services. SLA's for other joint Boards the LVJB and SesTran are in place and the one for the Edinburgh Tattoo are in the process of being refreshed. All third-party contracts are awarded through a compliant procurement process and reported via the relevant committee as necessary. Recent examples include: Award of Clerk of Works Framework; Open Framework Agreement for Learning and Development; Award of contract for the provision of Occupational Health Services and Employee Assistance Programme.		
1.3	Your internal controls and procedures and their effectiveness must be reviewed regularly.	Please describe how these are reviewed, by whom and how often.	The Directorate internal controls and procedures are subject to regular review by the work of internal and external audit, as well as internal good management practice. The Council's internal audit annual plan for 2018/19 was agreed at CLT and reported to GRBV in March 2018. The plan includes an increased number of Council-wide and multiple service area	Partially Compliant	

			reviews. These have been included to provide assurance on the key controls established to manage the most significant risks associated with services and processes that span across the Council. CLT and GRBV receive quarterly Internal Audit (IA) updates reports which provides details of IA reviews completed in that quarter and gives an update on delivery of the IA plan. CLT/GRBV scrutinise the IA overdue recommendations and late management responses regularly, which highlights audit reports that have been issued in draft where final management responses have not been received within the two-week service standard. Progress in implementing the actions emerging from both internal and external audit reviews is also considered by the RMT on a monthly basis A validation exercise was carried out to establish whether the Council was exposed to significant service delivery risks relating to audit activity from 1 April 2015. An audit risk was identified within IA in relation to follow up; recording; and closure of findings raised since 1 April 2015. Consequently, IA has been non-compliant with Public Sector Internal Audit Standards (PSIAS) requirements. Appropriate actions to address the historic service delivery risks have been agreed with CLT and a report was considered at GRBV on 8 May.		Actions to address historic audit findings that were not implemented or were implemented and not sustained (7 in total for Resources) are being addressed as part of a CLT action plan and response to a GRBV Motion. At the point of submission, the Executive Director considers that all 7 actions are now addressed.

			In considering the Council's 2016/17 Annual Audit Report and the External Auditor's annual review of the Council's internal control framework on 26 September 2017, GRBV asked that updates be brought back to subsequent meetings, setting out progress against the agreed improvement actions. Following an earlier interim update provided to the Committee's meeting on 16 January 2018, a report in May set out the good progress made in implementation of the remaining actions. Scott-Moncrieff were appointed as the Council's external auditor for the five-year term covering financial years 2016/17 to 2020/21 inclusive. The external audit plan for review year 2017/18 was approved at GRBV in March 2018 and outlines the proposed main areas of scrutiny and associated timescales over the coming year. Each Division within the Directorate maintains and review their own risk register. Escalated risks and emerging issues are reviewed quarterly at the Directorate Risk and Assurance, which is chaired by the Chief Risk Officer. A number of process reviews have taken place over the last year as online transactions have been introduced, this has included simplified processes and new structures.		

			Following extensive consultation with Directorates and Divisions, the Council's Contract Standing Orders and Guidance on the Appointment of Consultants were refreshed in June 2016 and, alongside a number of minor changes, combined in December 2017. Improvements have also been made to the process and controls over contract waivers, ensuring their use is proportionate and consistent with the securing of best value and not a substitute for inadequate planning. The contents of the Council's Financial Regulations were additionally updated in June 2017, with a further minor refresh planned in June 2018. Various other policies within the Directorate (HR, Legal and Risk, Customer and Finance) are reviewed and assurance statements reported to Committee annually to ensure they remain relevant.		
1.4	Did the last review of your internal control environment identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, whether any weaknesses were identified and, if so, how these have been or will be addressed.	Progress in implementing recommendations from previous audit reports has been closely tracked by the CLT, RMT and GRBV Committee. These are reviewed monthly by the Executive Director. These assessments, and generally prompt implementation of the recommendations, have attested to the soundness of current controls. Scott-Moncrieff's 2016/17 review of the Council's system of internal controls, the results of which were reported GRBV in September 2017, also concluded that these controls were well-designed and effective. While not directly affecting the Finance function's activities, opportunities for	No	

			improvement in respect of documentation of payroll, Council Tax and NDR procedures, and control of relevant access system rights were however, identified, with progress in implementation reported to the Committee's subsequent meetings in January and May 2018. The report on the Council's 2016/17 Audit highlighted no matters of legality or material weakness in accounting or systems of internal control which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.		
1.5	Has the monitoring process applied to funding/operating agreements identified any problems that could have an impact on Annual or Group Accounts?	Please describe the arrangements you have in place, including an overview of the monitoring process and frequency of reporting, and summarise any problems that have been identified.	Please refer to response 1.2 above. As intimated to GRBV on 28 September 2017, the report on the Council's 2016/17 Audit confirmed that its interest in a number of subsidiaries and associates had been appropriately reflected.	No.	
2	**Risk and Resilience requirements**	**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
2.1	Your risk management arrangements should identify the key risks to your directorate (and the Council) including those arising from: 1. Change (e.g. structural, service delivery, demographic and/or management) 2. Partnerships (external and internal) 3. Projects	Please describe your risk management arrangements and confirm that these adequately cover the three categories listed.	The Risk Management arrangements for the Directorate consist of: i. **Risk Management Group** comprising officer representation from each Division, representation and support from the Corporate Risk Team and ad hoc representation from other specialist teams as required (e.g. Strategy & Insight, Resilience, etc.). ➢ Ensures identification and escalation of key risks to Resources	Compliant	

	4. Legal or regulatory action(s), and 5. Reputational damage.		directorate including risks arising from Change ➢ Ensures themes are identified and shared between directorates ii. **Resources and Chief Executive Risk and Assurance Committee meetings are held quarterly** comprising RMT and other representation as required. ➢ Ensures escalation of risks as above plus identification and escalation of risks arising from partnerships (see Localities and H&SC below) and projects iii. Representation at **CLT Risk Committee** ➢ Ensures risks are escalated appropriately ➢ The Council's top risks and the key controls in place to mitigate them are presented to GRBV for oversight and review. iv. **Risk Registers** at RMT and Divisional levels. All registers are regularly reviewed and updated following Risk and Assurance Committee and in response to new information/incidents. Programme/Project risks are managed through the relevant programme structures and are reported to the CLT Change Board on a Monthly basis. The standard project governance, for example in Customer Transformation, and was favourably audited during the year.		

			Privacy Impact Assessments (PIAs) and Integrated Impact Assessments (IIAs) are completed for all relevant risks i.e. data use, Welfare. Regular consultative meetings (Directorate Joint Consultative Committee) are held with the recognised trade unions and are chaired by the Executive Director. The Executive Director also has regular informal meetings with the Trades Union SIde Secretary / UNISON Branch Secretary. The Executive Director also personally holds weekly executive reviews with CGI as a key partner to review issues, performance and progress. The Executive Director also undertakes regular, informal catch up meetings with External Audit, the Chief Internal Auditor, the Chief Risk Officer and Senior HR Business Partner, along with other key stakeholders.		
2.2	You must have effective controls and procedures in place to manage the risks identified above to a tolerable level or actions put in place to mitigate and manage the risk.	Please describe the controls and procedures that you have in place.	These actions are reviewed and managed through the Directorate Risk and Assurance Committee. Having the Risk Register in place identifies key controls and further actions to reduce the level of risk. In most cases, the Directorate's aim is to manage and mitigate risks, with very limited risk acceptance, although appreciating the Council's policy statement in risk appetite, by putting in place commensurate controls, so their potential	Compliant	

			impact, where this is to be tolerated, is practicable and cost-effective. Each risk owner is required to assess whether the level of residual/current risk management for that risk is at a tolerable level. Where risks have the potential to affect other service areas within or outside Resources, these are escalated as appropriate. The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor delivers an annual opinion to the GRBV and the purpose of the report is to present their opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and controls. This report was considered in August 2017 and whist the framework was generally adequate, enhancements were required across the Council. A proactive approach is taken on a monthly basis to review and update the Directorate's open and overdue audit recommendations. This includes ensuring that management responses and any supporting evidence can be provided to the IA team to allow them to close off and report accurately to both CLT and GRBV. An IA best practice guide for managing Audit recommendations is circulated to owners of IA open and overdue actions.		

