

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00am, Tuesday, 10th August, 2021

Virtual Meeting - via Microsoft Teams

This is a public meeting and members of the public are welcome to watch the live webcast on the Council's website.

The law allows the Council to consider some issues in private. Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

Contacts

Email: rachel.gentleman@edinburgh.gov.uk

Tel: 0131 529 4107

1. Order of Business

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declaration of Interests

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

- 3.1 If any

4. Minutes

- | | | |
|-----|---|--------|
| 4.1 | Minute of Governance, Risk and Best Value Committee of 8 June 2021 – submitted for approval as a correct record | 7 - 12 |
|-----|---|--------|

5. Outstanding Actions

- | | | |
|-----|--------------------------------------|---------|
| 5.1 | Outstanding Actions – 10 August 2021 | 13 - 32 |
|-----|--------------------------------------|---------|

6. Work Programme

- | | | |
|-----|--|---------|
| 6.1 | Governance, Risk and Best Value Work Committee Work Programme – 10 August 2021 | 33 - 42 |
|-----|--|---------|

7. Business Bulletin

- 7.1 None.

8. Reports

- | | | |
|-----|--|-----------|
| 8.1 | Internal Audit Annual Opinion for the year ended 31 March 2021 – Report by the Head of Audit and Risk / Chief Internal Auditor | 43 - 200 |
| 8.2 | First Line Governance and Assurance Model – Report by the | 201 - 208 |

Chief Executive

- | | | |
|------------|--|-----------|
| 8.3 | Corporate Governance Code Self-Assessment 2020/21 – Report by the Executive Director of Corporate Services | 209 - 242 |
| 8.4 | Annual Assurance Schedule – Edinburgh Health and Social Care Partnership – Report by the Chief Officer, Edinburgh Health and Social Care Partnership | 243 - 278 |

9. Motions

- 9.1** None.

10. Resolution to Consider in Private

- 10.1** The Committee, is requested under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraph 12 of Part 1 of Schedule 7A of the Act.

11. Private Reports

- | | | |
|-------------|---|-----------|
| 11.1 | Edinburgh Tram Network Supplier Management Arrangements – Report by the Head of Audit and Risk / Chief Internal Auditor | 279 - 308 |
|-------------|---|-----------|

Andrew Kerr

Chief Executive

Committee Members

Councillor Joanna Mowat (Convener), Councillor Scott Arthur, Councillor Eleanor Bird, Councillor Lezley Marion Cameron, Councillor Jim Campbell, Councillor Mary Campbell, Councillor Denis Dixon, Councillor Phil Daggart, Councillor Gillian Gloyer, Councillor Melanie Main and Councillor Norman Work

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council. The meeting will be held by Microsoft Teams and will be webcast live for viewing by members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Rachel Gentleman, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4107, email rachel.gentleman@edinburgh.gov.uk.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to <https://democracy.edinburgh.gov.uk/>

Webcasting of Council meetings

Please note this meeting may be filmed for live and subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed.

The Council is a Data Controller under current Data Protection legislation. We broadcast Council meetings to fulfil our public task obligation to enable members of the public to observe the democratic process. Data collected during this webcast will be retained in accordance with the Council's published policy including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Any information presented by individuals to the Council at a meeting, in a deputation or otherwise, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Council in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes). Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services (committee.services@edinburgh.gov.uk).

Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 June 2021

Present

Councillors Mowat (Convener), Arthur, Bird, Jim Campbell, Mary Campbell (substituting for Councillor Rae), Child, Dixon, Daggart, Staniforth, Work and Louise Young (substituting for Councillor Gloyer).

1. Minutes

Decision

To approve the minute of the Governance, Risk and Best Value Committee 4 May 2021 as a correct record.

2. Outstanding Actions

Details were provided on the outstanding actions arising from decisions taken by the Committee.

Decision

1) To agree to close the following actions:

Action 8 (2) – Internal Audit Overdue Findings and Key Performance Indicators as at 10 February 2021

Action 11 (1&2) – Quarterly Status Update – Digital Services

Action 12 (3) – Change Portfolio

2) To otherwise note the outstanding actions.

(Reference – Outstanding Actions 8 June 2021, submitted.)

3. Work Programme

Decision

1) To note the Work Programme.

2) To note that Councillor Staniforth would submit an amendment to the Policy and Sustainability Committee of 10 June to request the Council Fire Safety Policy 2021-24 report be referred to the Housing, Homelessness and Fair Work Committee.

4. Draft Annual Governance Statement

The draft Annual Governance Statement was presented to committee for scrutiny before it was to be finalised and signed by the Chief Executive and Leader of the Council.

Decision

- 1) To note the draft Annual Governance Statement prior to its signing and incorporation into the Council's unaudited financial statements and note that it would be presented to Council for approval.
- 2) To authorise the Chief Executive to make any minor changes to the statement considered necessary prior to submission of the financial statements for audit.
- 3) To agree to include details noting the EIJB's finances and how Council governance interacts with it and to be explicit within the report about how the Council intended to review this.
- 4) To agree that education would be made more explicit in the Life Chances section of the Governance Statement at section 1.25.5.
- 5) To make explicit the challenges experienced because of the diversion of officers to other priority projects and recognise that Community interaction and engagement with Officers had been impacted during the Covid-19 pandemic.
- 6) To agree to include target dates for actions in the Governance Statement.
- 7) To agree that consideration would be given to open access to information and what could be more publicly available for Elected Members and members of the public to search.
- 8) To note that options for political decision making were being prepared for the Governance Statement and that work was ongoing on Officer governance as a result of these options.
- 9) To note that the operational decision making would be reflected within the Governance Statement and reported to Policy and Sustainability committee.
- 10) To explicitly state the plan for communication with local communities within the Governance Statement, including what would be retained for any future political governance arrangements.

(Reference – report by the Chief Executive, submitted.)

5. Internal Audit: Overdue Findings and Key Performance Indicators as at 27 April 2021

Committee considered a report on Internal Audit Overdue Findings and Key Performance Indicators as at 27 April 2021, which provided an overview of the status of the overdue Internal Audit (IA) findings as at 27 April 2021. A total of 100 open IA findings remained to be addressed across the Council as at 27 April 2021. This

excluded open and overdue Internal Audit findings for the Edinburgh Integration Joint Board and the Lothian Pension Fund.

Decision

- 1) To note the status of the overdue Internal Audit (IA) findings as at 27 April 2021.
- 2) To refer the report to the relevant Council Executive committees and the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.
- 3) To agree to provide a briefing note on progress of actions 28 and 29 - the Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management to Members of the Governance Risk and best Value Committee.

(References – Governance, Risk and Best Value Committee, 23 March 2021 (item 5); report by the Chief Internal Auditor, submitted.)

6. Internal Audit Update Report: 1 February to 30 April 2021

Details were provided on the progress of the delivery of Internal Audit key priorities and ongoing areas of focus. Retrospective approval was also sought for the three urgent changes to the 2020/21 Internal Audit (IA) annual plan in line with the agreed process for approving changes to the Internal Audit annual plan.

Decision

- 1) To retrospectively approve the three urgent changes to the 2020/21 Internal Audit (IA) annual plan in line with the agreed process for approving changes to the Internal Audit annual plan.
- 2) To note the outcomes of completed 2020/21 audits.
- 3) To note progress with delivery of the 2020/21 Internal Audit plan.
- 4) To note progress with delivery of the 2021/22 IA plan.
- 5) To note extended delivery timeframes for completion of seven audits and their potential impact on the 2020/21 IA annual opinion.
- 6) To note progress with delivery of IA key priorities and ongoing areas of focus.
- 7) To note that the Convener would contact Committee Members regarding a workshop for Members to consider the draft report and response to the Governance, Risk and Best Value Committee effectiveness statement.

(References – Governance, Risk and Best Value Committee, 23 March 2021 (item 7); report by the Chief Internal Auditor, submitted.)

7. Deep Dive into 30 Internal Audit Findings More Than One Year Old as at 30 April 2021

Following a review of the quarterly Internal Audit (IA) Overdue Findings report in March 2012, Committee agreed that details of the 30 outstanding IA actions that were more than one year old (as at 10 February 2021) would return to Committee for further scrutiny. There had been some progress towards closure of the 30 open IA findings

that were more than one year overdue as at the 10 February 2021 position reported to the Committee in March 2021, with 7 findings closed, and a balance of 23 still requiring to be addressed. Of the remaining 23 findings still to be addressed, 5 had been proposed for closure by management and were currently being reviewed by IA

Decision

- 1) To note the current status of the Internal Audit (IA) overdue findings reported to the March Committee that were more than one year old as at 10 February 2021.
- 2) To note the actions proposed to close these findings.

(References – Governance, Risk and Best Value Committee, 23 March 2021 (item 5); report by the Chief Executive, submitted.)

8. Welfare Reform Annual Report

An update was provided on the Council's ongoing welfare reform activities, which included the implementation of Universal Credit.

Decision

- 1) To note the ongoing work to support Universal Credit (UC) and Welfare Reform, in Edinburgh.
- 2) To note the current spend projections for Discretionary Housing Payments, Council Tax Reduction Scheme and the Scottish Welfare Fund.
- 3) To record Committee's thanks to the Customer Manager for Transactions, and her team.

(References – Policy and Sustainability Committee, 23 February 2021 (item 20); report by the Executive Director of Resources, submitted.)

9. Corporate Leadership Team Risk Register as at 30 April 2021

An update was provided on the Council's top risks and the key controls in place to mitigate them as at 30 April 2021. The report presented the Council's current strategic risk profile and highlighted those risks where further action was required (where realistic and possible) to ensure that they were brought within approved strategic risk appetite levels.

Decision

- 1) To note the Council's current strategic risk profile.
- 2) To note that five strategic risks are currently outwith agreed risk appetite ranges.
- 3) To note that the current strategic risk profile may increase in the event of further individual or concurrent resilience events in the current Covid-19 operating environment.
- 4) To note the proposed phased approach to implementation of the Council's refreshed operational risk management framework.

(Reference - report by the Chief Executive, submitted.)

10. Capital City Partnership: Progress Update - referral from the Housing, Homelessness and Fair Work Committee

The Housing, Homelessness and Fair Work Committee had referred an update report on the Capital City Partnership to the Governance, Risk and Best Value Committee for information. The report provided an update on the progress made against the objectives and targets detailed within the Service Level Agreement (SLA) between the Council and Capital City Partnership (CCP).

Decision

To note the report.

(References – Housing, Homelessness and Fair Work Committee, 3 June 2021, referral from the Housing, Homelessness and Fair Work Committee, submitted.)

11. Whistleblowing update

The Committee considered a high-level overview of the operation of the Council's whistleblowing hotline for the period 1 January to 31 March 2021

Decision

To note the report by the Chief Executive.

(References – report by the Chief Executive, submitted.)

12. Whistleblowing Monitoring Report

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, were requested to exclude the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7(A) of the Act.

An overview of the disclosures received, and investigation outcome reports completed during the period 1 January to 31 March 2021 was provided.

Decision

- 1) To note the report by the Chief Executive.
- 2) To agree that consideration would be given to adding further details to the Outcome and follow-up actions column on future iterations of the report to include expected timeframes for closure.

(Reference – report by the Chief Executive, submitted.)

This page is intentionally left blank

Outstanding Actions

Governance, Risk and Best Value Committee

10 August 2021

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	26/09/2017	Principles to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee	To accept the high-level principles subject to further information on how elected members could best engage with the process.	Chief Internal Auditor	September 2021 March 2021 December 2020 May 2020 September 2019 January 2019 November 2017		<u>March 2021</u> An update was provided on the Business Bulletin for the meeting on 23 March 2021 <u>July 2020</u> A briefing note by the Chief Internal Auditor was circulated to members separately. <u>September 2019</u> A briefing note by the Chief Internal Auditor was

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							circulated to members separately.
2	17.09.19	Work Programme – Member/Officer Protocol	To add the review of the Member/ Officer Protocol to the workplan with timescales for submission and to agree that a workshop for members would be held prior to submission to the Committee.	Executive Director of Corporate Services	<p>August 2022</p> <p>August 2021</p> <p>June 2021</p> <p>May 2021</p> <p>March 2021</p> <p>February 2021</p> <p>November 2020</p> <p>September 2020</p> <p>January 2020</p>		<p><u>August 2021</u></p> <p>This will now form part of the wider review of political management arrangements following the Local Government Election</p> <p><u>June 2021</u></p> <p>Timescale extended to allow further engagement with political groups</p> <p><u>March 2021</u></p> <p>Sessions with political groups are currently being arranged</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p><u>February 2021</u></p> <p>The timescales have been extended to allow for further engagement with elected members.</p> <p><u>December 2020</u></p> <p>The Code of Conduct Consultation is now live. The draft response to this is being developed to be presented to Council on 4 February 2021 (Consultation closes 6 February). Officers are working to ensure these two documents align</p> <p>The Member/Officer</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Protocol will be brought to GRBV following this exercise in February 2021.</p> <p><u>July 2020</u></p> <p>Scottish Government are consulting on changes to the Code of Conduct and it is suggested that changes to the protocol await this piece of work</p> <p><u>June 2020 Update</u></p> <p>Consideration of the member/officer protocol is awaiting the finalisation of the revised Code of Conduct from the Scottish</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Government that will impact on the content of the Protocol.</p> <p>Timescales to be confirmed.</p> <p><u>December 2019</u></p> <p>Workshop with members held on 29 October 2019. A joint workshop will be arranged with officers and members early 2020 (following the General Election).</p>
3	09.06.20	Draft Annual Governance Statement	To agree to include further information on the issues raised in relation to Council ALEOs and specifically the assurance statement relating to	Executive Director of Place			<p>Recommended for closure</p> <p>Included within the AGS considered by Committee in September 2020</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Marketing Edinburgh in the update scheduled to be reported to committee in July.				
4	07.07.20	Motion by Councillor Doggart – Pandemic Planning	<p>1) Agrees that the Executive Director of Corporate Services reviews the council's response and preparedness to COVID-19 but acknowledges that as the council is still responding to the pandemic, any review would be premature at this time.</p> <p>2) Asks that the Executive Director of Corporate</p>	Executive Director of Corporate Services	TBC		An interim debrief of the Council's response to Covid-19 has been undertaken with key findings shared with the Adaptation and Renewal All Party Oversight Group on the 13th August. Lessons identified have been incorporated into the council's documentation for further waves / local outbreaks. A summary will be provided to the next P&S Committee. As the incident remains ongoing, it