2.3	The robustness and effectiveness of your risk management arrangements must be regularly reviewed.	Please describe how you review your risk management arrangements, who does this and how often.	Please refer to 2.2 above. **First line** To ensure that our services are robustly and effectively managed and that the risks to achieving our objectives are appropriately mitigated, our policies and processes ensure that appropriately qualified, experienced staff are appointed and that management capability is kept under regular review through performance conversations. **Second line** Our risk management architecture has been fully reviewed within the past year to ensure the reorganised Directorate and Council have the right arrangements to ensure robust and effective discussion, identification, mitigation and monitoring of risk. The quarterly Resources Divisional Risk Registers and Directorate risk register reviews ensure all types of risk are discussed and escalated regularly and that information and management is up to date and escalated. Otherwise, our culture of regular (weekly) RMT meetings ensures that emerging risks and/or issues are captured and dealt with promptly. In addition, the Directorate has robust second line defences in operation for HR, Finance, ICT, Health & Safety, Commercial and Procurement and Internal Audit, with regular updates, scrutiny and review of	Compliant	

			these areas at the RMT with relevant professionals present. **Third line** In 2017, as part of their rolling programme, the internal audit team reviewed the Risk Team's Governance, Strategy and Process. This included review of arrangements in Resources. Some actions were identified to help continue embedding risk maturity across the organisation. None of the findings was Critical or High and these are informing the Risk Management Policy refresh which will be completed in August 2018.		
2.4	Did the last review identify any weaknesses that could have an impact on the Annual Accounts?	Please include the date of the last review, any weaknesses that were identified and how these will be addressed.	Overpayments to current and ex-employees dating back over the last 24 months have been identified by HR. These are Council wide and are not specific to Resources only. The sum involved amounts to circa £700k. The Head of Finance as the Section 95 Officer has been notified. Within Customer, following a request from the Head of Service a review identified issues with the correct compliance for bank account management in Children's Services and Health and Social Care as well as the lack of a formal financial write off process for anomalies in cash reconciliations. Audit actions and recommendations are currently being agreed and actioned as part of the audit outputs.	Yes	HR have developed a plan to address this. (1) an approach for existing employees (2) an approach to leavers (to contact individuals and agree a repayment plan to reclaim the monies). The findings from the Internal Audit that was commissioned are being fully implemented and sustained to address this.

			Whilst an area of PSIAS non-compliance was identified during the year with regard to IA validation and follow-up, the specific issue identified within IA is unlikely to impact the Annual Accounts. The Directorate Risk Register identifies and manages a range of major service issues that could have potentially significant consequences for the Council. These are assessed and appropriate action taken. These types of risk are ever-present and continually evolving. There are, however, no weaknesses that impact on the Annual Accounts.		The CLT action plan and response to GRBV on historic audit issues is being used to drive improvements in this areas and compliance.
2.5	There must be appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.	Please describe the process for escalation/communication to the relevant Risk Committees.	The risk management arrangements described above are designed to review, identify, escalate and communicate significant issues, risks and weaknesses in risk management to the Resources and Chief Executive Risk Committee and the CLT Risk Committee. As necessary, officers with expertise in these areas are invited to ensure discussion and decisions are robust.	Compliant	
2.6	You should have arrangements in place throughout your directorate for the identification, recording and minimising of bribery risks.	Please describe these arrangements and how they are monitored and reported.	The risk management arrangements described above are designed to identify, record and ensure mitigation of bribery risks. Refreshed guidance (i.e. checklists) for managers and new employee's is available on the orb. All staff are reminded of their responsibilities, and the Council's zero-tolerance approach to bribery and corruption, as part of the essential learning refresh exercise. Quarterly review of the	Compliant	

			of gift and hospitality registers is undertaken and closely monitored and any missing returns promptly followed up. The Fraud Prevention and Detection annual report approved at Finance and Resources Committee in September 2017 outlined the activities undertaken by IA and the Corporate Fraud Investigation Team during 2016/17.		
2.7	You should have arrangements in place to promote and support the embedding of the Council's Whistleblowing Policy and procedures, including raising awareness of the routes for concerns to be raised.	Please describe the arrangements you have in place, including the reporting of disclosures received by management to the Council's independent service provider.	Staff are reminded of the Council's whistle-blowing arrangements as part of the essential learning annual policy refresh. Contact details for the Safecall hotline are also prominently displayed in Business Centres. Managers promote an open-door policy to support the reporting of any specific concerns. The Head of Legal and Risk within the Directorate has corporate oversight of Whistleblowing issues as Monitoring Officer. Update and annual reports are prepared by the Strategy and Insight Division and considered at CLT and GRBV. Specific questions relating to Whistleblowing were included in the recent Colleague opinion survey.	Compliant	
2.8	You should have arrangements in place throughout your directorate for the recording and addressing of audit actions.	Please describe these arrangements and how they are monitored and reported.	When weaknesses/risks have been identified by Internal or External Audit they are discussed with the relevant risk owner and a recommendation/approach to addressing the risk within an achievable timeframe is agreed.	Compliant	

			Within P&FM and ICT, dedicated resource has been identified to be responsible for the recording, tracking and addressing IA actions.		
2.9	Your directorate should have appropriate resilience arrangements in place, including: 1. A Service Area Resilience Group and Workplan 2. A Resilience Coordinator and deputies for each essential activity area 3. A Counterterrorism Coordinator and deputy 4. A Building Incident Manager for each staffed Council premise. All who should have received the appropriate training.	Please confirm your compliance with each requirement and how you ensure each is managed.	The Corporate Finance Senior Manager acts as the Resources Resilience Co-Ordinator and is supported in this role by a number of deputies representing specific service areas across the Resources Directorate. Business Impact Assessments have been completed across the Directorate with only 3 to finalise within Finance. Each Division holds call trees' in the event of an emergency. Building Incident Managers have been identified for each of the corporate offices and are also in place at Murrayburn Print Centre and Woods Centre mail. These include resilience plans for each of these areas. Counterterrorism is encompassed within the broader resilience remits. The Executive Director and Heads of Service new in post were briefed on the Council's Resilience arrangements and liaise closely with the Resilience Specialist aligned to Resources.	Compliant	

			The Executive Director and a number of the Heads of Service were active participants in Exercise Border Reiver. The Directorate was also actively involved in leading the Council response to the severe weather experienced in Quarter 4 of 2017/18 and has contributed to the Lessons Learned. The Executive Director is a fully trained Gold Commander and has previously performed national executive on-call duties for the NHS in England and as an Executive on-call for a regional Ambulance Service.		
2.10	Your business continuity plans and arrangements should mitigate the business continuity risks facing your directorate's essential activities.	Please detail the plans and arrangements you have in place and explain how and when these are reviewed and reported.	The Resources Directorate is responsible for managing a wide range of service and strategic risks. While appropriate controls exist, it is understood that in some cases risks cannot be fully mitigated and business contingency arrangements are in place. Specific plans have been developed in the areas of the Directorate's activity where service continuity is most crucial, namely: Financial systems/Procurement, ICT (work is ongoing to align the required recovery times of essential IT systems and services). Contact plans were refreshed following Mitel system upgrade and this has increased resilience footprint across the city. Business continuity plans and business impact assessments have been completed for all key areas, as has an ICT Disaster	Compliant	

			Recovery prioritisation matrix. These have been tested for key areas, such as the contact centre during the year.		
3 Workforce Control requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
3.1	You should have arrangements in place to ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance eg. home/remote working.	Please describe these arrangements and how they are monitored and reported.	Please refer to 1.1 above regarding the HR Controls which includes the established Support and Challenge panels that the Executive Director personally leads. Controls are in place for managers who action and authorise these activities. However, these processes would benefit from automation to minimise risks in input errors and more timely actioning. The Directorate supports and monitors the home, flexible working arrangements within service areas and measured for quality and output.	Compliant	
3.2	You should have robust controls in place to manage off-payroll workers/contractors, including agency workers and consultants, ensuring approved framework contracts have been used and that those engaged are wholly compliant with the provisions of IR35 Council guidance and procedures.	Please detail the controls you have in place to ensure compliance and explain how these are monitored and reported.	A number of Divisions within the Directorate were instrumental in the development of guidance on relevant considerations in the applicability or otherwise of the provisions of IR35, as well as authoring the CSO's and Guidance on the Appointment of Consultants. The review was reported to Committee in December 2017. Committee also considered the Consultant Costs report in September which provided details of expenditure on consultants for the provision of professional services during 2016/17.	Compliant	

			The Commercial Excellence programme has been underpinned by extensive partnership working with external consultants. Relevant staff have liaised closely with Ernst & Young LLP (EY) colleagues round contract close in addressing all remaining contractual commitments and obligations whilst maximising the extent of knowledge transfer to CEC staff. Guidance was issued to all staff and Councillors in January 2018 to update them on changes to active directory accounts, which outlined the next step in improving the security of our systems which involves implementing changes to active directory (AD) accounts and our leavers' process. This included changes for council employees, agency staff and contactors. The Executive Director personally dip samples overtime claims and personally authorises all requests for agency workers or fixed term employees. All workforce related changes within the Directorate follow a business case approval process which requires HR, Finance, Head of Service and Executive Director approval to implement.		
3.3	You must ensure that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with Council policies and procedures, including vacancy approvals and controls.	Please describe how you ensure compliance.	All staff involved in recruitment processes need to demonstrate that they have undertaken the Recruitment and Selection e-learning module. All vacancies are approved and advertised in accordance with relevant policies and protocols.	Compliant	

			In March, we launched the new improved recruitment process, making the most of TalentLink (the myjobscotland portal), to provide a better experience for managers, candidates and new employees. The Orb was updated to include a range of supporting information including a new elearning, a short film and reading the guidance. A variety of communication methods were used to advise colleagues/managers of the new process.		
3.4	You should have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	Please describe the controls and monitoring in place.	The Council-wide induction checklist is used for all new starts, and as necessary, is tailored to the Division's own circumstances i.e. bespoke training runs across Customer for new staff including Contact, Council Tax. Staff changing roles similarly receive formal and informal training as appropriate. As with new starts, a leaver checklist has been prepared, focusing not only on terminating physical access rights but necessary knowledge transfer linked to the individual's departure. Guidance has been refreshed on the orb. The starters and leavers internal audit recommendations during the course of the year have been fully implemented by HR, ICT and Property and FM.	Compliant	

3.5	You must have robust controls in place to ensure that statutory workforce requirements are met, eg. PVG/disclosure checks, statutory registration/qualification, European Working Time Directive, right to work in the UK.	Please describe the controls you have in place, including monitoring and reporting arrangements.	These controls are in place across the Directorate, and are visible particularly in HR as the team have been leading the compliance project across the organisation (i.e. right to work exercise) The guidance on the orb has been refreshed to support managers with the recruitment and selection process. Where applicable, staff have a professional obligation to undertake the necessary CPD for their professional body. Staff development is monitored as part of the regular 1:1 staff and annual conversations (Performance Management policy)	Compliant	
3.6	You should have arrangements in place to manage staff health and wellbeing, ensuring sickness absence is managed in compliance with the policy, including stress risk assessments and referrals to occupational health.	Please describe the arrangements you have in place to ensure compliance.	Please refer to 1.1 re: HR Controls. Sickness absence is managed in accordance with agreed Council procedures. In recognising that such absence may be a symptom of underlying stress, particularly at a time of transition, active use of occupational health referrals is also in place. A new contract for Occupational Health Services and Employee Assistance Programme was approved at Committee and awarded to People Asset Management Limited, (PAM) from 8 January 2018 to 7 January 2021. Monthly sickness absence reporting is provided to the Director/Head of Service and discussed at RMT as part of the performance item. Team and individual stress assessments are undertaken across the Directorate as necessary.	Compliant	

3.7	You must ensure compliance with essential training requirements and support learning and development appropriately, including professional CPD requirements.	Please detail how you monitor to ensure compliance.	Individual development plans are in place for staff which include CPD. As required professional membership/exams (or equivalent experience) is specified within Job descriptions. The Directorate People Plan and Learning and Development Plan is reviewed quarterly by the Executive Director with the Senior HR Business Partner and the Learning and Development Consultant aligned to Resources. Essential Training compliance levels are reviewed by the Executive Director during the course of the year. Across the Directorate, a variety of activities are in place i.e. training log and comprehensive skills matrix; 'protected learning' within Finance which sets-aside thirty hours training which is monitored regularly and reported to team managers. The Directorate also specifically supports a range of development roles and opportunities, including Modern Apprenticeships, CIPFA Trainees in Finance/Audit and Legal Trainees.	Compliant	
3.8	You should have arrangements in place to support and manage staff performance eg. regular 1:1/supervision meetings, performance/spotlight conversations.	Please describe the arrangements you have in place.	All managers are actively supported in holding regular, rounded and constructive conversations with their staff. The Performance Management policy, approved by Committee in 2016 includes various templates to assist in the 1:1 /team check in and annual conversation, which	Compliant	

			allows for discussions to take place on personal development. Managers attendance at the Conversation Spotlight workshop is strongly encouraged. Over the two-days this gives managers space to think about the conversations they have and to practice having them in a way that has the biggest positive impact on performance and relationships. As part of the Workforce Dashboard review by RMT and CLT, looking back and looking ahead conversations compliance and recording is regularly reviewed. The Resources Directorate is the highest performing part of the Council in this regard.		
3.9	You must ensure compliance with HR policies and procedures across all service areas, eg. Code of Conduct, Disciplinary, Grievance, Bullying and Harassment.	Please describe how you monitor compliance across all service areas, eg. maintaining a register of gifts and hospitality, recording conflicts of interest, recording and approving secondary employment where required.	The Directorate's hospitality register is updated and reviewed on a quarterly basis. As part of the annual conversation, or at suitable meetings, any actual, perceived or potential conflicts of interest also discussed with the employee(s) concerned and appropriately logged. Instances of secondary employment are furthermore recorded in accordance with Council policy in this area. Although managers operate in a visible and accessible manner and instances of such cases are therefore few in number, where necessary, formal conduct/disciplinary procedures are undertaken in line with relevant policies and grievances or claims of bullying and harassment are dealt with very carefully and seriously.	Compliant	

4 Council Company requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
4.1	You must have arrangements in place for the oversight and monitoring of the council companies you are responsible for, that give you adequate assurance over their operation and delivery for the Council.	Please describe the arrangements you have in place, including observer attendance at board meetings, monitoring and reporting on performance/development/risks, Governance Hub, etc.	As noted above, the Corporate Finance Senior Manager and Head of Property and Facilities Management have fulfilled the Council observer role for EICC, CEC Holdings Ltd and EDI Board respectively during the year, attending all Board and Audit Committee meetings and receiving and reviewing all relevant papers. Performance is monitored as part of the overall observer process or regular management information (MI) activity. Governance arrangements for the Lothian Pension Fund group of companies, LPFI and LPFE are robust and are overseen by the Pensions Committee and Pensions Audit Sub-Committee, as well as requiring Companies House registration for Company Directors. The Finance Division have continued to work closely with colleagues in other service areas to facilitate the EDI Group's transition strategy. Alongside associated work with Edinburgh Homes, Energy for Edinburgh and a newly-formed housing LLP, ensuring appropriate oversight of these companies' financial governance arrangements will be a key priority in the coming year. The Head of Legal and Risk attends the Council Governance Hub to gain risk oversight and provide assurance.	Compliant	

			A Parking Shared Service is operated in conjunction with Place Directorate who manage and maintain the contract. A new contract is in place covering 2018-2020 regarding Non-Domestic Rates (NDR) services provided for Midlothian. This has appropriate governance and SLAs in operation.		
4.2	You must ensure that an appropriate Service Level Agreement, or other appropriate legal agreement, is in place for each Arm's Length External Organisation that you are responsible for.	Please confirm that this is the case, that each agreement is up to date and the frequency of review.	Please refer to 1.2 above. Similar arrangements for the arm's length bodies noted at 4.1 above (Edinburgh Homes, Energy for Edinburgh and the newly-formed housing LLP) will be put in place once the scope and nature of requirements has been established. Parking and NDR service level agreements are included in the core contract. These are measured on a monthly basis and discussed/reviewed and monthly relationship meetings along with the service costs which are reviewed as part of the management overview.	Compliant	
4.3	You must regularly consult and engage with recognised trade unions.	Please describe the arrangements you have in place.	The Directorate plays an active and constructive role in the quarterly Joint Consultative Group with Members; Resources and Chief Executive Joint Consultative Committees and the CLT monthly Partnership at Work Forum ensure regular engagement, consultation and involvement of the Trades Unions. The Directorate operates an "open-door" policy with regard to any issues of a financial nature representatives may wish to discuss. The Trade Unions are consulted on a range of issues, particularly within HR	Compliant	

			or whenever there is a significant operational change anticipated. The Executive Director holds informal meetings with the Trades Union Side Secretary/UNISON Branch Secretary. The Council's Health and Safety Consultative Forum is held with the Trade Unions on a quarterly basis.		
5	**Policy requirements**	**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
5.1	You should have arrangements in place to ensure all directorate staff are made aware of and fully understand the implications of relevant existing and new council policies.	Please describe the arrangements you have in place at directorate level eg. Employee Handbook requirements, as well as locally in relation to operational and/or role specific requirements.	Council wide A variety of communication and training methods are employed to ensure staff within the Directorate are aware of all relevant new and existing policies (see 1.1 – essential learning and 2.6 above). The council's induction checklist as referred to in 3.4 above includes the essential policies new employee's need to be aware of. Approval is sought from the relevant Committee for Council policies and are reviewed either annually or as appropriate to ensure they are current, relevant and fit for purpose. Please refer to 1.3 above re: assurance statements reported to Committee. Finance Relevant staff groups are made aware of the contents of, and any changes to, more specialised documents such as the Anti-Money Laundering and Corporate Debt Policies. Working with service areas, a refreshed set of Contract Standing Orders, taking account of new legislation and best practice, was developed in June 2016 (and	Compliant	

			subsequently further revised) to ensure that they continue to operate effectively and secure best value. Briefing sessions were arranged for all Procurement staff on their contents. In addition, staff have been briefed on the principal aspects of the Procurement Reform (Scotland) Act 2014 and Procurement Scotland Regulations 2016, including expectations around development of community benefit clauses and co-production, as part of contributing towards sustainable procurement practices. <u>Customer</u> There is a regime of quality checking that tests the implementation of policies on an ongoing basis, staff are assessed and performance is recorded and discussed at the Review and Quality Assurance Forum.		
5.2	You should have arrangements in place for the annual review of policies owned by your directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Please describe the arrangements you have in place to ensure the policies you are responsible for are up to date and fit for purpose (reflecting organisational changes, best practice, operational experience and legislative changes).	In line with the corporate cycle of review, the results of an annual assurance review, covering all of the policies owned by the Directorate, are reported to Committee (see 1.3 above). The reviews concluded that these policies remained current, relevant and fit-for-purpose. Delivery of an updated ICT Acceptable Use Policy is due by the end of July 2018 and will be reported to Committee. The Council's refreshed Enterprise Risk Management Policy will be considered at CLT prior to being submitted to Committee in August.	Compliant	