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Services updates the Policy and Sustainability committee on when he believes it would be appropriate both in terms of Corporate Services and timing for such a review to take place.				is too early to undertake a full lessons learned exercise at this time, but this will be kept under review and undertaken at the earliest appropriate opportunity.
5	03.11.20	Internal Audit: Final Internal Audit reports supporting the 2019/20 Annual Opinion	To note the Head of Place Development would consider how Fire Safety measures are managed and communicated to Committee and Ward Councillors in the High-Rise Blocks within the Council's property estate.	Executive Director of Place	September 2021		A Business Bulletin update will be prepared for Committee in September 2021.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	08.12.20	Best Value Assurance Audit	1) That the Governance, Risk and Best Value Committee recommends that when the refreshed Council Business Plan is brought forward this should clearly state what current plans it replaces and how progress against the Plan will be measured and reported to Council so that Council governance is clear.	Executive Director of Corporate Services	October 2021 March 2021		A workshop on the Planning and Performance Management Framework has been held and Framework agreed at P&S Committee. The October Best Value progress update report and BP performance report will provide further clarity on the progress made.
			2) That the further consideration of genuine local community empowerment is reported back to Committee with details on how this will be put in place with a clear process and timescale		November 2021		Report scheduled for Policy & Sustainability Committee in October 2021 and will come to GRBV following this.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			that progress can be measured against.				
7	16.02.21	Business Bulletin	1) To agree to circulate a briefing note to Committee from the Executive Director of Corporate Services of The City of Edinburgh Council (CEC) and the Chief Officer of the Edinburgh Integrated Joint Board (EIJB) to clarify how the Council can control the risks it is exposed to through the EIJB.	Executive Director of Corporate Services & Chief Officer EIJB	June 2021 April 2021		Recommended for closure Workshop held 3 June 2021 and information circulated to members.
			2) To agree to organise a workshop for Committee Members with attendance from, the Chief Internal Auditor, the Governance Democracy and Resilience Senior Manager and the Chief	Executive Director of Corporate Services & Chief Officer EIJB	June 2021 April 2021		Recommended for closure Workshop held 3 June 2021

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Officer of the EIJB, to consider the working relationship between CEC and the EIJB, ownership of risks, members' level of comfort with risks and to reflect upon the findings of the Feeley Review of Adult Social Care.				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8	23.03.21	Internal Audit Overdue Findings and Key Performance Indicators as at 10 February 2021	To agree to revise the timescale on outstanding action 107 which had a 2024 close date to an earlier date	Executive Director of Corporate Services	December 2022		<p>To align with the new approach to resilience planning, the deadlines of the management actions has been re-considered.</p> <p>Business Impact Analysis (BIAs) across the organisation are being carried out and scenario-based protocols and associated documentation developed with services. The completion of this work will allow the Council Business Continuity Plan to be revised, by 31/12/2022.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
9	23.03.21	Gas Service Improvement Plan – B Agenda	1) To note that the gas service improvement plan would be included in the broader service improvement plan going to the Housing, Homelessness and Fair Work Committee in June 2021 and agree to wrap this into a workshop (referenced in Confidential Schedule of 23.03.21)	Executive Director of Place	June 2021		Recommended for closure This was reported to Housing, Homelessness and Fair Work Committee in June 2021.
			2) To agree to provide a briefing note (referenced in Confidential Schedule of 23.03.21)	Executive Director of Place	June 2021		Recommended for closure This briefing has been followed up.
			3) To note that once the agreed management actions had been implemented, a closure report would be brought to the GRBV committee	Executive Director of Corporate Services	January 2022		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
10	23.03.21	Whistleblowing Monitoring Report – B Agenda	To agree to provide a date for the completion of the management actions for case CEC-07-17.	Senior Education Manager (Community Services) – Communities and Families	Autumn 2021		<u>August 2021</u> Action partially completed as agreed with Governance Team. Outstanding tasks will be completed by Autumn.
11	04.05.21	Change Portfolio	1) To agree to provide a briefing note to update Committee on the North Bridge Refurbishment.	Executive Director of Place	October 2021		An update on the North Bridge project is being prepared for Finance and Resources Committee. This will be shared with Governance, Risk and Best Value Committee.
			2) To agree that the Head of Place Management would provide reassurance why the Housing	Executive Director of Place	June 2021		Recommended for closure An update on project status and

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Service Improvement was amber status and details of what plans were in place to move it forward.				plans moving forward was reported to Housing, Homelessness and Fair Work Committee in June 2021 .
			3) To note that the foundations and MI were in place and information could be pulled off for particular areas and to agree that the Head of Customer and Digital Services would assess what information could be provided	Executive Director of Corporate Services	March 2023		Update August 2021 The Business Intelligence Programme is well underway, and the remit of the programme is to build MI dashboards which report on key areas across Service Areas. The immediate focus is on dashboards for Place, HR and Customer.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Update June 2021 The Head of Customer and Digital Services has this work underway.
12	08.06.21	Draft Annual Governance Statement	1) To agree to include details noting the EIJB's finances and how Council governance interacts with it and to be explicit within the report about how the Council intended to review this.	Executive Director of Corporate Services	June 2021		Recommended for closure Amendments made to AGS and considered by Council as part of the Unaudited Annual Accounts (24 June 2021)
			2) To agree that education would be made more explicit in the Life Chances section of the Governance Statement at section 1.25.5.		June 2021		Recommended for closure As above.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To make explicit the challenges experienced because of the diversion of officers to other priority projects and recognise that Community interaction and engagement with Officers had been impacted during the Covid-19 pandemic.		June 2021		Recommended for closure As above.
			4) To agree to include target dates for actions in the Governance Statement.		June 2021		Recommended for closure As above.
			5) To agree that consideration would be given to open access to information and what could be more publicly available for Elected Members and members of the public to search.		June 2021		Recommended for closure As above.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			6) To note that options for political decision making were being prepared for the Governance Statement and that work was ongoing on Officer governance as a result of these options.		June 2021		Recommended for closure As above.
			7) To note that the operational decision making would be reflected within the Governance Statement and reported to Policy and Sustainability committee.		June 2021		Recommended for closure As above.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			8) To explicitly state the plan for communication with local communities within the Governance Statement, including what would be retained for any future pollical governance arrangements.		June 2021		Recommended for closure As above.
13	08.06.21	Internal Audit: Overdue Findings and Key Performance Indicators as at 27 April 2021	To agree to provide a briefing note on progress of actions 28 and 29 - the Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management to Members of the Governance, Risk and best Value Committee.	Head of Operations, Edinburgh Health and Social Care Partnership	August 2021		A briefing is being prepared.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
14	08.06.21	Internal Audit Update Report: 1 February to 30 April 2021	To note that the Convener would contact Committee Members regarding a workshop for Members to consider the draft report and response to the Governance, Risk and Best Value Committee effectiveness statement.	Convener			<p>Recommended for closure</p> <p>Meeting held 23 June 2021</p>

This page is intentionally left blank

Work Programme

Governance, Risk and Best Value Committee – 10 August 2021

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
1	Internal Audit: Overdue Recommendations and Late Management Responses	Quarterly report	Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CLG and the Committee	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	September 2021 December 2021 March 2022 June 2022
2	Internal Audit Quarterly Activity Report	Quarterly report	Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	September 2021 December 2021 March 2022 June 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
3	IA Annual Report for the Year	Annual report	Review of annual IA activity with overall IA opinion on governance framework of the Council for consideration and challenge by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	August 2022
4	IA Audit Plan for the year	Annual report	Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	March 2022
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Corporate Services	Council Wide	Annually	February 2022
6	Accounts Commission	Annual report	Local Government in Scotland: Performance and Challenges	External Audit	Executive Director of Corporate Services	Council Wide	Annually	September 2021
7	Annual Audit Plan	Azets	Annual audit plan	External Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2022
8	Annual ISA 260 Audit Report	Azets	Annual Audit Report	External Audit	Executive Director of Corporate Services	Council Wide	Annually	September 2021
9	External Audit Review of Internal Financial Controls	Azets	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Corporate Services	Council Wide	Annually	September 2021

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
10	IT Audit Report	Azets	Scope agreed during annual external audit planning cycle	External Audit	Executive Director of Corporate Services	Council Wide	Annually	September 2021, as part of the quarterly Status of the ICT Programme Update
11	Internal Audit Charter	Annual Report	Annual Audit Charter	Internal Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2022
Section B – Scrutiny Items								
12	Change Portfolio		To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Director of Corporate Services	All	Six- monthly	September 2021 March 2022
13	Welfare Reform	Review	Update reports to be referred annually by Policy and Sustainability Committee	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	June 2022
14	Review of CLT Risk Scrutiny	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Director of Corporate Services	Council Wide	Quarterly	September 2021 December 2021 March 2022 June 2022
15	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Director of Corporate Services	Internal	Quarterly	September 2021 December 2021 March 2022 June 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
16	Whistleblowing Annual Report		Annual report	Scrutiny	Director of Corporate Services	Internal	Quarterly	March 2022
17	Workforce Control	Staff	Annual report	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	September 2021
18	Committee Decisions	Democracy	Annual report	Scrutiny	Director of Corporate Services	Governance, Risk and Best Value Committee	Annual	December 2021 This was included as part of the Political Management Report being considered at Council on 10 December 2020.
19	Monitoring of Council Policies	Democracy	Annual report	Scrutiny	Director of Corporate Services	Council Wide	Annual	Spring 2021
20	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	September 2021 December 2021 February/March 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
21	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	September 2021 December 2021 February/March 2022
22	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	September 2021
23	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	September 2021
24	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	March 2022
25	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	September 2021
26	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	January 2022
27	Quarterly Status Update - Digital Service Programme	Review	Progress Reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	September 2021 December 2021 March 2022 May 2021

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
28	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	August 2021 (EIJB) November 2021 (Resources) January 2022 (Place) January 2022 (Education and Children's Services) February 2022 (Corporate Services)
29	Review of the Member/Officer Protocol	Review	Including timescales for submission	Scrutiny	Director of Corporate Services	Council Wide	Flexible	August 2022
Section C – Council Companies								
30	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	December 2021
31	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Education and Children's Services	Council Wide	Annual	TBC
32	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
33	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	September 2021
34	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	September 2021
35	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	September 2021
36	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	December 2021

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
September 2021		
Internal Audit: Overdue Recommendations and Late Management Responses	Scrutiny	Flexible
Internal Audit Quarterly Activity Report	Scrutiny	Flexible
City of Edinburgh Council – 2020/21 Annual Audit Report to the Council and the Controller of Audit	Scrutiny	Flexible
Accounts Commission Local Government in Scotland: Performance and Challenges (referral from Policy & Sustainability Committee)	Scrutiny	Flexible
External Audit Review of Internal Financial Controls	Scrutiny	Flexible
2021-31 Sustainable Capital Budget Strategy – Outturn 2020/21 and Revised Budget 2021/22	Scrutiny	Flexible
Revenue Monitoring	Scrutiny	Flexible
Revenue Outturn	Scrutiny	Flexible
IT Audit Report	Scrutiny	Flexible

Change Portfolio	Scrutiny	Flexible
Review of CLT Risk Scrutiny	Scrutiny	Flexible
Whistleblowing Quarterly Report	Scrutiny	Flexible
Workforce Control	Scrutiny	Flexible
Treasury – Annual report	Scrutiny	Flexible
Quarterly Status Update - Digital Service Programme	Scrutiny	Flexible
Principles to govern the working relationship between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integration Joint Board Audit and Assurance Committee	Scrutiny	Flexible
Transport for Edinburgh	Scrutiny	Flexible
Lothian Buses	Scrutiny	Flexible
Edinburgh Trams	Scrutiny	Flexible

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 10 August 2021

Internal Audit Annual Opinion for the year ended 31 March 2021

Item number

Executive/routine

Executive

Wards

Council Commitments

1. Recommendations

- 1.1 It is recommended that the Governance, Risk, and Best Value Committee (the Committee) notes the limited Internal Audit (IA) annual opinion provided for the year ended 31 March 2021.

Lesley Newdall

Head of Audit and Risk / Chief Internal Auditor

Legal and Assurance Division, Corporate Services Directorate

E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216

Report

Internal Audit Annual Opinion for the year ended 31 March 2021

Significant improvement required

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

2. Executive Summary

- 2.1 This report details IA's annual opinion for the City of Edinburgh Council (the Council) for the year ended 31 March 2021. The opinion is based on the outcomes of the audits completed as part of the Council's 2020/21 IA annual plan, and the status of open IA findings as at 31 March 2021.
- 2.2 The annual plan presented to the Committee in September 2020 recognised that plan delivery may need to be paused or amended in the event of another significant resilience incident, or to reflect the ongoing impacts of Covid-19. This flexibility has been applied as some services were unable to support completion of planned audits due to the ongoing impacts of Covid-19. As a result, only 80% of the 2020/21 IA annual plan has been completed to support the annual opinion. Additionally, a number of completed reviews were limited to assessing the design of controls, and did not consider their effectiveness. The impact of this reduced level of assurance is outlined in the main report.
- 2.3 Consequently, the 2020/21 opinion is a 'limited' opinion, recognising that the plan has not been substantially completed; that the outcomes include a number of reviews that were limited to assessing control design; and that it is not possible to pre-empt the potential outcomes of the remaining audits that comprise the remaining 20% of the plan. It is also important to note that completion of the remaining audits could potentially have resulted in a different annual opinion outcome. This approach is aligned with guidance from relevant professional bodies, and was also discussed and agreed at the June 2020 Committee.
- 2.4 IA's independent and professional opinion (based on limited completion of the 2020/21 annual plan) is that significant and / or numerous control weaknesses were identified in the design and / or effectiveness of the Council's control environment and / or governance and risk management frameworks. Consequently, only limited

assurance can be provided that risks are being identified and effectively managed, and that the Council's objectives should be achieved.