5.3	You should ensure that policies and procedures of particular relevance to services within your directorate are implemented in a planned and consistent manner.	Please describe the arrangements you have in place eg. action plans, training programmes, etc.	As noted above, compliance with these policies is reviewed on an on-going basis. A variety of communication and training methods are arranged i.e. managers news, orb updated etc. Any changes in policies are also communicated via Management Teams.	Compliant	
6 Governance and Compliance requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
6.1	You must ensure directorate staff are aware of their responsibilities in relation to the Council's governance framework eg. Committee Terms of Reference and Delegated Functions, Scheme of Delegation, Contract Standing Orders, Financial Regulations.	Please describe the arrangements you have in place to ensure operational decisions and activities are carried out within agreed parameters.	Staff are briefed through a variety of communication and training methods and controls are in place. Relevant staff work closely with colleagues within Strategy and Insight in providing advice on, and ensuring alignment across a suite of governance related documents. While the content of these documents is inevitably technical, options to publicise their contents more widely have been used where applicable, such as circulating a one-page summary of the contents of the Corporate Debt Policy to all Finance staff. A one-page overview of these documents, including relevant hyperlinks, is also included as part of a range of core learning materials available to all staff. The Council's self-assessment for the period 1 April 2016 to 31 March 2017 was reported to GBRV in November. The Finance Rules, which set out in more detail the operational aspects of the high-level Financial Regulations, were also fully updated in October 2017 and published on	Compliant	

			the Orb. These Rules were assessed as comprehensive and current in the report on the Council's 2015/16 Annual Audit. Please refer to 5.1 regarding briefing sessions held for staff. The scheme of delegation is reviewed. A recent example was in relation to Shared Repairs where we had to repeal the existing Scheme of Delegation with regard to missing shares. This was reported to Committee in February 2018.		
6.2	The authority, responsibility and accountability levels within your directorate should be clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to meet the requirements of the Scheme of Delegation.	Please describe the process for this including how this is undertaken, by whom and the frequency of review.	Following the appointment of the Executive Director of Resources in July 2017, a review of Proper Officer arrangements was undertaken. This included reviewing authority as follows: • Authority to sign deeds and documents (Head of P&FM, LPF Chief Executive Officer; Chief Risk Officer LPF) • Authority to approve contracts (Head of P&FM) • Sub-delegation of delegated authority (LPF Chief Executive Officer) • Scheme of Delegation (para 5) to Head of P&FM • Delegation levels to the Head of Finance. In February, letters were issued to the Extended Resources Management Team (WLT Senior Managers and other identified postholders) to give Delegated Authority as part of the Scheme of Delegation, to allow	Compliant	

			them to dismiss employees of the Council within their service area, as advised by HR. Within Legal and Risk, Proper Officer authority delegations were given to officers in Legal Services from the Head of Legal and Risk. The Head of Finance's role as the authority's section 95 officer was approved by Council on 22 November 2012. Following the most recent Finance Division review, the Head of Finance has sub-delegated in writing a number of functions pertaining to his section 95 role in accordance with the Scheme of Delegation as follows: • (Financial) approval of applications for voluntary release and/or voluntary redundancy; • Approval of Bankline payments exceeding £500,000; • Approval of procurement waivers between £3,000 and £25,000; • Applications for, and acceptance of, grant funding awards; and • Treasury borrowing and lending decisions The Corporate Governance Team within Strategy and Insight hold and regularly monitors the Proper Officer delegations.		

6.3	You should have arrangements in place to ensure your directorate's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Please describe the arrangements you have in place, including risk assessment, monitoring and compliance with statutory reporting requirements.	All procurement-related activity is undertaken against a backdrop of EU legislation, with tendering thresholds and requirements set out in the CSO's. Consideration of State Aid-related issues also forms an integral part of the development of procurement planning, with staff liaising with colleagues in Legal Service to identify potential issues, and any necessary mitigating actions, at an early stage. Engagement with appropriate networks and Governance bodies e.g. SOLAR; IVVR to ensure all appropriate Council Tax, Non-Domestic Rates legislation is assessed and applied.	Compliant	
7 Information Governance requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
7.1	Directorate staff must be made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to Council policies, procedures and guidance around: information governance; records management; data quality; information rights; information compliance; information security; and ICT acceptable use.	Please describe the arrangements in place and how these are monitored and reported.	See 1.1, 2.7 and 3.9 above. Staff are briefed through a variety of communication and training methods and supporting controls are in place. This also includes initiatives to increase staff's awareness of the contents of the essential learning framework and their responsibilities to ensure the annual refresher is undertaken. As part of the Council's General Data Protection Regulation (GDPR) implementation preparations, training has been organised by the Strategy and Insight Division with the Directorate encouraged to attend. Managers have participated in a gap analysis to assess existing data protection awareness and to identify	Compliant	

			required improvement actions to achieve compliance. Refreshers on key subjects are carried out i.e. how to report a breach; the ICT acceptable use policies are also widely communicated. Customer Services, Property and Facilities Management, Finance (including Commercial and Procurement services) and Human Resources have a central team/point of contact to deal with FOI requests. The Executive Director's office receives a weekly report from the FOI team which lists all FOI's within the Directorate. This is reviewed and followed up as necessary, paying particular attention to FOI's that are due or have an overdue status. A similar list is issued to Executive Directors to highlight FOIs that may include a sensitive or contentious matter, which he may wish to sign off on prior to responding. A 'dip sampling' process of FOI requests and responses has been instituted on a monthly basis. The Directorate Executive Support Team will select 4-5 FOI's across the services, to allow the Executive Director to see both the request and response before they are issued. This is to check the quality and consistency of responses within the Directorate.		

7.2	Data sharing arrangements with third parties must be recorded, followed and regularly reviewed throughout all service areas in your directorate.	Please describe the arrangements in place and how these are monitored and reported.	Staff are aware of their responsibility to ensure that information is shared in a compliant, controlled and transparent manner. A GDPR review was carried out for health and safety data handling in December 2017. An action plan is in place to implement recommendations from the review, including the need for privacy statements. Data sharing arrangements are now covered under privacy impact assessment (PIA) reviews which need to be completed and formally accepted before any data sharing or significant change can take place.	Compliant	
7.3	Privacy impact assessments must be completed to assess risks to processes that handle personal data (when appropriate) throughout all service areas in your directorate.	Please describe the arrangements in place and how these are monitored and reported.	Please refer to 7.2 above. Prior to providing individual-specific data to External Audit for systems testing, a detailed PIA was completed in June 2017 to facilitate the sharing of data for subsequent years' audits. The Finance Division is also playing the lead role in developing the PIA to accompany implementation of the finance elements of an ERP-based solution. IA completed a PIA to support the secure transfer of employee email data to PwC to support the recent Phishing audit.	Compliant	

7.4	All directorate staff must be made aware of their responsibilities to report and manage data protection and information security breaches.	Please describe the arrangements in place and how these are monitored and reported.	Please refer to 7.1 above. The Anti-Bribery and the Anti-Bribery procedure is included as part of the essential learning refresher training to strengthen existing anti-corruption measures. This training requires employees to confirm that they have read and understood the requirements of the policy and procedure.	Compliant	
7.5	Information risks should be routinely recorded in risk registers and managed throughout all service areas in your directorate.	Please describe the arrangements in place and how these are monitored and reported.	Please refer to section 2 above.	Compliant	
7.6	Processes that manage Council records, created and used within your directorate, must be documented within approved procedures.	Please describe the arrangements in place for both core service records and business support records (e.g. Finance, HR, Health & Safety, Procurement etc.), as well as how these arrangements are reviewed and updated.	Staff are aware of their responsibility for creating, maintaining, retaining files and disposing of records and refer to the guidance on the Orb. Each Directorate has a nominated Directorate Records Officer. The Executive Director's Senior Executive Assistant works with Strategy and Insight colleagues which includes records created in the Directorate and reviewing the outstanding disposal orders of our records.	Compliant	

7.7	All Council records within your directorate should be routinely disposed of according to their relevant record retention rules and these disposals should be documented.	Please describe the arrangements in place and how these are monitored for compliance.	All archived records are accompanied with planned disposal dates and reference to relevant disposal schedules. Retention schedules are in place within the Directorate. Tidy-up days are also organised when staff are encouraged to review their records and archive/dispose of these as appropriate. It is acknowledged, however, that improvements could be made in the recording of cases where records are disposed of. New GDPR legislation requirements for process and systems will be reviewed on a case by case basis. There is a risk which exists across the organisation in relation to paper based files held at Iron Mountain. These have recently been reviewed (as part of the HR Compliance project) however, the risk still exists for us an organisation (until such a time as we move to a new HR information system or upgrade the current one).	Partially compliant.	Implementation of new HR system (with eradication of paper based employee files over time)

8 Health & Safety (H&S) requirements		Guidance notes	Response and reference to evidence	Assessment	Improvement actions
8.1	Directorate staff must be made aware of their responsibilities under relevant H&S policies and procedures, including: Council Health and Safety Policy; Fire Safety Policy and Procedures; First-aid and Emergency Procedures; Stress Policy and Procedures; Accident, incident and work-related ill health reporting and investigation procedure; all other relevant health and safety policies and procedures (e.g. Asbestos, Water Safety).	Please describe the arrangements you have in place to meet these requirements and how these are monitored.	The Health and Safety (H&S) Conference was held in November 2017, and the theme was 'health and safety roles and responsibilities'. There were 300 attendees, with good attendance from the Directorate. IOSH Leading Safely is being rolled out to the Wider Leadership Team (WLT). This accredited course has previously been completed by the majority of Resources WLT. The Council Health and Safety Policy was approved at Committee in March 2017. This sets out the roles and responsibilities of CLT, Executive Directors, Heads of Service, employees etc., and was communicated to all staff by the Chief Executive. Sub-policies for Asbestos and Fire, which set out roles and responsibilities, were approved by Committee in October 2017 and communicated to all staff. H&S is included in induction training for all new staff, and the new leaders' induction. It is also included in the now bi-annual essential learning policy refresher. There are also regular communications on health and safety in the Managers' updates and Newsbeat. For example, a recent H&S campaign to promote the reporting of incidents including 'near misses'. H&S information and guidance is available on the orb. There are also regular	Compliant	

			communications on health and safety in the Managers' updates and Newsbeat. Staff are regularly advised of the support available to them i.e. EAP. Team stress assessments are undertaken, i.e. Contact Centre, Finance, Legal, Health and Safety teams with action plans to address any issues identified. H&S is included as standard agenda items at CLT and RMT on a weekly basis. Managers within the Directorate are encouraged to ensure that Health and Safety features on regular team meeting agenda and covered in 1:1's. As part of the Directorate's Risk and Assurance Committee and the Resources and Chief Executives Health and Safety group which are held quarterly, the Health and Safety dashboards are considered and scrutinised.		
8.2	You must have appropriate arrangements in place for establishing, implementing and maintaining procedures for the ongoing hazard identification, risk assessment and determination of necessary controls to ensure all H&S risks are adequately controlled.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	H&S risk assessments are in place which identify hazards and risks, and necessary controls. The Health and Safety Performance report was considered by Committee in March. The Council achieved a 16% reduction in the number of reportable injuries to employees in 2017 compared with the previous year, which further builds on the significant reductions in 2015 and 2016 (15% and 29% respectively). In the past 3 years, the Council has achieved an overall 49% decrease in the number of reportable injuries to employees, including a 69%	Partially compliant	Further work is planned to review the Health and Safety risk assessments for FM, once the new FM model is in place. H&S risk profiling workshop is planned for 24 May 2018. This will help to identify key H&S risks.

			decrease in major/'specified' injuries (such as fractures). However, the findings from health and safety audits and assurance reviews continue to highlight areas for improvement. The Corporate Health and Safety team carry out dynamic risk assessments when they visit sites and take appropriate precautions including wearing personal protective equipment. Lone working guidance and procedures are in place for the safety measures that should be taken when a person requires to work alone. Statutory compliance inspections, repairs and certificates are in place with approved contractors. A helpdesk facility is in place for emergency, routine and advisory requirements particularly related to mitigating hazards and associated risks operates within P&FM. Statutory compliance is monitored on a monthly basis. A rolling programme of building condition surveys is designed to identify building condition and any associated visual hazards.		
8.3	You must have competencies, processes and controls in place to ensure that all service areas in your directorate, and any other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	As noted above, all managers and staff have been made aware of their respective responsibilities in respect of workplace health and safety. H&S audits are carried out by H&S competent persons in the Corporate Health and Safety Team to review compliance with applicable H&S laws and	Partially compliant	Occupational Health (OH) Service – work is underway to mobilise the new OH contract, including for health surveillance, which needs to be fully embedded to ensure this area is fully complaint.

			regulations. The audits identify areas where improvements are required to ensure compliance. Progress to implement audit actions is monitored. The audit findings are reported to the relevant Heads of Service and Executive Director. As part of the Directorate's Health and Safety Group (chaired by the Executive Director of Resources) and Risk and Assurance Committee, the thematic audit findings are reviewed and scrutinised. Specialist support and guidance is available from H&S competent persons in the Corporate Health and Safety Team. The Council's Insurance Manager sits on two groups, the Council Health and Safety Consultation Forum and the Council Health and Safety Group. The role of the Insurance Manager on these groups is to provide management information in relation to Employer's Liability claims and to address any issues which may impact upon the Council's insurance programme. Contracts/suppliers are procured to meet required standards and certifications. Works schedules are agreed and managed including all statutory inspections and any necessary repairs thereafter. All building works carried out in full compliance with CFM Regulations including clear definition of client roles. These are managed and monitored on a monthly basis.		The HR Division is currently leading the development of a new Driving at Work Policy, which is required to ensure the full suite of controls and processes are in place.

8.4	You must have appropriate arrangements in place for the identification and provision of H&S training necessary for all job roles, including induction training.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	Please refer to 8.1 above. A comprehensive H&S training needs assessment is underway. H&S training is available through the Corporate H&S Training Programme (internal and e-learning courses), and a suite of external courses administered by HR's Leadership and Development Team. Fire Warden and First aid training is undertaken by the designated staff. Within P&FM, specific H&S training in key areas such as water safety and asbestos is also undertaken. Staff in technical areas have additional awareness of key construction related H&S policies and procedures with formal processes put in place for surveyors to respond appropriately to any identified H&S risks.	Partially compliant	Complete H&S training needs assessment, and deliver the H&S training requirements. The Corporate H&S Training programme is under review.
8.5	You must have a robust governance and reporting structure for H&S in your directorate.	Please provide the name of the SMT member in your directorate who sits on the Council H&S Group. Please also describe your governance and reporting structure for H&S and how you ensure that H&S issues across your directorate are brought to the attention of the Council H&S Group as appropriate.	As noted above in 8.1 and 8.3 A robust governance and reporting structure for H&S is in place for the Resources Directorate, and is aligned with the Council's Risk Framework. The Executive Director of Resources and Head of P&FM attend the quarterly Council H&S Group. FM representatives attend the Communities and Families Risk Committee. Resources and P&FM are also represented at the quarterly Council Health and Safety Consultation Forum.	Compliant	