- 2.5 IA is therefore reporting a 'red' rated (significant enhancements required) limited opinion with our assessment towards the lower end of this category. This outcome is aligned with the limited 2019/20 IA opinion.
- 2.6 It is important to recognise that the Council has operated in an ongoing resilience environment implemented in response to the Covid-19 pandemic in March 2020 that has significantly changed the Council's risk profile, and has impacted both the design and effectiveness of the Council's established control environment and governance and risk management frameworks.
- 2.7 It is also important to note that this is the Council's fourth 'red' rated (significant improvement required) annual opinion, although some progress was evident with a move from the middle towards the lower end of this category between 2018/19 and 2019/20, and this position has remained consistent in the current year.
- 2.8 Whilst only 80% of the 2020/21 IA annual plan has been completed, the number of audits completed remains aligned with prior years, enabling comparison with prior year IA assurance outcomes.
- 2.9 The 2020/21 annual plan focused significantly on the design of new and amended services and processes that were implemented in response to Covid-19 (15 of the 32 completed reviews). The majority of these review outcomes were assessed as either 'effective' (green) or 'some improvement required' (amber), confirming that the Council implemented appropriately designed processes that were often urgently required in response to both Scottish Government and Public Health Scotland requirements and guidance that was regularly refreshed in response to the spread and impacts of the virus.
- 2.10 The 2020/21 annual opinion also includes the first 'inadequate' audit report outcome presented in the Council, which is based on the significance and volume of findings included in the relevant audit report.
- 2.11 No 'Critical' IA findings have been raised during the year, and the total number of findings raised has reduced in comparison with prior years, with a positive improvement evident in the proportion of High rated findings raised. However, this may be attributable to focus on design of controls in audits completed in 2020/21 with limited effectiveness testing
- 2.12 Whilst all 26 historic findings that were reopened in June 2018 have now been closed, an increase in the percentage of overdue IA findings as at 31 March 2020 is evident, together with a deterioration in their ageing profile. Consequently, further focus is required to ensure that the Council consistently addresses the risks associated with open IA findings by implementing agreed management actions within agreed timeframes.
- 2.13 As the annual validation review that confirms whether management actions implemented to address previously closed findings was not completed in 2019/20,

IA is unable to provide an opinion in this area. However, a number of recurring and new significant and thematic weaknesses have been identified in the Council's control environment.

- 2.14 This report is a key component of the overall annual assurance provided to the Council and there are a number of additional assurance sources that the Committee should consider when forming their own view on the design and effectiveness of the control environment, governance, and risk management arrangements across the Council.
- 2.15 This report has been prepared fully in line with Public Sector Internal Audit Standards (PSIAS) requirements, and IA has fully conformed with PSIAS requirements during the 2020/21 financial year.

3. Background

Internal Audit Objectives

- 3.1 The objective of IA is to provide high quality independent audit assurance over the control environment established to manage the Council's most significant risks, and their overall governance and risk management arrangements in accordance with PSIAS requirements.
- 3.2 The PSIAS provide a coherent and consistent IA framework for public sector organisations. Adoption of the PSIAS is mandatory for IA teams within UK public sector organisations, and PSIAS require annual reporting on conformance with their requirements.
- 3.3 It is the responsibility of the Council's Chief Internal Auditor to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks in line with PSIAS requirements. The opinion is provided to the Governance, Risk, and Best Value Committee and should be used to inform the Council's Annual Governance Statement.
- 3.4 Where control weaknesses are identified, IA findings are raised, and management agree actions and timescales by which they will address the gaps identified.

Management's Responsibility

- 3.5 It is the responsibility of management to address and rectify the weaknesses identified via timely implementation of these agreed management actions.

Overdue Internal Audit Findings

- 3.6 The IA definition of an overdue finding is any finding where all agreed management actions have not been implemented by the final date agreed by management and recorded in Internal Audit reports.

- 3.7 A total of 30 historic findings were reopened in June 2018 across both the Council (26) and the Edinburgh Integration Joint Board (4), where management actions agreed to address the risks associated with historic IA findings (dating back to 1 April 2016) had either not been implemented or had been implemented but not sustained.

2020/21 Internal Audit Annual Plan

- 3.8 The 2020/21 IA annual plan was approved by the Committee in September 2020. The plan recognised that only six months were available to support plan completion; that plan delivery may need to be paused or amended in the event of another significant resilience incident, or to reflect the ongoing impacts of Covid-19; and the importance of ensuring that the number of audits delivered remains aligned with the audits completed to support the 2019/20 limited IA annual opinion.
- 3.9 A total of 36 audits (excluding follow-up) were planned for completion across the Council. These included 5 of the 13 audits that were not completed in 2019/20 due to Covid-19, and the 11 Covid-19 audits that were approved by the Committee in June 2020.
- 3.10 During the year, a further 4 audits were added to the plan; 1 audit was removed and included in the 2021/22 annual plan; and two audits were combined, resulting in a total of 38 audits to be delivered across the Council. A full reconciliation of these changes is included at Appendix 5.
- 3.11 As the Council is the administering authority for the Lothian Pension Fund (LPF), our opinion also includes the outcomes of the two audit reviews performed for LPF and the status of their open audit findings as at 31 March 2021
- 3.12 Of the 40 audits to be delivered across the Council and LPF, 32 (80%) have been completed, with the remaining eight carried forward into the 2021/22 annual plan. These audits have been carried forward in response to the ongoing impacts of Covid-19 on the relevant services. Further detail on the audits carried forward into the 2021/22 annual plan are included at Appendix 6.

Other Assurance Providers

- 3.13 Internal Audit is not the only source of assurance provided to the Council as there are a number of additional assurance sources including: external audit, regulators and inspectorates, that the Committee should equally consider when forming their view on the design and effectiveness of the Council's control environment, governance and risk management arrangements.

The Three Lines Model

- 3.14 The Institute of Internal Auditors 'Three Lines Model' defines the first line in an organisation as those teams responsible for provision of products/services to clients, and managing risk; the second line as teams that provide expertise, support, monitoring and challenge on risk-related matters; and the third line as teams that provide independent and objective assurance and advice on all matters related to the achievement of objectives. This model can be translated across the

structure and operations of the Council with first line teams those responsible for ongoing service delivery and risk management; the second line those teams providing frameworks, policies and guidance (for example, the Information Governance Unit; Legal Services; Corporate Health and Safety; and Corporate Risk Management); and the third line, Internal Audit.

4. Main report

Impact of a Limited 2020/21 Internal Audit Annual Opinion

- 4.1 The 2020/21 IA annual opinion is a 'limited' opinion based on 80% completion (32 of a total of 40 planned audits) of the 2020/21 annual plan, which is directly attributable to the ongoing impacts of the Covid-19 pandemic. Additionally, the 11 Covid-19 audits that were approved by the Committee in June 2020 and the 3 Covid-19 grant reviews that were added to the plan were mainly limited to a review of control design and did not consistently consider control effectiveness.
- 4.2 The limited opinion recognises that it is not possible to pre-empt the potential outcomes of the remaining audits that comprise the 20% balance of the plan, and that completion of the remaining audits could potentially have resulted in a different annual opinion outcome.
- 4.3 This approach is aligned with Institute of Internal Audit (IIA) Covid-19 guidance; and the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Internal Audit Standards Advisory Board (IASAB) joint guidance in relation to conformance with the PSIAS during the Covid-19 pandemic. The approach was also discussed and agreed at the June 2020 Committee meeting.
- 4.4 The overall impact of the 20% reduction in completion of the 2019/20 annual plan is reduced assurance on Health and Social Care; Customer and Digital Services; and Place Management, and reduced assurance in relation to health and safety (asbestos management) and the Council's fraud and serious organised crime risks.
- 4.5 Whilst only 80% of the 2019/20 IA annual plan has been completed, the total number of audits completed remains aligned with prior years (32 in 2020/21; 34 in 2019/20; and 37 in 2018/19), enabling comparison with prior year IA assurance outcomes as detailed below.

Basis of Internal Audit Annual Opinion

- 4.6 Our limited opinion is based on the outcomes of the 30 audits completed across the Council in the year to 31 March 2021, and the status of open IA findings as at 31 March 2021.
- 4.7 As the Council is the administering authority for the Lothian Pension Fund (LPF), our opinion also includes the outcomes of the two audit reviews performed for LPF and the status of their open audit findings as at 31 March 2021.
 - 4.7.1 A separate IA opinion for the LPF is currently being prepared and will be presented at the Pensions Audit Sub-Committee in August 2021. This will be

an 'amber' rated (some improvement required) opinion, with our assessment towards the bottom of this category, reflecting an improvement from unchanged from the 2019/20 annual opinion where our assessment was towards the middle of this category.

4.7.2 This opinion reflects the outcomes of the two completed LPF audits completed audits with one assessed as 'effective' (green); and one as 'some Improvement Required' (amber); and the status of overdue LPF IA findings as at 31 March 2021.

4.8 No audits have been referred by the Edinburgh Integration Joint Board (EIJB) Audit and Risk Committee for inclusion in the 2019/20 IA annual opinion as the 3 reviews completed in the 2020/21 plan year had no direct impact on the services delivered by the Council as part of the Health and Social Care Partnership.

4.9 This opinion does not include audit reviews performed for arms-length external organisations that currently receive assurance from the Council's IA team.

Internal Audit 2020/21 Annual Opinion

4.10 Based on limited (80%) completion of the 2020/21 annual plan, IA considers that significant improvements are required across the Council's control environment, governance and risk management arrangements to ensure that the Council's most significant risks are effectively identified, mitigated, and managed, and is raising a 'red' rated 'significant improvement required' opinion (see Appendix 1 category 3), with our assessment towards the lower end of this category.

4.11 This opinion remains aligned with the outcome reported for the 2020/21 financial year which was also a limited opinion based on 72% plan completion due to the initial impacts of the Covid-19 pandemic.

4.12 The majority of the outcomes of the Covid-19 reviews included in the 2020/21 annual plan were assessed as either 'effective' (green) or 'some improvement required' (amber), confirming that the Council urgently implemented appropriately designed processes in response to new legislative requirements and Scottish Government and Health Protection Scotland requirements and guidance. Only two Covid-19 review outcomes were assessed as significant improvement required' (red).

4.13 Whilst one overall audit outcome has been assessed as 'inadequate' (black) based on the significance and volume of findings raised, no 'critical' IA findings have been raised. Additionally, the total number of findings raised in 2020/21 has decreased in comparison to the number of findings raised in prior years, with a positive improvement in the proportion of High rated findings raised. It is, however, important to note that this reduction may be attributable to IA focus on design of controls during 2020/21 with limited control effectiveness testing.

4.14 Whilst there has been deterioration in the percentage of overdue IA findings and their ageing profile as at 31 March 2021 in comparison to 2019/20, it is important to highlight that this is mainly due to management's ongoing focus on the Council's

Covid-19 operational resilience response. Whilst a four month extension timeframe was applied to all open IA findings to reflect the impact of the pandemic, it is likely that this was insufficient to reflect the ongoing impact on Council services and the reallocation of resources to focus on resilience activities.

- 4.15 A number of recurring new, significant, and thematic weaknesses have been identified in the Council's control environment, and further work is required to ensure that the Council consistently addresses the risks associated with open IA findings by implementing management actions to address these risks within agreed timeframes.
- 4.16 The findings raised in the 'inadequate' (black) IA report relate to the inconsistent application of the Council's established supplier management framework to support effective management of high risk contracts. These control gaps were initially highlighted by IA in a Council wide review completed in 2018/19, and the agreed management actions to address the risks identified have not yet been fully implemented. It is important to note that management contacted IA to request the addition of this review to the 2020/21 annual plan following an initial assessment of these supplier management risks, however these risks had been impacting the Council for some time and had not been previously identified and escalated.
- 4.17 Additionally, the concerns raised by the External Auditors, Azets, in their 2019/20 Risk Management audit have not yet been fully addressed as implementation of the refreshed operational risk management framework has been delayed to ensure appropriate ongoing focus on new and emerging Covid-19 risks and challenges.
- 4.18 It is acknowledged that the Council's Incident Management Team ensured that processes were established to identify; assess; record; and manage the new and emerging risks presented by the Covid-19 pandemic, however these processes have not been subject to review by IA.
- 4.19 Consequently, we believe that the Council's established control environment; governance; and risk management frameworks have not yet matured and adapted sufficiently to support effective management of the rapidly changing risk environment and the Council's most significant risks, putting achievement of the Council's objectives at risk.
- 4.20 It is IA's view that the weaknesses identified and highlighted in IA reports supporting the 2020/21 annual opinion are predominantly attributable to lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied to support effective ongoing management of service delivery and projects. This point was also raised in the 2018/19 and 2019/20 IA annual opinions, and it is essential that appropriate action is taken by management to ensure that this is addressed. The Council's Corporate Leadership Team has confirmed that they are in the process of implementing a revised first and second line governance and assurance model that should address these concerns.

Areas where improvement is required

- 4.21 The Council should endeavour to improve its control environment and governance and risk management frameworks to ensure that all significant risks are effectively recognised, managed, and mitigated, particularly across the areas highlighted below.
- 4.21.1 **Covid-19 response** – recognising that new processes and controls were implemented at a significant pace in response to new Covid-19 regulations and Scottish Government and Public Health Scotland requirements and guidance, and usually in addition to existing workloads, some areas were identified where the design and implementation of these controls could have been improved. These generally related to the identification of and management of risk, and governance and decision making processes. In some instances (for example supplier relief and physical distancing and employee protection) IA confirmed that the processes that had been designed were not consistently applied. These are highlighted in the following reports:
- Supplier Relief;
 - Spaces for People;
 - Shielding and Vulnerable Groups;
 - Physical Distancing and Employee Protection;
 - Allocation of Scottish Qualification Authority Grades;
 - Workforce Management; and,
 - Employee Testing.
- 4.21.2 **Governance, Decision Making and Scrutiny** – review of the management of the Council's external arm's length organisations (ALEOs) and the Governance, Risk, and Best Value (GRBV) Committee Effectiveness audits highlighted the need to ensure that appropriate second line frameworks are designed; implemented; and consistently applied by first line directorates to support effective management and scrutiny of the service delivery; financial and reputational risks associated with both the Council's subsidiary and other external companies that it engages with.
- 4.21.3 The GRBV Committee Effectiveness review also confirmed that whilst the Committee is fulfilling its core remit, there is opportunity to enhance the effectiveness of the scrutiny it performs and the impact it can achieve within the constraints of the overall design of the Council's scrutiny model.

- 4.21.4 **Supplier Contractor and Partnership Management** – the findings raised in the ‘inadequate’ (black) IA report relate to the inconsistent application of the Council’s established supplier management framework to support effective management of high-risk contracts. These control gaps were initially highlighted by IA in a Council wide review completed in 2018/19, and the agreed management actions to address the risks identified have not yet been fully implemented.
- 4.21.6 It is important to note that these issues are not consistent across all contracts managed across the Council as the Public and Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Schools Contract Management review confirmed that these significant contracts were generally managed with some improvement required.
- 4.21.7 **Resilience** – review of the Council’s Technology Resilience arrangements provided only limited assurance that the Council will be able to restore critical systems and services in line with expected timeframes in the event of a technology resilience incident, as recovery timeframes for systems supporting critical Council services have not been specified by services. Once specified, further discussion is required with Digital Services and CGI to confirm whether these are aligned with contractual recovery times agreed with CGI. Additionally, the Council’s technology disaster recovery test plans require to be refreshed and tested.
- 4.21.8 Review of processes established across Council directorates to record Covid-19 resilience lessons learned also confirmed that some improvement is required as varying approaches are currently being applied by directorates in the absence of a corporate approach and supporting guidance. This report also highlights that a review of corporate lessons learned will be required to meet both Accounts Commission and COSLA expectations.
- 4.21.9 **Health and Safety** – review of the policies and processes established and applied in Education and Children’s Services to prevent and manage behaviours of concern behaviour confirmed that the Council’s violence at work policy requires to be refreshed and updated, and that Education and Children’s Services policies and procedures should be refreshed consistently applied. It is also important to ensure that employees have sufficient capacity to complete training; that training completion is consistently monitored; that employees are aware of established complaints and escalation processes and available employee support arrangements; and that lessons learned are identified, recorded, and incorporated into risk assessments and pupil plans where appropriate.
- 4.21.10 It is important to highlight that management is aware that improvement is required in this area, and had already made some positive progress with their responses to the EIS and Unison employee unions ‘Violence at Work’ survey completed in 29 October 2018 and a subsequent elected member

motion on 11 December 2018. These were detailed in a report presented to the Education, Children and Families Committee in May 2019.

- 4.21.11 **Technology and Information** – review of network management arrangements to ensure the security of both the Council's corporate and learning and teaching networks confirmed that significant improvement is required. Whilst it is common for penetration testing to be performed annually to confirm whether known security vulnerabilities could potentially be exploited, good practice is to complete testing more frequently in conjunction with ongoing vulnerability scanning. Currently the Council relies on annual penetration testing performed on the Council's corporate network to support cyber essentials plus and public services network accreditation, and ongoing vulnerability scanning performed across both networks. No penetration testing is currently performed on the learning and teaching network to confirm whether known vulnerabilities identified from vulnerability scanning could be exploited. A number of additional areas were also identified where current network security controls could be improved.
- 4.21.12 **Service Delivery** - some weakness in service delivery controls were identified across all audits completed to support the 2020/21 IA annual plan, with details included in individual reports. It is also important to note that IA focus on new Covid-19 processes and controls means that there has been limited assurance provided on routine service delivery controls that could have been potentially impacted as a result of operating in the ongoing Covid-19 resilience environment.

Areas where positive assurance has been provided

- 4.22 The green or 'effective' reporting outcomes detailed below were achieved across the Council during the year. It is important to note that a number of these processes were essential to support the Council's Covid-19 response:
- 4.22.1 the design of Covid-19 grant processes implemented to provide support for businesses impacted during the pandemic;
 - 4.22.2 arrangements for the procurement and allocation of protective personal equipment (PPE) to Council employees during the pandemic;
 - 4.22.3 Scottish Government and COSLA Covid-19 returns processes;
 - 4.22.4 the Employee Lifecycle Data and Compensation and Benefits processes (payroll) audit for the 2019/20 financial year confirmed that there were no significantly material or systemic errors in employee records and payroll transactions. It should be noted that a further review of salary overpayments confirmed that some improvement is required to ensure that Divisions/Directorates advise Human Resources of leaver details to ensure that they are removed from the payroll on time;

- 4.22.5 Chief Social Work Officer assurance and annual report; and,
- 4.22.6 Programme and Project Delivery - no new IA findings were raised during 2020/21 in relation to our ongoing agile audits of the Enterprise Resource Planning System and the Edinburgh Tram Extension projects, confirming that the control environments, governance, and risk management processes supporting these significant projects are operating effectively

IA Assurance outcomes

- 4.23 Of the 32 audits completed during the 2020/21 financial year, 12 (34%) were reported as 'effective' (green); 12 (41%) as 'some improvement required (amber); 7 (22%) as 'significant improvement required' (red); and one (3%) as 'inadequate' (black).
- 4.24 A total of 69 findings (16 High; 42 Medium; and 11 Low) were raised in the 32 audits completed.
- 4.25 Appendix 3 includes details of all 2020/21 audits completed (including those carried forward from 2019/20) for the Council (30 in total), and the outcomes of the 2 LPF reviews that will be provided to the Pensions Audit Sub-Committee for review and scrutiny.

Status of Internal Audit Findings as at 31 March 2021

- 4.26 There were 107 open IA findings across the Council as at 31 March 2021
- 4.27 All 26 historic Council findings that were reopened in June 2018 had been closed by 31 March 2021.
- 4.28 Of the 107 open IA findings:
 - 4.28.1 a total of 43 (40%) findings were open, but not overdue;
 - 4.28.2 a total of 64 (60%) were reported as overdue as they had missed all of their originally agreed implementation dates (17 High; 38 Medium; and 9 Low);
 - 4.28.3 evidence in relation to 18 (42%) of the 43 overdue findings was being reviewed by IA to confirm that it was sufficient to support their closure; and
 - 4.28.4 25 (58%) residual overdue findings still required to be addressed.

Comparison with Prior Year Outcomes

- 4.29 The 2020/21 IA annual opinion has slightly improved in comparison to the 2019/20 position, with IA's assessment now at the lower end of the red rated / significant improvement required category.
- 4.30 The rationale supporting this alignment considered the following IA assurance outcomes:

- 4.30.1 alignment between the total number of audits completed in the last three financial years (32 in 2020/21; 34 in 2019/20; and 37 in 2018/19) despite completion of only 80% of the 2020/21 annual plan;
- 4.30.2 the areas where improvement is required as detailed above;
- 4.30.3 closure of all 26 historic IA findings that were reopened in June 2018;
- 4.30.4 a decrease in the total number of IA findings raised, with 69 raised in 2020/21 in comparison to 83 and 82 in 2019/20 and 2018/19 respectively. It is important to note that this reduction may be attributable to focus on design of controls in audits completed in 2020/21 with limited effectiveness testing;
- 4.30.5 a decrease in the proportion of high rated findings raised, with 23% (16) raised in 2020/21 in comparison to 32% (27) and 37% (30) in 2019/20 and 2018/19 respectively. Again, it is important to note that this decrease may be attributable to focus on control design with limited control effectiveness testing;
- 4.30.6 an increase in the percentage of overdue IA findings, with 60% overdue as at 31 March 2020 in comparison to 49% in as at 31 March 2020; and
- 4.30.7 A deterioration in the ageing profile of overdue findings, with 42% more than one year overdue (18% in 2019/20), and 25% now more than six months overdue (14% in 2019/20) as the Council is not yet consistently addressing the risks associated with open IA findings by implementing management actions within agreed timeframes

Internal Audit Independence

- 4.31 PSIAS require that IA must be independent, and internal auditors' objective, in performing their work. To ensure conformance with these requirements, IA has established processes to ensure that both team and personal independence is consistently maintained and that any potential conflicts of interest are effectively managed.
- 4.32 IA does not consider that we have faced any significant threats to our independence during 2020/21, nor do we consider that we have faced any inappropriate scope or resource limitations (for example headcount restrictions) when completing our work.
- 4.33 Implementation of the governance process that requires approval of changes to the IA annual plan by both the Corporate Leadership Team and Governance, Risk and Best Value Committee in January 2018 also effectively supports ongoing IA independence.

Conformance with Public Sector Internal Audit Standards and IA Internal Quality Assurance

- 4.34 IA achieved full conformance with PSIAS requirements during the 2020/21 annual plan year following implementation of an internal quality assurance programme in 2019/20.

Internal Quality Assurance Outcomes

- 4.35 The 2020/21 internal quality assessment process focused on the consistency and quality of follow-up work performed by the IA team.
- 4.36 This involved review of follow-up work performed on a sample of nine management actions that had been closed following IA review during 2020/21. This sample reflects 5% of the full population of 177 findings closed, and comprised six high; two medium; and one low rated findings across all directorates (including LPF), with coverage across all IA team members and managers to assess whether file quality was compliant with the Council's IA methodology and PSIAS requirements.
- 4.37 The review was performed by three team members (with support and oversight from a Principal Audit Manager) who reviewed the follow-up work completed by other team members.
- 4.38 Files were assessed as either green (fully compliant); yellow (generally compliant); amber (partially compliant) and red (non-compliant) with the Council's IA methodology and PSIAS requirements.
- 4.39 The outcomes of the review confirmed that 22% of the files were fully compliant, and 78% generally compliant.
- 4.40 The themes identified from the reviews have been shared and discussed with the IA team, and will be reflected (where required) in individual team member development plans and ongoing monthly performance discussions.
- 4.41 The next IA external quality assessment is due for completion in 2021/22 in line with the five year review requirement specified in the PSIAS, and the Institute of Internal Auditors has been engaged to complete this review.

5. Next Steps

- 5.1 The remaining 20% of the 2020/21 has been carried forward into the 2021/22 annual plan. Work is currently underway on these audits. Progress with delivery of these reviews will be provided through the quarterly IA update report provided to the Committee and the outcomes will be reported to the Committee. Additionally, any reports that have either an overall red (significant improvement required) outcome or include any red (high) rated findings will be presented to the Committee for scrutiny in line with the process agreed with the Committee in July 2020.
- 5.2 IA will continue to monitor the open and overdue findings position, providing monthly updates to the Corporate Leadership Team, and quarterly updates to the Governance, Risk and Best Value Committee.

- 5.3 Whilst all IA reports with an overall significant improvements required (red) outcomes and those that include any high (red) rated findings have been formally presented to the Committee for review and scrutiny, elected members may not have had sufficient time to review all reports that do not meet these criteria, to determine whether they should be specifically requested for presentation at Committee. This is mainly attributable to the ongoing impacts of Covid-19 impacting finalisation of some reports.
- 5.4 Consequently, some reports may be presented to the Committee for review and scrutiny following their review of the 2020/21 IA annual opinion.
- 5.5 Details of the dates when IA reports were reviewed or made available for elected member consideration are included at Appendix 3.

6. Financial impact

- 6.1 Whilst there is no direct financial impact associated with the content of this report, it is important to note the indirect financial impacts (time and resources) associated with implementation of agreed management actions to address IA findings raised.

7. Stakeholder/Community Impact

- 7.1 As the 2020/21 annual opinion remains aligned with the 2019/20 assessment, this report highlights that the Council is currently exposed to a significant level of risk that puts achievement of its objectives at risk, and could potentially impact services delivered and support provided to citizens; stakeholders; community groups; and employees.

8. Background reading/external references

- 8.1 [Internal Audit: Covid-19 Response – Paper 8.1](#)
- 8.2 [Internal Audit Annual Plan 2020-21- Paper 8.1](#)
- 8.3 [Public Sector Internal Audit Standards](#)
- 8.4 [Institute of Internal Auditors Three Lines Model](#)
- 8.5 [Internal Audit Opinion and Annual Report for the Year Ended 31 March 2020 – Paper 8.1](#)
- 8.6 [Internal Audit Opinion and Annual Report for the Year Ended 31 March 2019 – paper 11](#)
- 8.7 [Internal Audit Opinion and Annual Report for the Year Ended 31 March 2018 – item 7.11](#)
- 8.8 [Internal Audit Report - Historic Internal Audit Findings – item 7.3](#)

9. Appendices

- 9.1 Appendix 1 Internal Audit Annual Opinion Definitions
- 9.2 Appendix 2 Limitations and Responsibilities of Internal Audit and Management Responsibilities
- 9.3 Appendix 3 Audits Completed Between 1 April 2020 and 31 March 2021
- 9.4 Appendix 4 IA Overdue Findings and Management Actions 31 March 2019 to 31 March 2021
- 9.5 Appendix 5 Summary of 2020/21 IA Annual Plan Changes
- 9.6 Appendix 6 Appendix 6 – Audits Carried Forward into the 2021/22 IA Annual Plan
- 9.7 Appendix 7 Covid-19 Supplier Relief Final Report
- 9.8 Appendix 8 Covid-19 Shielding and Vulnerable People Final Report
- 9.9 Appendix 9 GRBV Committee Effectiveness Final Report
- 9.10 Appendix 10 Salary Overpayments – Findings Only Final Report
- 9.11 Appendix 11 Technology Resilience Final Report
- 9.12 Appendix 12 Corporate and Learning and Teaching Network Management Final Report
- 9.13 Appendix 13 Arm's Length External Organisations Final Report
- 9.14 Appendix 14 Health and Safety Behaviours of Concern Final Report
- 9.15 Appendix 15 Covid-19 Spaces for People Final Report

Appendix 1 – Internal Audit Annual Opinion Definitions

The PSIAS require the provision of an annual Internal Audit opinion, but do not provide any methodology or guidance detailing how the opinion should be defined. We have adopted the approach set out below to form an opinion for Lothian Pension Fund.

We consider that there are 4 possible opinion types that could apply to the Council. These are detailed below:

1. Effective	The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.
2. Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.
3. Significant improvement required	Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.
4. Inadequate	The design and / or operating effectiveness of the control environment and / or governance and risk management frameworks is inadequate, with a number of significant and systemic control weaknesses identified, resulting in substantial risk of operational failure and the strong likelihood that the Council's objectives will not be achieved.

Appendix 2 - Limitations and responsibilities of internal audit and management responsibilities

Limitations and responsibilities of internal audit

The opinion is based solely on the internal audit work performed for the financial year 1 April 2020 to 31 March 2021. Work completed was based on the terms of reference agreed with management for each review. However, where other matters have come to our attention, that are considered relevant, they have been taken into account when finalising our reports and the annual opinion.

Professional judgement is exercised in determining the appropriate opinion, and it should be noted that in giving an opinion, assurance provided can never be absolute for the reasons noted below:

1. Internal Audit endeavours to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and, if detected, performs additional work directed towards identification of potential fraud or other irregularities. However, internal audit procedures alone, even when performed with due professional care, do not guarantee that fraud will be detected. Consequently, Internal Audit reviews should not be relied upon to detect and disclose all fraud, defalcations or other irregularities that may exist.
2. There may be additional weaknesses in the Council's control environment and governance and risk management frameworks that were not identified as they were not included in the Council's 2020/21 annual Internal Audit plan; were excluded from the scope of individual reviews; or were not brought to Internal Audit's attention. Consequently, management and the Committee should be aware that the opinion may have differed if these areas had been included or brought to Internal Audit's attention.
3. Control environments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and the impact of unplanned events.

Future periods

The Internal Audit opinion is based on an assessment of the controls that operated across the Council during the year ended 31 March 2021. This historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Management responsibilities

It is management's responsibility to develop and operate effective control environments and governance and risk management frameworks that are designed to prevent and detect current and future irregularities and fraud. Internal audit work should not be regarded as a substitute for these responsibilities.