			As part of the Directorate's Health and Safety Group (chaired by the Executive Director of Resources) and Risk and Assurance Committee, health and safety performance is reviewed and scrutinised. H&S Working Groups are also in place for Fire Safety, Water Safety, and Asbestos. A weekly health and safety briefing note is prepared and circulated to CLT and RMT, where health and safety is a standing agenda item. Each Service area also has health and safety as a standing item at their management team meetings. Any significant H&S risks and issues are escalated to the Executive Director of Resources by the Council's H&S Senior Manager or Head of Property and FM on an ongoing basis. All building issues are reported to service areas while simultaneously responding to the issue.		
9 Performance requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
9.1	Where performance monitoring identifies inadequate service delivery or poor value for money, you must have arrangements in place for reporting to CLT, Committee and/or Council.	Please describe your performance monitoring arrangements, including frequency of reporting, and provide detail of any such reports during the reporting period.	The Resources Directorate performance dashboard is prepared by the Strategy and Insight Division, and is reported and scrutinised on a monthly basis to RMT. Key indicators are reported and any exceptions considered. Performance reports are also considered at CLT. Regular committee reporting for the services in the Directorate tracks performance trends, ongoing improvement activities and outcomes i.e. Contact Centre performance, Status of the ICT	Compliant	

			programme, Asset Management Strategy, Workforce dashboard and Welfare Reform. On 23 November 2017, the Council considered a report that detailed the approach to implementing the Programme for the Capital, including detail of the performance measures proposed for assessing progress against the 52 Commitments. The report was referred to the Corporate Policy and Strategy Committee to allow further scrutiny of these measures. Formal external assessments of the Finance Division's performance have also been favourable, including comments on the effectiveness of current financial arrangements included in the 2016/17 Annual Audit Report and consistently-high elected member and service feedback on the Division's services.		
9.2	You should have arrangements in place to implement and monitor improvement measures to address any service delivery or performance problems.	Please describe the arrangements you have in place and give details of improvement measures introduced during the reporting period, eg. exception reporting to CLT, and any outstanding issues.	Performance reports to RMT and CLT are accompanied by exception reports and considered on a monthly basis. Any performance issues are identified and raised / escalated as necessary. A review is being undertaken within the FM service area and across P&FM to strengthen service performance and delivery in line with SLAs and also includes possible structural changes. Arrangements to strengthen the Council's capability and capacity in the area of	Compliant	

			contract management have been put in place through the creation of a dedicated team. These actions complement improvements introduced following previous Procurement Capability Assessment visits. A customer survey for the Finance Division was issued to stakeholders during May 2018. A service improvement plan, informed by a recent away day, is also under development.		
9.3	You should have appropriate arrangements in place throughout your directorate for recording, monitoring and managing customer service complaints and customer satisfaction, including: 1. Compliance with the complaints procedure, including stage 1 and 2 processes. 2. Recording and analysing all complaints to identify service improvement. 3. Implementation of improvement actions in relation to common complaints. 4. Adherence to the Council's Managing Customer Contact in a Fair and Positive Way Policy, to support staff in handling difficult situations. 5. Addressing recommendations from the SPSO in relation to the service area.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	The Council follows the Public Service Ombudsman's Customer Complaints rules based on stage 1 and 2 complaint reporting and investigation. Complaints are recorded on the council's capture database with staff adhering to Council policies for complaints. A dedicated complaints management team is established within the Customer Services and IT Division with extensive experience in this area. Systems are in place to monitor performance against time taken to respond to complaints in compliance within the Council's Corporate Complaints procedure. In conjunction with CGI, ICT are introducing improved customer suggestions and complaints process and will be published shortly. The Finance Division's successful Customer Service Excellence (CSE) re-accreditation assessment in March 2017 commented favourably upon the systems and range of measures in place to elicit customer	Compliant	

			feedback, both positive and negative. The Assessor concluded that the service has continued to demonstrate a high level of commitment to the development and delivery of customer-centred services, further observing that both customer journey mapping and customer insight were strong and that ongoing training and development undertaken demonstrated the service's commitment to the continued development of customer-focussed services Please refer to 7.1 above re: FOIs.		
10 Commercial and Contract Management requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
10.1	You must have arrangements in place to ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Please describe the arrangements in place and how these are monitored and reported.	All procurement is undertaken in accordance with CSO's. Procurement staff are pivotal in promoting good practice across the Council and its partner organisations. Procurement Handbook and guidance documents e.g. CPS procurement strategy provides prompts and references to CSO and is signed by all key stakeholders. Handover document and process requires a named contract owner. Reports are presented to the Finance and Resources Committee on the scope of contracts awarded across the Council every 6 months. This provides visibility of those contracts awarded under 'Delegated Authority' (with a value below the threshold requiring Committee approval), inclusive of direct contract	Compliant	Continued improvements include: review and revision of CSO annually; review of templates including handover process; updating handbook and ORB guidance as appropriate; new contract management manual and supplementary guidance.

			awards not openly tendered due to specific circumstance permitted in regulation and those awarded following a waiver of the Council's CSOs.		
10.2	You must have arrangements in place to ensure that there are named contract managers in place for every contract managed by the directorate and they are made aware of their contract monitoring and record keeping responsibilities.	Please describe these arrangements and how they are monitored and reported.	Named contract managers are the responsibility of Executive Directors under CSO at the point of handover and implementation of the contract. The contract manager must be identified in the CPS handover document and the Council contract register. Procurement staff have also worked closely with EY colleagues in developing a robust transition plan following the end of the Commercial Excellence Programme in March 2018	Compliant	New contract management manual setting out contract monitoring and record keeping responsibilities and compliance.
10.3	You must have controls and procedures in place to ensure that contract and supplier monitoring is carried out and recorded in accordance with the contract terms.	Please describe the arrangements in place and how these are monitored and reported.	As above – contract handover document highlights key performance and compliance reviews of e.g. insurance certificates on an annual basis; spot checks by internal contract management team and internal audit; external assessment via Procurement capability improvement plan (PCIP). Performance of external contract is monitored through both consideration of relevant performance indicators and regular dialogue with appointed partners, with any specific matters of concern escalated as appropriate.	Compliant	

10.4	You must have arrangements in place to ensure that changes to contracts or supplier details are recorded and communicated to relevant parties.	Please describe the arrangements in place and how these are monitored and reported.	Changes to supplier details are made by the vendor team/buyers pool; payments are suspended if they do not match the original terms of contract e.g. payment increase/decrease against contracted purchase agreement (CPA); standard documentation for change control/variation of contract; supplier data on the orb and contract register – identifies change of name. Financial Services staff work closely with Procurement colleagues at all stages of the procurement process including need identification, tender specification, evaluation and subsequent benefits monitoring. Relevant changes to contracts and supplier details are captured as part of this process.	Compliant	Vendor processes continues to be reviewed along with oracle requisition/approval process; New Contract management documentation and guidance
11 Change and Project Management requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
11.1	All projects/programmes must have a clear business justification, as a minimum this should articulate outcomes and benefits, normally via a business case prior to commencing delivery.	Please outline the arrangements you have in place.	Projects or programmes within the Directorate are underpinned by robust analysis in accordance with Council good practice (i.e. Programme Initiation Document). Relevant staff who participate on major project boards play an active role in the programme of assurance reviews. Within Customer, a project board is in place to ensure compliance. The process was audited this year with a favourable outcome.	Compliant	

11.2	Your project/programme management arrangements should have appropriate governance in place to support delivery. As part of governance, clear roles, responsibilities, and accountabilities are articulated and demonstrated by all members of the project/programme team.	Please outline the arrangements you have in place.	As per 11.1 above. The Change Board Portfolio is considered at RMT on a monthly basis, prior to the Change Board at CLT. An Asset Management Strategy (AMS) PMO is in place to assist with the implementation of the AMS Transformation Programme. The Governance arrangements for the overall ICT Transformation programme were reviewed and strengthened in early 2018.	Compliant	
11.3	You must have effective controls in place to track delivery progress, take corrective action if required, and ensure ongoing viability of your projects and programmes.	Please outline the controls you have in place and confirm that these adequately ensure delivery and ongoing viability.	Please refer to 11.1 and 11.2 above. Where necessary, appropriate reporting is considered by Committee i.e. Customer Transformation, AMS Programme, ICT Transformation Programme, etc.	Compliant	
11.4	You should have a robust benefits management framework in place, including clear benefit measures, owners and realisation plan.	Please outline the arrangements you have in place.	Please refer to 11.1 and 11.2 above.	Compliant	

11.5	You must undertake end stage reviews and once the project has delivered the required outputs a formal closure process should be undertaken, including a final lessons learned exercise.	Please outline the arrangements you have in place.	Please refer to 11.1 and 11.2 above.	Compliant	Opportunities to strengthen this are being led by Strategy and Insight.
12	**Financial Control requirements**	**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
12.1	The operation of financial controls in your directorate must be effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Please describe your financial controls.	The Resources Directorate includes responsibilities for all of the Council's key financial systems, including creditor payments, income collection (including Council Tax, Non-Domestic Rates and sundry debt), benefits administration, payroll, treasury, banking and financial systems. The most recent independent assessment of the effectiveness of the controls within these systems concluded that they were operating satisfactorily, albeit with a number of potential improvements identified to monitor the appropriateness of systems access rights, develop accompanying procedures for key processes and retain supporting documentation for some systems. Progress in the subsequent implementation of these improvements has been tracked, with all recommendations not dependent upon Entreprise Resource Planning (ERP) deployment being actioned. External audit colleagues are currently working with service managers to ensure the improvement actions resulting from the 2016/17 review are effectively embedded and sustained.	Partially compliant	