Appendix 3 - Audits completed between 1 April 2020 and 31 March 2021

Ref	Review Title	Report Outcome	No. of findings raised				Report Available for Scrutiny
			High	Medium	Low	Totals	
	Council Wide						
1.	Covid-19 Newly Self-Employed Grant Application Process (Design Review)	Effective	-	-	1	1	May 2021
2.	Covid-19 Procurement and Allocation of Personal Protective Equipment	Effective	-	-	1	1	May 2021
3.	Covid-19 Workforce Management	Some Improvement Required	-	1	-	1	May 2021
4.	Covid-19 Employee Testing	Some Improvement Required	-	1	1	2	June 2021
Page 59	Covid-19 Support for Business Grants – pre-implementation review of the design of the new process.	Effective	No significant control design weaknesses were identified that would have impacted implementation of the new process. IA advice on areas where controls could potentially be improved was provided to management for consideration, and no audit reports were prepared				
	Covid-19 – Taxi and Private Hire Driver Support Fund - pre-implementation review of the design of the new process	Effective					
	Covid-19 – Discretionary Business Grants - pre-implementation review of the design of the new process	Effective					
8.	Covid-19 Supplier Relief	Significant Improvement Required	1	1	-	2	May 2021
9.	Covid-19 Shielding and Vulnerable People	Some Improvement Required	1	2	-	3	May 2021
10.	Covid-19 Lessons Learned	Some Improvement Required	-	1	-	1	July 2020
11.	Covid-19 Physical Distancing and Employee Protection	Some Improvement Required	-	3	-	3	July 2020
12.	Governance, Risk, and Best Value Committee Effectiveness	Significant Improvement Required	-	9	2	11	August 2021
	Totals		2	18	5	25	

			No. of findings raised				Report Available for Scrutiny
	Review Title	Report Outcome	High	Medium	Low	Totals	
	Corporate Services						
13.	Employee Lifecycle Data and Compensation and Benefits Processes for the 2019/20 Financial Year	Effective	-	1	-	1	May 2021
14.	Digital Services Change Implementation	Some Improvement Required	-	2	-	2	May 2021
15.	Public and Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Schools Contract Management	Some Improvement Required	-	1	-	1	May 2021
16.	Salary Overpayments – Findings Only report	Some Improvement Required	1	-	-	1	June 2021
17.	Technology Resilience	Significant Improvement Required	1	3	-	4	August 2021
18.	Corporate and Learning and Teaching Network Management	Significant Improvement Required	2	2	-	4	August 2021
19.	Direct Access and Mobile Device Management	Some Improvement Required	-	2	2	4	August 2021
20.	Covid-19 Scottish Government/COSLA Returns	Effective	-	1	-	1	June 2021
21.	Arm’s Length External Organisations (ALEOs)	Significant Improvement Required	2	-	-	2	August 2021
	Totals		6	12	2	20	
	Education and Children’s Services						
22.	Covid-19 Allocation of estimated SQA grades	Some Improvement Required	-	1	-	1	May 2021
23.	Health and Safety – Behaviours of Concern	Significant Improvement Required	2	1	-	3	August 2021
24.	Chief Social Work Officer Assurance and Annual Report	Effective	-	-	2	2	June 2021
	Totals		2	2	2	6	
	Health and Social Care Partnership						
25.	Covid-19 - HSCP Command Centre	Some Improvement Required	-	2	-	2	May 2021
	Totals		-	2	-	2	

	Review Title	Report Outcome	No. of findings raised				Report Available for Scrutiny
			High	Medium	Low	Totals	
	Place						
26.	Registration and Bereavement Services	Some Improvement Required	-	2	1	3	May 2021
27.	Covid-19 Spaces for People	Significant Improvement Required	1	2	-	3	July 2021
28.	Edinburgh Tram Network Infra-company Supplier Management Arrangements	Inadequate	4	1	-	5	August 2021 'B' Agenda item
	Totals		5	5	1	11	
	Projects						
29.	Enterprise Resource Planning System – ongoing agile audit	Effective	-	-	-	-	Ongoing
30.	Tram to Newhaven – ongoing agile audit	Effective	-	-	-	-	Ongoing
	Totals		-	-	-	-	
	Lothian Pension Fund						
31.	Bulk Transfers	Effective	-	1	1	2	August 2021
32.	Cessations	Some Improvement Required	1	2	-	3	August 2021
	Totals		1	3	1	5	
	Total Findings Raised 2020/21 – 32 Audits		16	42	11	69	
	2019/20 Total – 34 Audits		27	38	18	83	
	2018/19 Total – 37 Audits		30	32	20	82	

Appendix 4 – IA Overdue Findings and Management Actions from 31 March 2019 to 31 March 2021

Key Performance Indicator (KPI)		31/03/2019		31/03/2020		31/03/2021		Trend
IA Findings								
1	Open findings	83	100%	85	100%	107	100%	Not Applicable
2	Not yet due	32	39%	43	51%	43	40%	Not Applicable
3	Overdue findings	51	61%	42	49%	64	60%	
4	Overdue - IA reviewing	20	39%	7	16%	18	28%	
5	High Overdue	13	28%	15	36%	17	27%	
6	Medium Overdue	33	57%	23	54%	38	59%	
7	Low Overdue	5	15%	4	10%	9	14%	
8	<90 days overdue	4	8%	13	31%	11	17%	
9	90-180 days overdue	8	16%	5	12%	10	16%	
10	180-365 days overdue	14	27%	6	14%	16	25%	
11	>365 days overdue	25	49%	18	43%	27	42%	
Management Actions								
12	Open actions	209	100%	221	100%	296	100%	Not Applicable
13	Not yet due	98	47%	117	53%	120	41%	Not Applicable
14	Overdue actions	111	53%	104	47%	176	59%	
15	Overdue - IA reviewing	26	23%	16	15%	61	35%	
16	Latest date missed	45	41%	35	34%	95	54%	
17	Date revised > once	54	49%	33	32%	71	40%	

Trend Analysis - Key

	Adverse trend - action required
	Stable with limited change
	Positive trend with progress evident

No trend analysis is performed on open findings and findings not yet due as these numbers will naturally increase when new IA reports are finalised

Appendix 5 – Summary of 2020/21 IA Annual Plan Changes

2020/21 IA annual plan changes	Council	ALEOs	Total
Audits included in original plan approved in September 2020	36	9	45
Audits added to the plan <ul style="list-style-type: none"> Edinburgh Tram Network Supplier Arrangements (approved Dec 20) Covid-19 Taxi and Private Hire Support Fund design review (February 21) Discretionary Grants design review (February 21) Salary Overpayments – findings only review (February 21) 	4	-	4
Audits combined / removed from the plan <ul style="list-style-type: none"> Corporate and Learning and Teaching Technology Network Management reviews (combined) Development and Implementation of the Council's Carbon Neutral / Climate Change Strategy – removed and included in 2021/22 plan (approved March 2020) 	(2)	-	(2)
Total audits remaining in 2020/21 IA annual plan	38	9	47

Appendix 6 – Audits Carried Forward into the 2021/22 IA Annual Plan

Audits carried forward into the 2021/22 IA Annual Plan		
1.	Council Tax and Business Rates	Audit in progress. Aiming to complete by end August 21
2.	Development of the Council's Digital and Smart Cities Strategy	Audit in progress. Aiming to complete by end August 21
3.	Health and Safety - Implementation of asbestos recommendations (PwC)	Audit in progress. Aiming to complete by end August 21
4.	Parking and Traffic Regulations	Audit in progress. Aiming to complete by end August 21
5.	Management of waiting lists and assessments (HSC)	At planning stage. Aiming to complete by end September 21
6.	Fraud and Serious Organised Crime (including Physical Security controls)	At planning stage. Aiming to complete by end September 21
7.	Active Travel – Project Management and Delivery	At planning stage. Aiming to complete by end September 21
8.	Adaptation and Renewal Programme Governance	Not yet started

The City of Edinburgh Council

Internal Audit

Page 65

COVID19 006 Supplier Relief

28th May 2020

Overall Report Rating:

Significant Improvement Required	Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.
---	--

Background	Scope and approach	Opinion
<p>On 26 March 2020, the Scottish Government published their <u>Scottish Procurement Policy guidance Note (SPPN) 5/2020</u> for public bodies that provided guidance notes for Local Authorities to support supplier service continuity during Covid-19. The Convention of Scottish Local Authorities (COSLA) also issued a set of Principles to Council's that are aligned with the SPPN.</p> <p>The key points included in the SPPN guidance note are:</p> <ol style="list-style-type: none">suppliers must set out proposals to vary an existing contract or request some form of relief;suppliers will not be entitled to combine a relief under the contract with any other COVID-19 related relief which results in receipt of more than one benefit / relief for the same underlying cash-flow issue;suppliers must have evidence that any monies paid have been used as intended; andsuppliers must promptly pay their staff and supply chain; andmonies paid can be recovered by public bodies in certain circumstances, e.g. supplier breach of contract. <p>The Council's Supplier Relief process was designed to provide urgent and immediate support to critical suppliers and was aligned with both SPPN and COSLA guidance.</p> <p>The Council's Incident Management Team (CIMT) approved implementation of the process on 2 April 2020, and confirmed that:</p> <ol style="list-style-type: none">early learning; childcare; and social care suppliers and specialist transport service providers supporting front line services in sectors/locations where there is a lack of alternative suppliers, should be engaged and prioritised;there should be focus on payments to small and medium enterprise suppliers;all payments should be approved by relevant Executive Directors; the Head of Finance; and the Chief Procurement Officer, and would be met from existing service budgets. <p>Supplementary guidance (<u>SPPN 8/2020</u>) was issued on 30 June which provides guidance on Covid-19 transitional arrangements and restarting contracts; endorses unlimited extension of established supplier relief arrangements beyond 30 June; and encourages implementation of future longer-term commercially sustainable supplier arrangements. The Council's response to SPPN 8/2020 was approved by CIMT on 26 June 2020.</p>	<p>Scope</p> <p>Review of the design of key supplier relief process controls to confirm that the process was designed and implemented in line with applicable guidance, and mitigated the following key risks::</p> <ul style="list-style-type: none">Financial risk – risk that demand for support exceeds funding available to support the supplier relief process or has an adverse impact on the Council's cash flow;Fraud risk – receipt of fraudulent (overstated) or inaccurate claims (e.g. where suppliers already receive other COVID-19 related relief);Resourcing risk – adequacy of appropriately skilled and experienced resources to process the volume of applications received;Decision making – risk that incorrect decisions will be made on applications received; andProcessing risk – risk that payments are not processed accurately. <p>Approach</p> <ul style="list-style-type: none">Discussion with management to understand their risk appetite in relation to the process. As no risk appetite was specified, our approach assumed that full compliance with the established process was required.A walkthrough of the end to end process to identify and understand the design of key process controls and validate the outcomes for a sample of supplier relief applications;Review of a sample of two completed applications with a combined valued of £270K to assess whether the key controls were adequately designed and implemented to mitigate the key risks and were aligned with management's risk appetite.Identification of areas where the design and implementation of the controls require improvement	<p>Our review confirmed that the supplier relief process was effectively designed, despite tight implementation timeframes, with appropriate application validation controls established to support effective assessment of claims received prior to payment. Additionally, these controls were aligned with both SPPN 5/2020 and COSLA guidance,</p> <p>However, the process approved by the Council's Incident Management Team (CIMT) was not consistently applied.</p> <p>It is acknowledged that this may be attributable to the complexity of the process and the urgency to provide immediate support for suppliers during the initial lockdown phase of the Covid-19 pandemic. Additionally, the processes applied were generally aligned with both SPPN and COSLA guidance, with the exception of confirming that suppliers were not in receipt of any other government grants or funding as (in some instances) attestation from suppliers was accepted to support supplier relief payments.</p> <p>Management has provided rationale for and confirmed that they are comfortable with the potential risks associated with these variances from the approved process, however these variations have not been recorded and approved.</p> <p>Consequently, one High and one Medium rated findings have been raised .</p> <p>The high rated finding highlights the need for a proportionate retrospective review to identify any excessive and / or inappropriate payments; suppliers who have not used funds in line with agreed terms and conditions; and explore potential recourse options (where appropriate).</p> <p>The Medium rated finding focuses on the need to complete the Supplier Relief Register that forms the basis of Scottish Government reporting on the volume and value of payments made, and ensure that appropriate arrangements are made for central storage and retention of all supplier relief documents.</p> <p>Areas of good practice</p> <ul style="list-style-type: none">Comprehensive and timely response to SPPN and COSLA guidance;Proactive consultation with stakeholders and CIMT on process design; andComprehensive guidelines prepared and issued



Observations

The Council’s supplier relief process requires divisions to review applications and confirm whether conditions are achieved before submitting requests for approval and payment to directors. Terms or conditions can be waived in extenuating circumstances following completion of appropriate due diligence and provision of rationale to support management review and decision making.

Review of two supplier relief claims, assessed by divisions and validated by Commercial Procurement Services (CPS) and Finance prior to approval by the Executive Director of Communities and Families confirmed that the established process was not consistently applied. Specifically:

- **Variable costs** - supplier claims were not consistently adjusted to remove variable costs. Management advised that this was due to the complexity involved and urgency to make payments; and that payments to transport providers were adjusted to reflect reduced fuel costs for adjusted routes.
- **Other Covid-19 relief** - claims were accepted that disclosed receipt of Job Retention Scheme support. Management advised that these suppliers operated both public and private sector transport contracts, and that support was provided for employees working on private sector contracts. Whilst management also confirmed that the Executive Director was verbally advised prior to approval of the payment, the rationale supporting the decision to make these supplier relief payments has not been documented.
- **Contractual status** - payments were made to suppliers operating under a procurement framework who did not have an established fixed contract with the Council. Management has advised that these suppliers received payment as they provided regular transport services, however, this decision was not documented.
- **Ongoing supplier monitoring** - was not performed to confirm that suppliers in receipt of payments continued to meet the Council’s supplier relief requirements specified in the SPPN guidance and contract change notices provided to suppliers.

Recommendations

1. In relation to supplier relief payments made, CPS and Finance should consider:
 - jointly perform a risk-based retrospective review of completed applications to determine whether any excessive supplier relief payments have been made; and
 - where excessive payments or inappropriate use of funds is identified from retrospective reviews, consult with divisions Legal Services to understand the available options to pursue (where relevant) partial or full recovery of funds.
2. For the ongoing supplier relief process:
 - CPS should design an application checklist, aligned with SPPN and COSLA guidance and the established Council process, for service areas to complete when processing a new application.
 - CPS should communicate the requirement for completion and provision of the checklist together with supporting documentation and rationale; and
 - CPS and Finance should review checklist completion for a risk based sample of complex; high risk; and high value applications prior to payment and document their reviews.
3. Service areas and directorates should complete the processing checklist to confirm process compliance and consider to perform risk based review to confirm if suppliers have used their relief funds appropriately and in line with the agreed terms detailed in CCN.

Risks

The potential risks associated with our findings are:

- payments are made to non critical suppliers who do not meet either the Council’s terms and conditions or COSLA and / or SPPN 5/2020 guidance.
- excessive payments are made to cover variable costs and profit margins.
- reputational damage associated with inappropriate allocation of funds to suppliers and their inappropriate use by suppliers.

Management Comments

Please refer slide 4.



The Internal Audit observations principally relate to relief to partner providers of critical external transport services. The Council's arrangements in this key area reflect COSLA's policy commitment to support partner providers with particular emphasis on delivery of public services necessary to tackle Covid-19. The Council's Supplier Relief scheme reflects COSLA's policy position with CIMT directing that special consideration be given to suppliers supporting the delivery of services to children and vulnerable citizens and agreeing that the Council would pro-actively engage with relevant Early Learning and Childcare suppliers, social care suppliers, suppliers of supported bus service and suppliers of other specialist transport services in areas where it was considered that action was needed in order to protect the availability of vital front-line services.

In line with COSLA policy and CIMT direction, Council officers engaged with critical transport providers to assess support required. Requests for support were required to reflect, as a minimum, savings in variable costs such as fuel and maintenance. While the Council engaged with 38 transport providers to assess support required on an individual basis, it should be noted that local authorities adopted a range of approaches with some local authorities adopting a simpler approach by agreeing to pay a set percentage (typically 75% - 100%) of regular payments to all transport providers.

The audit findings relate to supplier relief payments to transport providers in the initial phase (April 2020 to June 2020) of the Covid-19 pandemic. The audit observations are attributable to the complexity of the process; the emerging and changing position on national support schemes; the diverse organisational circumstances of the partner organisations requesting relief; and the urgency to provide immediate support to ensure service continuity, protect infrastructure, supply chains and jobs.

In relation to the risks identified by Internal Audit, it should be noted that: all payments were made to critical suppliers of regular transport services; payments to transport providers averaged 84% of regular payments (with this being broadly in line with arrangements implemented by other local authorities); relief provided was in accordance with the COSLA policy position and the CIMT decision to proactively engage with transport providers; all relief payments were subject to Contract Change Notices which set out the terms of the payments and provided for recovery of any overpayment; relevant service areas are responsible for ensuring appropriate operational oversight in relation to the application of the relief as part of their ongoing contract management responsibilities; relief provided has supported the policy objective of protecting critical front-line services with partner transport providers continuing to support education recovery.

Given the circumstances outlined above, management in CPS and Finance do not plan to undertake retrospective reviews of relief applications or the other recommended actions. As noted above, in hindsight a simpler "set percentage" relief arrangement may have been appropriate for partner providers of critical services and this will be considered further in the design of any future schemes.

Ongoing supplier relief claims are minimal and no process changes will be taken forward at this time. CPS will, however, write to Heads of Services to remind them of the existing process, direct them to the information which is available on the Orb and ask this be cascaded.



Observations

Requirement for completion of a data privacy impact assessment (DPIA) was considered by management as part of the process design, but was not considered necessary as the information collected, processed, and stored was either publicly available, or would have been gathered during established supplier management processes.

Review of record-keeping and information governance arrangements established to support the supplier relief process confirmed that:

- the Supplier Relief Register (SRR) which is a key document for monitoring expenditure and is a source of data for Scottish Government statistical returns has not been regularly updated. In some cases, the SRR includes only the first application and payments made suppliers, and does not include subsequent applications and payments.
- no written records are kept to evidence completion of each stage with the application processing in line with procedural guidance, and
- the majority of supplier relief documentation is stored in individual email accounts.

During our process walkthrough, a service manager also expressed concerns regarding a potential duplication of efforts in reporting the status of supplier relief payments by each service area/directorate to their respective Executive Committees and CIMT, as this involves significant management effort and limits time available to focus on process oversight and assurance.

Recommendations

The following recommendations should be implemented to retrospectively address gaps in record keeping and governance arrangements supporting the supplier relief process:

- CPS should update the Supplier Relief Register with details of all the approved; rejected; and paid claims.
- Service areas/directorates, CPS and Finance teams should store all relevant documents and information supporting received and processed claims in a central location such as departmental shared drives. This should include (but not be limited to) signed application forms and supporting documentation; signed Contract Change Notices; pre-approval supplier criticality and financial risk assessments; and relevant email conversations.
- CPS should consider potential efficiency of centralising the supplier relief payments reporting to CIMT and other relevant governance committees.

Risks

- The potential risks associated with our findings are:
- the Council cannot confirm the total volume of supplier relief claims received; processed; and the total value of payments made.
 - incomplete and / or inaccurate Scottish Government returns.
 - inability to source documentation to support retrospective review and potential recovery of funds where excess payments have been made, or funds have not been used appropriately by suppliers, and
 - duplication of efforts and inefficient use of management time.

Management Comments

As noted, CIMT approved the supplier relief process, which was then cascaded to service areas, with individual Directorates being responsible for ensuring the agreed process was followed and individual applications for relief subject to the approval of the relevant Executive Director and/or CIMT.

The Supplier Relief Register has been updated with details of all known claims, albeit confirmation is awaited from three service areas in respect of aspects of individual claims. CPS will, as part of the reminder referred to in the previous action, ask that services again review the Supplier Relief Register to confirm completeness of the register.

As regards the recommendation that all relevant documents and information be stored in a central location, this is a matter for relevant service areas to consider and undertake as part of their ongoing contract management arrangements. CPS do not consider that there is a need to store relevant documents and information in a central location. Likewise, CPS do not consider there is a need to formally review the supplier relief process for further efficiencies. However, in the usual way, this will be kept under review, as with all operational procedures, to ensure it is appropriate.

As noted above, supplier relief payments reporting is centralised within directorates with proposals to be signed off by Executive Directors in the first instance with Directorate recommendations then being considered through CIMT where appropriate. CPS will remind all services areas that final approval of any supplier relief payments should continue to be approved through CIMT where appropriate.

Finding Rating	Assessment Rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Critical impact on the operational performance; or• Critical monetary or financial statement impact; or• Critical breach in laws and regulations that could result in material fines or consequences; or• Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Significant impact on operational performance; or• Significant monetary or financial statement impact; or• Significant breach in laws and regulations resulting in significant fines and consequences; or• Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Moderate impact on operational performance; or• Moderate monetary or financial statement impact; or• Moderate breach in laws and regulations resulting in fines and consequences; or• Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Minor impact on operational performance; or• Minor monetary or financial statement impact; or• Minor breach in laws and regulations with limited consequences; or• Minor impact on the reputation of the Council.•

The City of Edinburgh Council

Internal Audit

COVID-19 Shielding and Vulnerable People

Draft Report

28th May 2021

Overall report rating:

**Some
Improvement
Required**

Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.

Background
<p>Shielding</p> <p>In response to Covid-19, the Scottish Government (SG) implemented a shielding approach to ensure that citizens at highest risk from COVID-19 were protected. This involved identifying those citizens most at risk and asking them to stay at home because the infection rate within the community was so high.</p> <p>Scottish Local Authorities were asked by the SG to implement processes to ensure that those at highest risk received support through delivery of food supplies; essential medication; and basic supplies and services.</p> <p>The SG worked with the NHS to identify those citizens whose underlying health conditions meant they were at highest clinical risk for COVID-19 and would be advised by the government to self-isolate. All citizens identified were contacted by SG letter.</p> <p>Shielding was paused in Scotland from 1st August, and details of the SG shielding route map for those at highest risk are available at Scottish Government Shielding Route Map</p> <p>Vulnerable People</p> <p>The Council also recognised (as supported by the SG) that there would be a population of non shielding vulnerable citizens who may also require support. Arrangements to support these vulnerable citizens were established with Volunteer Edinburgh and the Edinburgh Voluntary Organisations Council (EVOC), with Memorandums of Understanding established to confirm how these arrangements would operate.</p> <p>The Council published its guidance on support for both shielding and vulnerable people and relevant contact details on the Council's website information-for-vulnerable-and-high-risk-people.</p>

Scope and approach
<p>Scope</p> <p>This review assessed the design adequacy of key controls established to support the Council's shielding and vulnerable people (SVG) Programme, and confirm whether these were designed in line with both SG and Health Protection Scotland guidance and requirements.</p> <p>The review also considered whether the following key risks were appropriately mitigated in line with management's risk appetite:</p> <ol style="list-style-type: none">1. Financial risk - Risk that financial implications associated with provision of shielding support are not clearly understood; and the Council cannot recover all costs incurred.2. Reputational risk - SG requirements to protect shielded citizens are not achieved, and vulnerable citizens are not identified and supported.3. Resourcing / Service delivery risk<ul style="list-style-type: none">• Eligibility of Support Requests• Data Capture, Management and Use• Workforce capacity and skills• Public safety risk (including Covid-19 infection)• Supply Chain• Information Governance• Programme Governance• Lessons Learned <p>Approach</p> <p>The following audit approach was applied:</p> <ol style="list-style-type: none">1. Discussion with management to understand their SVG risk appetite.2. Process walkthroughs to identify and understand the design of key controls.3. Assessment to confirm whether key controls were adequately designed to mitigate the key risks, and are aligned with risk appetite.4. Identify areas where control design should be improved.5. Make proportionate recommendations for management to consider as part of SVG lessons learned.

Opinion
<p>Completion Date</p> <p>Audit work was completed by 21 January 2021, and our opinion and findings are based on the Programme information available as at that date</p> <p>Opinion</p> <p>Whilst some significant and moderate control weaknesses were identified in the design of the SVG Programme control environment and governance and risk management frameworks, they provide reasonable assurance that risks were managed, and that the Council's objectives to support shielding and vulnerable citizens from the start of the March lockdown (circa 15 March) through to 1 August (for shielding citizens) and 21st September (for Vulnerable Groups) were achieved.</p> <p>Implementation of the separate SVG Programmes (that were subsequently combined) was an urgent resilience response to new and continually evolving SG shielding requirements and the Council's focus on protecting vulnerable citizens. The Programme was also implemented when the Council was managing Covid-19 workforce impacts and other significant service delivery and funding risks that could have adversely impacted the effectiveness of the Council's SVG response.</p> <p>The Programme should be commended on the timeliness of its response and the willingness of all involved to protect and support citizens from Programme board members and senior management to catering teams preparing food boxes. Other teams involved in establishing and coordinating this urgent response included contact centre teams; Digital Services; delivery drivers; ATEC 24 Sheltered Housing and Community Alarm Services; and the voluntary organisations who provided additional support for vulnerable citizens.</p> <p>The one High and two Medium rated findings raised highlight areas where improvement is required in relation to Programme governance; risk management; records management; the design and implementation of the shielding contact process; and engagement with and oversight of third party voluntary organisations.</p> <p>Whilst the Shielding and Vulnerable Groups programme is now closed, with Vulnerable Groups now included within the Immediate Support group, it is important that Programme lessons learned (including the points highlighted in this report) are recorded and retained as part of the Council's overarching resilience plans in the event that a similar programme is initiated in response to a future resilience event.</p> <p>Areas of good practice</p> <ul style="list-style-type: none">• The pace of implementation given constantly evolving SG requirements.• The move from manual to automated record keeping processes to support the Programme.• ATEC24 was proactive in contacting vulnerable citizen's and completed over 34,000 telephone wellbeing calls to citizens between 24th March and 30th September 2020.• Management advised that the shielding list is being maintained with support from the NHS in the event that shielding is reinstated. <p>Management Response</p> <p>An overarching management response is included at page 3.</p>

The City of Edinburgh Council, like other Scottish Local Authorities, was directed by the Scottish Government to rapidly implement and support a range of new and additional services to support those people identified as clinically shielded or vulnerable in response to the Covid-19 pandemic. The Scottish Government national guidance and approach was developed at pace and changed regularly, at times daily, throughout the period of the pandemic and this meant that the Council was often required to amend, adjust or otherwise change what it was doing, at times with no or very limited notice. The Council's primary responsibility throughout this period was to ensure that the services for shielded and vulnerable individuals were implemented rapidly and that these individuals were supported effectively. The overriding concern throughout this programme of work remained the safety and support needs of these individuals. Applying a complete and full programme management approach and all of the necessary controls and checks had to be balanced pragmatically by Council Officers against delivering the priority needs and positive outcomes for the individuals being supported. Whilst there will be opportunities for improvement and learning to be gained, any management actions identified are set within the context that the Council delivered new and additional essential services, during a global pandemic, which achieved the outcome of supporting shielded and vulnerable people and families across the City.