			Associated progress in implementing the recommendations within IA reports is also monitored on a monthly basis at both the RMT and CLT. These actions have been included in the Council-wide self-attestation exercise. Changes in responsibility linked to organisational reviews and reductions in overall staff numbers have, however, highlighted potential weaknesses in some areas and further work is therefore required to consolidate the improvements achieved in recent years.		Improvements to cash handling within Social Care and Health Business Support Teams is being improved following the Head of Service commissioned review.
12.2	The arrangements you have in place to monitor expenditure/budget variances should identify control problems or variances that could have an effect on the Annual Accounts.	Please give details of the arrangements you have in place and if any control problems or variances have been identified.	Each Head of Service is both responsible for and accountable for managing their operational budgets professionally advised by their aligned Principal Accountant which is reported to RMT on a monthly basis and to the F&R Committee. Regular capital and revenue budget monitoring reports are considered at Committee. Resources, and its predecessor directorates, have consistently managed expenditure within budget for many years, with monthly budget monitoring statements actively considered by the Directorate Senior Management and any other items of concern emerging from analysis by Finance Division staff outside these times promptly discussed and mitigating actions agreed. Approved budget savings have been underpinned by detailed delivery plans with clear timescales, processes and	Compliant	

			responsibility for implementation identified at the development stage, with subsequent delivery closely monitored. Recent years have seen a significant increase in the proportion of approved savings across the Council subsequently delivered, with some 80% delivered in 2017/18. There is some level of overspend risks within the Directorate i.e. re-charging issues for Legal and Risk; reduced spend/generating additional income particularly around Asset Management Strategy saving targets and the profiling of spend and volumes against the ICT contract with CGI. All of these risk areas are carefully managed and are subject to personal scrutiny by the Executive Director on a regular basis.		
12.3	You should have arrangements in place to ensure all material commitments and contingent liabilities (i.e. undertakings, past transactions or events resulting in future financial liabilities) are notified to the Chief Financial Officer.	Please describe the arrangements you have in place and provide details of any such notifications to the Chief Financial Officer.	While, given the nature of the Directorate's activities, instances are comparatively rare, in those cases where relevant commitments and liabilities do arise (such as dilapidations settlements or outstanding legal claims directly related to the Directorate's activities), these are intimated as part of Resources-wide submissions to corporate budget monitoring and financial planning processes. The Head of Finance, as Section 95 Officer, is a member of the Directorate Management Team and has visibility over all commitments and contingent liabilities within the Directorate, including areas such as legal claims.	Compliant	

			At a Council-wide level, relevant details are collated through a number of the working papers for the Council's Final Accounts exercise and outside of these timescales through corporate budget monitoring and development.		
12.4	You should have arrangements in place to protect assets against theft, loss and unauthorised use and identify any significant losses.	Please describe the arrangements you have in place and if there have been any significant losses please detail these and outline any corrective action that has been, or will be, taken.	Subject to adherence to controls in relevant areas, the office-based nature of a number of the Directorate's activities mitigates potential, theft, loss and unauthorised use of assets. Staff are reminded of their responsibilities as part of the essential key policy refresh exercise and at other times as appropriate. In those areas inherently more susceptible to theft, loss and unauthorised use (such as Facilities Management), additional controls are in place. Asset registers are maintained with identified owners. The implementation of the Configuration Management Database (CMDB) by ICT and CGI has progressed well, ensuring that an asset register for ICT equipment is being fully populated and can be tracked and managed. No significant losses have been identified within the Directorate for the year to March 2018.	Compliant	

12.5	You should have arrangements in place to review the adequacy of insurance provision and its adequacy in covering the risk of loss across your directorate.	Please describe the arrangements you have in place including the frequency of review and date of last review.	The scope of provision is reviewed on an on-going basis and any changes made after assessment of the anticipated financial consequences. The Finance risk register has recently also been updated in light of emerging legal and other risks with a view to facilitating closer working across relevant service areas including Strategy and Insight and Legal Services. Insurance cover is provided for by the Council's insurance team, based within Resources. The Corporate Health and Safety team work closely with Insurance in respect of H&S related claims, such as employer liability matters. At the F&R Committee in September, members approved the contract ward for the provision of property insurance for the Council from 1 October 2017 until 30 September 2022 with two, 24-month discretionary extensions to the following tenderers. Council owned companies An award the contract for the provision of Public and Products Liability (including Motor Fleet Third Party Liability) Insurance for Edinburgh Trams Ltd to Travelers Insurance Co Ltd was approved at Committee in February.	Compliant	

12.6	You should have arrangements in place for identifying any weaknesses in your directorate's compliance with Council financial policies or statutory/regulatory requirements.	Please describe the arrangements you have in place, detail any weaknesses that have been identified and (if any) how these have been or will be addressed.	The Directorate has played the lead role in developing the Council's financial governance framework and all statutory deadlines have been complied with during the year. Within Customer Services and IT, regular audits of financial processes are carried out to ensure compliance with relevant policies and procedures. Cash handling and bank account reconciliations were recently audited where potential issues were identified. Remedial actions are underway in accordance with the audit findings.	Compliant	
12.7	You should have arrangements in place that would identify any internal control, risk management or asset valuation problems within service areas that could affect the Annual Accounts?	Please describe the arrangements you have in place and detail any problems that have been identified.	In addition to the periodic and other external reviews noted elsewhere, the Directorate's principal procedures, guidance, policies, and risk management are subject to regular review and have not provided evidence of specific concerns in these areas.	Compliant	
13 Group Accounts (Resources only)		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
13.1	Have there been any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts?	This question requires a Yes/No response. If the response is Yes, please provide details.	The Group Determination process involves reviewing the prior year's Group Determination and using Companies House's website to check the following for the current year: • Status of the company • Company ownership • Board membership • Audited annual accounts (most current)	No	

			• Confirmation Statement for changes in share capital • Name changes Companies House is also used to identify any companies related to CEC which may not have been included in the prior year. Additionally, Finance staff contact Legal Services to obtain an updated list of ALEOs which is reviewed to ensure that all relevant companies are recorded and that all the details regarding the above are correct. Using this information, each company is analysed to identify the relationship it has with CEC (i.e. subsidiary, associate, etc.) and the materiality of the company. This is then used to decide how/if it should be consolidated or reported in the accounts. This year's process has identified two new companies included in the Group, these being the Edinburgh Homes companies as follows: EHMR 21017 LLP (SO306071) EHPR 2017 LLP (SO306070) Both were incorporated on 26 April 2017 however, we do not expect them to be consolidated in 2017/18 due to materiality as they are not expected to commence trading until July 2018.		

			There are no bodies which were previously included that will no longer be included in the 2017/18 Group determination. Similarly, of the bodies excluded from the 2016/17 on grounds of materiality, no changes are proposed.		
13.2	You should have arrangements in place to identify any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.	Please describe the arrangements in place and detail any problems that have been identified during the reporting period.	Please refer to 2.4 above regarding overpayments and the action taken. Further scrutiny will be undertaken as part of year-end procedures, including a review of Council companies' accounts for any issues that may impact on the overall group position. Council staff continue to work closely with EDI colleagues to facilitate a smooth transition of remaining projects to the Council. Of particular relevance to Finance staff are discussions with regard to EDI's pension liability and overall management and phasing of the transition, such that the Council optimises the level of value released consistent with any risks to which it is exposed.	Compliant	
14 National Agency Inspection Reports		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
14.1	You should have arrangements in place to identify any reports relating to your directorate that could impact on the signing of the Annual Governance Statement.	Please describe the arrangements you have in place, list the inspection reports published during the year, detail any issues that could have an impact and explain how these have been reported.	Three relevant Audit Scotland national studies have been published during the year, namely: Accounts Commission: Local Government in Scotland – Financial Overview 2016/17 Audit Scotland Report: Equal Pay in Scottish Councils	Compliant	

			Accounts Commission: Local Government in Scotland – Challenges and Performance 2018 While the coverage in these documents is Scotland-wide, each has been considered (or is scheduled to be considered) by the F&R and/or GRBV Committee, with current practice compared against the recommendations made and any improvement actions identified. The Overview of Local Government in Scotland 2016/17, for example, again highlighted the importance of moving beyond incremental change to more fundamental service transformation and prioritisation, underpinned by a medium- and longer-term finance strategy. The Council's current arrangements have been assessed favourably against these recommendations. At a more local level, the Annual Report on the Council's 2016/17 Audit noted that the Council has a strong track record of maintaining revenue expenditure within budgeted levels, effective financial management and a well-developed financial strategy. Levels of capital expenditure slippage also continue to compare favourably both in absolute terms and with other councils in Scotland. The Council's Risks and Reserves report was furthermore identified as an area of good practice, forming part of an overall reserves strategy consistent with the risks		

			to which it is exposed. Opportunities to improve the transparency of in-year financial reporting were, however, highlighted, and these will be pursued in the coming year. Following the replacement of the former Procurement Capability Assessment (PCA) with the Procurement and Commercial Improvement Programme (PCIP), the Council's score in 2017 of 85.4% was the highest of any local authority in Scotland, with best practice demonstrated in Commercial and Procurement Services' approach to commerciality, partnership working and ensuring compliance. Although more of historic relevance to the Council, the principal findings emerging from the Tram Inquiry will also be considered to inform improvements to project management and financial forecasting, including the influence of optimism bias, and more general scrutiny of arm's length bodies going forward. The ICT led Public Services Network (PSN) compliance certificate was retained for 2017/18. Disclosure Scotland - workstream initiated to address issues identified and to future proof our process SPPA and LPF reporting - Workstream initiated to address issues, working directly with SPPA and LPF to address and take necessary actions.		