Observations	Recommendations	Risks
<p>Whilst it is recognised that the Shielding and Vulnerable Groups Programme was initially established as two separate projects that subsequently combined, and that both were initiated urgently in response to Scottish Government (SG) shielding requirements and the Council's concerns regarding vulnerable groups, review of Programme governance arrangements established that:</p> <p>Shielding and Vulnerable Groups</p> <p>1. Risk Appetite - an overarching risk appetite for the Council's shielding and vulnerable citizens response was not defined, although management has confirmed that the key Programme objective was to ensure that all published Scottish Government requirements and guidance to support shielding citizens were met and applied.</p> <p>2. CIMT decisions and actions - no process was established to ensure that Council Incident Management Team (CIMT) decisions and actions required in relation to shielding and vulnerable group programme activities were fed back into the programme and completed.</p> <p>Vulnerable Groups</p> <p>3. Records Management - four sets of board papers for the initial Vulnerable Groups (VG) board (between April and May 2020) could not be located. Consequently, we were unable to confirm that the VG pathway document (a key document that details the Council's response to vulnerable groups during the March 2020 lockdown) was reviewed and approved by the board. Management has advised that the pathway document was reviewed and approved by the board on 28 April 2020.</p> <p>4. Risk Management - risks in relation to vulnerable citizens who were not shielding (for example, the potential risk that vulnerable citizens as defined by the SG known to the Council and / or their families were contacted by the Council) and the processes implemented to address them, were not identified; assessed; and recorded.</p> <p>5. Financial Virements – discussions with Finance highlighted that vulnerable groups food costs incurred (£1.65M) have still to be transferred from Corporate budget to the Resources budget.</p> <p>Shielding</p> <p>6. Application of guidance - no clear link was evident to demonstrate how SG shielding guidance was translated into programme decisions and actions.</p> <p>7. Change Prioritisation - criteria was not evident to support clear prioritisation for implementation SG changes to shielding requirements discussed during programme boards.</p>	<p>In the event that the shielding and vulnerable groups programme is reinstated either in response to Scottish Government requirements; the Council's response to Covid-19; or if a similar programme is implemented in response to a future resilience incident, it is recommended that the Programme:</p> <ol style="list-style-type: none">1. Identifies and considers all potential risks associated with the requirements or proposed response, and establishes a risk appetite that clearly defines the level of risk it is prepared to accept based on urgency; workforce capacity; and availability of other resources (for example funding) available to support implementation and delivery.2. Establishes a process to ensure that new and emerging risks across all aspects of the Programme are identified; assessed; recorded; and effectively managed.3. Establishes an agreed records management and retention process to ensure that key programme governance documents can be easily retrieved.4. Establishes a process that clearly demonstrates how relevant regulations, legislation, and guidance is considered and translated into programme decisions and actions.5. Vulnerable Groups financial virements should be completed prior to the financial year end (31 March 2021).6. Establishes criteria to assess and prioritise implementation of actions in response to changes in regulations, legislation, guidance, and actions required to support relevant CIMT decisions. Action required to implement these changes and decisions could potentially be prioritised and implemented in line with the Programme's risk appetite (refer finding 1).	<p>The potential risks associated with our findings are:</p> <ul style="list-style-type: none">• Programme Governance – risk that the Programme may have taken an unacceptable level of risk given urgency required when implementing and delivering the shielding and vulnerable groups Covid-19 response.• Programme Governance – risk that new and emerging risks were not identified; assessed; recorded and effectively managed during the lifespan of the Shielding and Vulnerable Groups Programme.• Information Governance – records are not available to support the rationale for key programme board decisions taken in a resilience situation• Programme Governance – vulnerable groups costs are not allocated to the correct centre in the general ledger• Programme Governance – the Programme is unable to clearly demonstrate that all applicable regulations; legislation; guidance; and CIMT decisions and actions (including subsequent changes) have been translated, prioritised, and incorporated into programme decisions and actions.
		<p>Management Comments</p> <ol style="list-style-type: none">1. Accept that the risk appetite for the Programme was implicit and not explicit. A risk register was developed for Shielding, but not for Vulnerable Groups. Risk was discussed for Vulnerable Groups, but risks and decisions were not recorded.2. This was achieved informally through both Executive Directors attending CIMT and feeding back to the Programme Board. Agree that there was no clear linkage between the CIMT action tracker and the Boards. Some Programme actions were agreed at the express instruction / request of CIMT and were not included in scope.3. Agree that 23 and 28 April folders with board minutes cannot be located. E mails have now been located with Board papers and minutes from 28 April that include details of the actions.4. Agree that this risk was not recorded, although there were implicit risk discussions with Customer teams on use of the Verint system.5. Finance has now confirmed that these transfers have been processed.6. A process was applied where weekly guidance was reviewed and discussed at daily calls, and actions would have been discussed at the Board. Agree that verbal discussions and decisions were not always recorded.7. This wasn't an issue as the Programme simply implemented the SG changes as they were announced. There was limited time for initiation and planning as we had to mobilise the shielding response within one week. Daily tracking as performed to make sure deliverables were achieved.



Observations	Recommendations	Risks
<p>Review of the processes applied to contact shielding citizens who had not already contacted the Council, and identification of drivers to support delivery of medical supplies highlighted a number of areas for improvement.</p> <p>It is important to note that completion of outbound calls to shielding citizens did not identify any instances where citizens that were unable to contact the Council to request help had support needs that were not met.</p> <p>1. Contacting Shielding Citizens</p> <p>a) The timeline applied by the Council to contact shielding citizens was as follows:</p> <ul style="list-style-type: none">Initial Interpretation - the Programme board interpreted published Scottish Government (SG) guidance as allocating responsibility to NHS General Practitioners (GPs) to contact shielded citizens. Consequently, no contact was made by the Council with shielding citizens who had not already contacted the Council to request support between 9 April and 2 June when outbound calls commenced.Clarification from SG was received 15 May confirming the requirement for the Council to contact all shielding citizens who had not previously been in touch to request support.Data Cleansing was performed to identify all shielding citizens who had not already contacted the Council (circa 10,500 citizens). This was completed by 1 June.Outbound Calls commenced 2 June and concluded by 3 July 2020. <p>b) Completeness of Verint System Shielding Records – the manual reconciliation performed between the Verint Customer Relationship Management system records and SG shielding data identified a total of 33 shielding records that did not have a Covid-19 status flag applied due to missing address details. Management has confirmed that these citizens were not contacted as part of the outbound calling process.</p> <p>c) The Risk Register was not updated to reflect the Council's responsibilities for contacting shielding citizens, and actions to be implemented to ensure that this was achieved following receipt of SG clarification in May</p> <p>2. Protection of Vulnerable Groups Confirmation for Council Drivers</p> <p>Review of Programme board papers confirmed that circa 100 existing Council drivers were identified with existing Protection of Vulnerable Groups (PVG) / Disclosure Scotland certificates to support delivery of medication to citizens, however, no evidence is available to support the confirmation obtained by the Programme to confirm current PVG validity.</p>	<p>In the event that the shielding and vulnerable groups programme is reinstated either in response to Scottish Government requirements; the Council's response to Covid-19; or if a similar programme is implemented in response to a future resilience incident, it is recommended that the Programme:</p> <ol style="list-style-type: none">Immediately identifies areas where the published guidance is unclear and obtains clarification in relation to the requirement and implementation urgency, as highlighted in finding 1.Ensures that the risks associated with any areas of uncertainty are defined; assessed; and recorded in the Programme risk register, together with action being taken to obtain appropriate clarification.Considers reallocation of appropriately skilled resources from other services (where required) when clarification is received and there is an urgent need to prioritise and complete the taskImplements appropriate data quality checks to ensure that all records are complete with no missing data, and appropriate status flags are applied.Where specific certification is required to support certain tasks (for example PVG certification to support delivery of medication), the requirement to confirm current validity should be recorded as a risk and considered. Where management decides that reliance will be placed on existing and historic records, this should be recorded as a Programme decision.	<p>The potential risks associated with our findings are:</p> <ul style="list-style-type: none">Public safety risk – risk that the needs of shielding individuals who had not contacted the Council between 27 March 2020 (the date shielding lists and letters were issued by the NHS) and 2 June / 3 July 2020 were not identified and supported.Public Safety Risk - risk that drivers transporting medical supplies to citizens may not have a current and valid PVG status, <p>Management Comments</p> <ol style="list-style-type: none">Some of the delay was to enable discussion with the Scottish Government in relation to the potential fraud risk associated with outbound calls.Reliance was place on established Council PVG processes an assumption made (in the interests of time) that all drivers had a valid PVG.



Observations	Recommendations	Risks
<p>Review of third party arrangements and Memorandums of Understanding (MOUs) established with the Edinburgh Voluntary Organisations' Council (EVOC) and Volunteer Edinburgh (VE) to support the Council's vulnerable groups (VG) response confirmed that:</p> <ol style="list-style-type: none">MOU documentation - there was no final signed copy of the VE and EVOC MOUs available in Board papers, and the final version of the EVOC MOU had no appendices attached to the final document, although these were referred to in the main document.Relationship Management and Oversight - no single point of contact was established in the Programme to manage the relationships with and provide oversight of activities delivered by third parties in line with the agreed arrangements set out in the MOUs.Relationship Management and Oversight – review of Board minutes confirmed that both EVOC and VE representatives attended the Board to provide progress updates and discuss issues, however the EVOC key performance report was discussed at a sub group that was separate from the main board with no formal updates provided by the sub group to the main board to confirm that performance had been discussed and any issues identified were resolved.Data Protection – the data protection paragraphs in the MOUs do not specify what data must be returned to the Council by both voluntary organisations.Data Protection – the MOUs did not clearly specify that third parties should complete data privacy impact assessments and would be data controllers as part of the VG support arrangements.Health and Safety – the requirement to apply appropriate health and safety measures was specified in MOUs, but they did not include details of the nature of safety measures to be applied. Additionally, third parties were not requested to provide assurance to the board on the adequacy of safety measures implemented.	<p>In the event that the shielding and vulnerable groups programme is reinstated either in response to Scottish Government requirements; the Council's response to Covid-19; or if a similar programme is implemented in response to a future resilience incident, it is recommended that the Programme:</p> <ol style="list-style-type: none">Ensures that final signed versions of MOUs (or other equivalent documents) are approved by the Board and retained with Board papers.Establishes a single point of contact to manage relationships with and provide oversight of activities delivered by third parties in line with agreed arrangements, who ensures that the Board is made aware of any significant issues and receive regular progress updates.Ensures that appropriate arrangements are established for the secure return of any relevant data owned by the Council. Note: it is important to ensure that both EVOC and VE are contacted and requested to return relevant VG data to the Council where the Council is the data owner and controller.Ensures that MOUs (or other equivalent documents) clearly specify where data privacy impact assessments should be completed and data controller responsibilities.Ensures that detailed health and safety measures and ongoing assurance requirements are specified and agreed with third parties (especially where there is a potentially significant risk to public health).	<p>The potential risks associated with our findings are:</p> <ul style="list-style-type: none">Reputational Risk – risk that third parties cannot be held to account where agreed services / support is not delivered effectively if there is no signed MOU.Reputational Risk – Inability to effectively monitor delivery of third party services / support and ensure that significant issues are identified, escalated and resolved.Data Capture, Management and Use – risk of non compliance with applicable Data Protection legislation where data recording; processing; management; ownership and use is not clearly specified in third party MOUs.Data Capture, Management and Use – risk of inappropriate retention and / or destruction of data owned by the Council by third parties.Public Safety Risk – risk that third parties do not establish and / or do not consistently apply appropriate health and safety measures when providing services to support the Council. <p>Management Comments</p> <ol style="list-style-type: none">A signed version of the MOU was obtained for EVOC, but not for VE. Work on these documents was completed by the contracts / commissioning, legal and finance teams. Will check with authors from these areas whether signed versions complete with appendices are available.Scottish expectation was that a reasonable level of oversight was required. Due to capacity challenges, circa two to three thousand people in Edinburgh were receiving food parcels from the third sector before the Council established its support processes. Complex negotiations had taken place to enable allocation and use of funding by the third sector, and additional time spent on oversight would have resulted in delays issuing food parcels.Acknowledge that different approaches were applied to the review of third sector performance reports.Agree that these could have been improved as there was no clear sense of what information was required to support delivery of the task.Completion of DPIAs by third sector organisations was not considered a priority due to time and resource constraints.Agree that there was no explicit follow-up performed by the Council to confirm that appropriate health and safety measures had been applied to volunteers.

Finding Rating	Assessment Rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Critical impact on the operational performance; or• Critical monetary or financial statement impact; or• Critical breach in laws and regulations that could result in material fines or consequences; or• Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Significant impact on operational performance; or• Significant monetary or financial statement impact; or• Significant breach in laws and regulations resulting in significant fines and consequences; or• Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Moderate impact on operational performance; or• Moderate monetary or financial statement impact; or• Moderate breach in laws and regulations resulting in fines and consequences; or• Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none">• Minor impact on operational performance; or• Minor monetary or financial statement impact; or• Minor breach in laws and regulations with limited consequences; or• Minor impact on the reputation of the Council.•

Review of the Effectiveness of Scrutiny of Governance, Risk and Best Value Committee

Report for:

Edinburgh City Council

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

Prepared by Claire Ashby
The Chartered Institute of Internal Auditors
02 August 2021



Table of Contents

1	Executive Summary	
1.1	Background, Scope and Approach	3
1.2	Conclusion	3
1.3	Headline Findings	4
2	SWOT Analysis	6
3	Findings by Scope Objectives	7
A1	Review Scope	18
A2	Approach and Interviewees	19
A3	Basis of Classification	21
A4	Elected Member Workshop Outcomes	22

Executive Summary

1.1 Background, Scope and Approach

The City of Edinburgh Council appointed the Chartered Institute of Internal Auditors UK and Ireland (“the Chartered IIA”) to undertake a review of the effectiveness of the scrutiny applied by the Council’s Governance, Risk and Best Value (GRBV) Committee. This review forms part of the Council’s internal audit programme. The Internal audit team is involved in the workings of the GRBV and therefore was not able to independently undertake this review. Therefore, the Chartered IIA were appointed as independent and objective reviewers.

The objectives of this review were:

- To provide an opinion on the effectiveness of the scrutiny applied by the GRBV, and
- To identify any areas for improvements in the arrangements of the Committee and raise associated recommendations.

The review approach has involved interviews with selected members and Council officers supported by a wider survey of members and heads of divisions, observation of GRBV meetings and review of GRBV papers, agendas and other records.

The Council’s governance structure includes: the main Council and five Executive Committees (focused on activity areas e.g. Finance and Resources, Housing, Homelessness and Fair work) who have delegated decision making and scrutiny authority in relation to their area. GRBV has delegated authority to scrutinise the Council’s governance, risk and best value arrangements. This includes monitoring financial and operational performance, whistleblowing and internal and external audit findings. The GRBV fulfils the role of the Council’s audit and risk committee.

1.2 Conclusion

In regard to GRBV’s responsibilities, as set out in its terms of reference, the Committee is fulfilling its core remit, particularly in relation to oversight of the internal and external audit processes, risk management and the operational performance of the Council. However, the current design of the arrangements for GRBV, do limit the effectiveness of the scrutiny it undertakes and the impact it can achieve.

The GRBV is to some degree constrained by the overall design of the Council’s scrutiny model and we have made some suggestions for consideration when this model is reviewed post the 2022 elections.

Nevertheless, there are actions that could be taken, independently in relation to GRBV, which would enhance the Committee’s effectiveness. We have made a number of recommendations in this regard. Some of these actions, such as considering adding independent experts to the GRBV, could be taken in the short term before the May 2022 elections.

1.3 Headline Findings

Both the Executive Committees and GRBV have delegated authority in relation to scrutiny. Some aspects of the effectiveness of GRBV can only be considered in the context of the full scrutiny model of the Council (of which GRBV is part). This wider scrutiny model was not within the remit of this review. However, much feedback was provided on this topic. Therefore, where supported by significant feedback and examples, relevant observations are set out in this report. These observations are for consideration when the Council's governance's structures are reviewed post the May 2022 elections. Particular consideration should be given as to whether the Council would benefit from an audit and risk committee with some independent experts sitting alongside elected members, as is common practice in other Councils. Independent experts supplement member skill sets and help address the perception of political motivations as described below.