			Overall improvements have been made with reporting delivered on time however, there are future improvements we need to make in our core HR processes and to automate our current overly complex manual processes.		
14.2	You should have arrangements in place that adequately monitor and report on the implementation of recommendations.	Please describe the arrangements you have in place.	In the case of national studies, as the recommendations are of general applicability and less tailored to Edinburgh's context, relevant actions are included in wider improvement plans and progress against these tracked accordingly. For Edinburgh-specific reports, the resulting action plans are completed by Council officers and progress against them reported to Scott-Moncrieff as part of consideration by GRBV Committee. In the case of Best Value-related reports, Directorate actions feed in to on-going Council-wide monitoring of progress. PSN recommendations are contained within a remedial action plan (RAP) which is closely monitored and reviewed and has also been subject to review by the GRBV Committee.	Compliant	
15 Internal Audit, External Audit and Review Report Requirements		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
15.1	Have there been any internal audit, external audit or review reports published during the year that have highlighted high, medium or significant control deficiencies?	This question requires a Yes/No response. Please also list the reports published during the year and highlight any that have flagged high, medium or significant control deficiencies.	Internal audit reports have highlighted a number of areas for improvement. There have been high or medium risks (i.e. Care Home report, Foster Care review, CGI ICT security) identified however, where further actions are required, HOS/Senior managers meet with responsible officers to ensure	Yes	

			progress and evidence actions for validation by Internal Audit. IA actions are recorded, monitored and discussed as part of regular updates to RMT, CLT and GRBV. As part of the recent self-attestation exercise, assessment of progress in implementing a number historic IA actions in the Directorate are in progress and due to be concluded by the end of May 2018. As noted in 1.4 above, no significant control weaknesses were identified in either the Council's 2016/17 audit or the specific 2016/17 review of the Council's internal control framework.		
15.2	You should have arrangements in place to ensure all recommendations from these reports have been (or are being) implemented and that this is monitored effectively.	Please describe your implementation, monitoring and reporting arrangements and provide detail of any recommendations that are outstanding at the end of the reporting period.	Please refer to 15.1 above.	Compliant	
16 Progress		**Guidance notes**	**Response and reference to evidence**	**Assessment**	**Improvement actions**
16.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years should have been addressed satisfactorily.	Please detail how any remaining outstanding issues or recommendations are being addressed.	While, in the spirit of continuous improvement and securing best value, further actions can always be identified, no specific areas of concern were highlighted in last year's equivalent statement. The recent self-attestation exercise reviewing the implementation of previous historic IA actions has highlighted some areas in the Directorate where further	Partially compliant	Historic IA action and open and overdue IA Actions arising during 2017/18 are part of a CLT

			action is required to allow these to be fully embedded within services.		Plan for improved compliance and reporting. Until these actions are validated and closed or sufficiently mitigated, then this assessment is unable to show as Compliant.

Reviewed by		**Role**	Internal Audit	**Date**	
Reviewed by		**Role**	Democracy, Governance and Resilience Senior Manager	**Date**	

Appendix 2 – Resources Directorate Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph of Schedule	Issue	Action	Senior Responsible Officer	Target completion date
Internal Control Environment	1.1	Ensuring effective Human Resources (HR) compliance arrangements are in place.	Implementation of revised HR operating model.	Head of Human Resources	October 2018
Internal Control Environment	1.3	Actions to address historic internal findings have not been sustained or implemented.	Action to address the 7 identified findings within Resources are implemented and sustained.	Executive Director of Resources and all Resources Heads of Service.	Completed.
Risk and Resilience requirements	2.4	Did the last review identify any weaknesses that could have an impact on the Annual Accounts?	Management of identified payroll overpayments.	Head of Human Resources	Ongoing management process aligned to 1.1 above.
Risk and Resilience Requirements	2.4	Did the last review identify any weaknesses that could have an impact on the Annual Accounts?	Bank account management compliance within Business Support in respect of reconciliations and write-off protocols.	Head of Customer and Digital Services	Being managed in accordance with Internal Audit findings and reported through the TeamCentral system.
Information Governance Requirements	7.7	There is a risk which exists across the organisation in relation to paper based files held at the Archive by the council's supplier. These have recently been reviewed (as	Implementation of new / upgraded HR system	Executive Director of Resources and Head of Human Resources	In accordance with project plan for Council's Enterprise Resource

Appendix 2 – Resources Directorate Action Plan in Response to Annual Assurance Statement Findings

		part of the HR Compliance project) however, the risk still exists for us an organisation (until such a time as we move to a new HR information system or upgrade the current one).			Planning (ERP) Project.
Health and Safety Requirements.	8.2	Health and Safety (H&S) risk assessments are in place which identify hazards and risks, and necessary controls.	Further work is planned to review the Health and Safety risk assessments for FM, once the new FM model is in place. H&S risk profiling workshop is planned for 24 May 2018. This will help to identify key H&S risks.	Head of Property and Facilities Management	In accordance with Facilities Management Transformation Review timescales (Phase 1 for Janitorial now completed).
Health and Safety Requirements	8.3	You must have competencies, processes, and controls in place to ensure that all service areas in your directorate, and any other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	Occupational Health (OH) Service – work is underway to mobilise the new OH contract, including for health surveillance, which needs to be fully embedded to ensure this area is fully complaint.	Head of Human Resources	In accordance with contract mobilisation plan.
Health and Safety Requirements	8.3	You must have competencies, processes, and controls in place to ensure that all service areas in your directorate, and any other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	The HR Division is currently leading the development of a new Driving at Work Policy, which is required to ensure the full suite of controls and processes are in place.	Head of Human Resources	Policy due for submission to Finance and Resources Committee in December 2018.

Appendix 2 – Resources Directorate Action Plan in Response to Annual Assurance Statement Findings

Health and Safety (H&S) Requirements	8.4	Complete H&S training needs assessment, and deliver the H&S training requirements. The Corporate H&S Training programme is under review.	H&S Training Needs Assessment is a continuous process and attendance at training has significantly improved during the course of the year. IOSH Leading Safely training delivered to all Wider Leadership Team Members in Resources.	Executive Director of Resources	Quarterly Monitoring via the Resources Health and Safety Group.
Commercial and Contract Management Requirements	10.1	You must have arrangements in place to ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders (CSO).	Continued improvements include: review and revision of CSO annually; review of templates including handover process; updating handbook and ORB guidance as appropriate; new contract management manual and supplementary guidance.	Head of Finance	Annual reviews and ongoing work via the Contract Management Team within Commercial and Procurement.
Commercial and Contract Management Requirements	10.2	You must have arrangements in place to ensure that there are named contract managers in place for every contract managed by the directorate and they are made aware of their contract monitoring and record keeping responsibilities.	Ongoing review of contract register and contract manager details.	All Resources Heads of Service	Monthly review as part of the Resources Management Team Commercial Excellence Update

Appendix 2 – Resources Directorate Action Plan in Response to Annual Assurance Statement Findings

Commercial and Contract Management Requirements	10.4	You must have arrangements in place to ensure that changes to contracts or supplier details are recorded and communicated to relevant parties.	Vendor processes continue to be reviewed along with oracle requisition/approval process; New Contract management documentation and guidance.	Head of Finance	Ongoing process and Monthly review as part of the Resources Management Team Commercial Excellence Update
Financial Control Requirements	12.1	The arrangements you have in place to monitor expenditure/budget variances should identify control problems or variances that could have an effect on the Annual Accounts.	Improvements to cash handling within Social Care and Health Business Support Teams is being improved following the Head of Service commissioned review.	Head of Customer and Digital Services	Being managed in accordance with Internal Audit findings and reported through the TeamCentral system.
Progress	16.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years should have been addressed satisfactorily.	Historic Internal Audit actions and open and overdue audit Actions arising during 2017/18 are part of a Corporate Leadership Team Plan for improved compliance and reporting. Until these actions are validated and closed or sufficiently mitigated, then this assessment is unable to show as Compliant.	Executive Director of Resources and all Resources Heads of Service	Being managed in accordance with Internal Audit findings and reported through the TeamCentral system. Monthly and Quarterly Monitoring Arrangements are in operation across the Directorate.