There is also a need to review the relative scrutiny remits of GRBV and the Executive Committees. Whilst these remits are documented in terms of reference, in practice, there is a need for greater clarity and understanding by members of the alignment of scrutiny responsibilities.

Within the current scrutiny model, there are opportunities to enhance the effectiveness of the scrutiny undertaken by GRBV.

The key areas for attention include:

- Addressing the perception that the Committee is politically motivated in its activities. This was a significant area of feedback which is subjective in nature and therefore on which this review has not sought to draw a conclusion. However, even the perception of political bias has the ability to undermine the work of GRBV. Re-establishing the Vice

Convenor role on GRBV (from a different political party to the Convenor) and considering the appointment of independent experts (see below) may aid in this regard.

- Considering ways to enhance the expertise and skills available to GRBV in relation to the audit, risk management and financial aspects of its remit. This could be achieved through a combination of improvements to training, skills assessments to inform appointments and the right of GRBV to appoint independent experts to support its work.
- GRBV taking time to stand back from its busy agenda, which is populated with an established routine of business, to consider its specific scrutiny goals and objectives for the year. These objectives should then inform its annual agenda. GRBV may wish to revisit the balance of focus on strategic and operational matters and its scrutiny activities focused on the outcomes/impact of Council policies. There is also an opportunity for GRBV to highlight good practice, as well as lessons learnt across the Council's activities.
- GRBV undertaking an annual effectiveness review against its objectives and publishing a report setting out its key observations and recommendations from its activities.
- Revisiting the referral process by which GRBV matters are passed to the Executive Committees for consideration. The Convenors of all the Committees involved could agree a protocol for such referrals setting out the criteria, information and guidance to be provided.

Our detailed findings are set out on the following pages including:

- A SWOT analysis of the GRBV.
- Findings and recommendations for each area of the review scope.

What works well (Strengths)

- The Convenor post is held by the opposition.
- Strong and widely respected Convenor.
- Separation of GRBV membership from the Executive Committee Convenors.
- Scrutiny of core remit areas including the annual accounts, whistleblowing, external and internal audit.
- Attendance of senior Council officers (including S95 officer).
- Transparency of GRBV activities (including webcasting of meetings).
- Administration of the Committee (agenda setting, pre-meets and papers).

What could be done better (Weaknesses)

- Ensuring members (both on GRBV and on Executive Committees) are clear on the respective scrutiny roles of GRBV and the Executive Committees.
- Ensuring GRBV has sufficient relevant skills amongst its members to fulfil the Committee's remit.
- Member's training.
- Application of the referral process.
- Formalise the process for substituting for GRBV members.
- More concise, focused papers.

What could deliver further value (Opportunities)

- Annual consideration of the goals and objectives of GRBV by members.
- Reviewing the work plan against the annual goals and objectives.
- Producing an annual report of GRBV achievements/impact and key recommendations arising from its work.
- Undertaking an annual self-assessment of effectiveness.
- Undertaking a skills audit, using the results to create a skills matrix and advise groups on desirable skills to inform appointments.
- Reviewing the balance of strategic and operational matters subject to scrutiny.
- Post May 2022, re-considering the overall scrutiny model for the Council.
- Considering the use of independent, expert members to augment GRBV skills.

What could stand in your way (Threats)

- The perception that the Committee is driven by political motivation.
- A limited pool of members with relevant skills willing or eligible to serve on GRBV.
- Too frequent turnover of members.
- Being overly focused on detailed operational matters (for example internal audit plans and findings) at the expense of strategic, big picture items.
- Attempting to cover too many topics/areas in depth leading to packed agendas (whilst acknowledging that this is a reflection of the busy workplan of the Council).

3.1 Areas of Good Practice

The areas considered by the review are set out in Appendix 1. Positive findings were noted in relation to:

- **Culture of GRBV** - Whilst highlighting there can be occasional exceptions, most stakeholders commented that the culture of GRBV is appropriate. It is noted that a review of the member / officer protocol is currently being undertaken by the Council.
- **The administration the GRBV's business and activities** - There is efficient administration of GRBV's business including the timely issuing of papers and agenda planning meetings. No findings were noted in regard to this scope area.

The findings in relation to the remaining scope areas, and related recommendations, are provided below.

3.2 Management Responses

Management responses have been informed from elected member responses from a workshop attended by six GRBV elected members held on 23 June 2021.

3.3 GRBV Remit and Responsibilities

This section of the report sets out the findings in relation to the review objectives:

- The positioning, remit and responsibilities of the GRBV.
- The alignment and clarity of scrutiny responsibilities between GRBV and other Council bodies / Committees.

GRBV has a terms of reference setting out its remit and responsibilities. Many areas of its responsibilities are clear to all stakeholders such as review of the annual accounts, whistleblowing and oversight of internal and external audit. However, many interviewees cited a lack of clarity over the purpose of GRBV as a limitation in its effectiveness. In our survey, on a scale of 1 to 5 (where 1 is strongly disagree and 5 is strongly agree) 50% of member responses to the question “GRBV’s role and responsibilities are clear” scored 3 and below. This indicates there is a need to clarify the remit and responsibilities of GRBV.

The following matters were noted in regard to the remit and responsibilities of GRBV:

- **Perceptions of Political Motivation** – Much of the feedback regarding GRBV related to comments on the role of politics within the Council’s scrutiny model. The GRBV Convenor is rightly a member of the opposition. Many interviewees felt that GRBV’s activities are politically motivated whilst others did not feel this was the case. This is a subjective area. Therefore, this review cannot draw a conclusion and it would not be appropriate to do so. Regardless of the position, the perception by many stakeholders that politics is a key driver in scrutiny activities does impact on the effectiveness of GRBV. In particular, the attention given to GRBV’s referrals to other Committees. Therefore, it is recommended that consideration is given to measures that could reduce the perception of political bias within the scrutiny arrangements for GRBV.
- **The Council’s overall scrutiny model** - The Executive Committees also have a scrutiny role within their remit as defined within their terms of reference. The scope of this review did not include consideration of the scrutiny role of these Committees. However, many stakeholders have provided feedback that it is difficult to consider the effectiveness of GRBV without reference to the overall scrutiny model of the Council. At a high level, the current scrutiny model focuses the attention of the Executive Committee on scrutiny at the point policies and strategy are approved for implementation i.e. forward looking. This compares to GRBV’s post implementation focus i.e. backward looking. The alignment of these respective remits is critical in considering the effectiveness of scrutiny for the Council as a whole.

Interviewees have provided examples of scrutiny models used by other Councils. It is understood other models were considered when the Committee structure was established in 2018 and the Council approved the current mode

Recommendations	Rating	Response & action date
<p>1 When the Council's committee structure is designed in 2022, following the election, consideration could be given to:</p> <ul style="list-style-type: none"> • Re-instating the role of Vice Convenor on GRBV with this position allocated to another (non-administration) political party. • Independent experts joining GRBV as non-voting members (see section 3.21 below on skills). • A cabinet structure with each Executive Committee having a scrutiny oversight Committee. • The inclusion of an Audit and Risk Committee within the Committee's structure. • Independent experts being included in the membership of such a committee would help ensure the quality of scrutiny over key areas such as the annual accounts. 	Medium	<p>1.1 The Council usually reviews its political management arrangements in the weeks and months after an election. Consideration will be given at that time to a range of models, including a cabinet model.</p> <p>This review will consider how the GRBV committee is constituted and its remit for governance across the Council.</p> <p>The use of a vice convener and the introduction of independent members for the audit and scrutiny committee will also be considered at that time.</p> <p>Ultimately, it must be recognised that the Council will determine which committee structure is implemented, regardless of officer recommendations.</p> <p>When determining the potential future structure of the committee, it is important to remember that GRBV is a Council committee and that elected members have overall responsibility for scrutiny.</p> <p>16th December 2022</p> <p>1.2 In the interim, officers in consultation with relevant conveners will prepare a briefing note for all councillors setting out the Council's current scrutiny process.</p> <p>17th December 2021</p>

- **Work Programme of GRBV** – There are opportunities to enhance the clarity of purpose of GRBV within the current structure without addressing the two points above. For example, there are opportunities to revisit the annual plan of work for GRBV to ensure it is focusing attention on the most important scrutiny topics. The annual work plan has been developed overtime and leads to a full agenda of meetings throughout the year. There is a risk that GRBV is overly driven by the established work plan, derived from

historic activity, without taking the time to stand back and consider its objectives and goals for any given year within the context of the Council's wider work programme.

In reviewing GRBV's work plan, it is noted that the Committee is often focused on detailed operational matters. This is partly driven by its role in scrutinising internal audit findings on the Council's policy and procedure framework. Few examples were observed where GRBV focused attention at a strategic level. This partly reflects the previous finding regarding the need to ensure alignment and understanding of scrutiny throughout the Council's Committee structure. However, independently GRBV has the opportunity to consider its focus on strategic activities such as the delivery of the Council's business plan.

Two further points were noted in regard to GRBV's work programme:

- There is an opportunity for GRBV to increase its focus on the outcomes and impact of Council policies (versus the operational processes within the Council).
- The role of GRBV in highlighting "good news stories" and positive findings in relation to the Council's activities.

Recommendations	Rating	Response & action date
2 Annually GRBV should set a series of objectives and goals for its scrutiny activities during the financial year (which are then evaluated at year end – see (3) below).	Medium	<p>2.1 It is proposed to hold a workshop with committee members and key officers to determine GRBV's goals and objectives at the beginning of the new Council.</p> <p>This review will also consider whether a strategic focus for the Committee could potentially result in an increased perception of politicisation of the committee. The effectiveness of the process will be reviewed at the end of the year to confirm whether this or an adapted model should continue for future years.</p> <p>16th December 2023</p> <p>2.2 In the interim officers and committee members will prepare a lessons learnt paper that captures the lessons learnt relating to GRBV from this iteration of the Council.</p> <p>27th May 2022</p>

3.4 The Skills and Resources available to the GRBV

3.4.1 Expertise of Committee members

The skills available to GRBV was also an area of significant feedback. Integral to the Council's governance arrangements is the democratic composition of its Committees. Therefore, GRBV is rightly comprised of members. Stakeholders did though provide feedback that the technical and specialist nature of many aspects of GRBV's business demands that GRBV is supported with the requisite skills to ensure the quality of questioning and ultimately the quality of scrutiny. In our surveys, 63% of elected member respondents and 68% of heads of management respondents scored 3 or lower the statement "GRBV has adequate skills and expertise to fulfill its remit" (where 1 is strongly disagree and 5 is strongly agree). This aligns with our observation that there is scope to enhance the skill set of GRBV.

Risk management, financial and audit expertise is of particular benefit to GRBV due to its remit in these areas. Only a small number of current members have expertise in these fields. Where this expertise sits within the opposition party, this lends weight to the perception (correct or otherwise) that the questioning of the GRBV members is politically motivated. Some stakeholders also highlighted that as the quality of the internal audit service has developed, the expertise required by GRBV to oversee the internal audit findings needs to be strengthened.

GRBV has not previously undertaken a skills assessment to identify the expertise it requires, the skills fulfilled by current members and skills gaps. Such an exercise may be beneficial in identifying skills gaps to inform the future members appointed by Council political groups. The current GRBV terms of reference does not allow for independent experts to join the committee (as a non voting member) or for GRBV to appoint independent experts to assist on particular topics. Both these options could bring benefits by enhancing GRBV's skill set.

Recommendations	Rating	Response & action date
3. An annual skills assessment should be undertaken by GRBV. The results should be provided to the political groups to inform appointment of members.	Medium	<p>It is proposed that we work with elected members in the new Council to identify skills and experience. This can then be provided to political groups to aid all appointments to committees and ALEOs. This skills audit can then be regularly updated. A self-assessment exercise will be carried out in early 2022 with the executive committees and GRBV which will inform the skills needed for each committee.</p> <p>30th September 2022</p>

4. When the Council's Committee structure is reviewed post the 2022 elections, following the elections, consideration could be given to the GRBV terms of reference:

- Allowing for the appointment of independent non-voting members with requisite skills.
- Allowing the Committee to appoint independent expertise to advise on specific matters.

Medium

The Council usually reviews its political management arrangements in the weeks and months after an election. Consideration will include an option to appoint independent non-voting members to GRBV or its successor.

This process will involve considering how the appointment of independent non-voting members and / or independent expertise could work in practice, and also any associated financial implications.

16th December 2022

3.4.2 Training for Members

There are opportunities to enhance the training provided to GRBV members. Training is delivered to members by the internal and external auditors. The following points were noted in regard to this:

- The training provides useful information on risk management, internal audit and external audit. However, it does not cover all aspects of GRBV's remit and the wider scrutiny model of the Council.
- Whilst the training is offered on appointment, there is no requirement for members to attend. When political groups change their GRBV appointed members, there is no mechanism to ensure the new members are offered the training. Section 7.4 of the GRBV terms of reference states that "substitutes are permitted.....who have undertaken and completed appropriate training as specified by the Chief Executive". However, in practice there is no monitoring of whether GRBV members or substitutes have completed relevant training.
- The GRBV Convenor does not receive any additional training in respect of their role. They are in effect the Chair of the Audit & Risk Committee and as such there is technical training which could be beneficial to this individual.
- Members also commented that:
 - They could not recall whether or not they had received training;

- That training was provided soon after appointment when there was a large volume of information to assimilate and individuals were not yet familiar with their roles. The latter resulted in limited appreciation of the relevance of the training being provided.
- For some members, the areas of audit and risk management were entirely new to them and more support was needed to ensure they were suitably equipped to fulfil their scrutiny responsibilities.
- There was a need for refresher training during the term of appointment and training on specific topics.

Recommendations	Rating	Response & action date
<p>5. The Governance team are currently reviewing members' training arrangements. For the 2022 appointments, consideration should be given to:</p> <ul style="list-style-type: none"> • The phasing of training over a longer period to allow an understanding of individual's roles to firstly develop. • Mandatory training requirements for GRBV members. • Refresher and specialist topic training being provided during the term of appointment. • Specific training for the GRBV Convenor in respect of the technical aspects of their role e.g. attending external training on the role of an Audit and Risk Committee Chair. 	Medium	<p>5.1 Consideration will be given to all of the recommendations as part of the review of elected member training. The phasing of training is a perennial issue and a balance between getting elected members ready quickly for their duties and that being phased to allow for greater understanding is a key consideration. Specific training for the Convenor can be brought in and some refresher and specialist training is carried out over the term, but a more robust programme will be explored.</p> <p>28th October 2022</p> <p>5.2 In the interim, training will be arranged prior to the presentation of the Internal Audit annual opinion and the audited financial statements.</p> <p>29th October 2021</p>

3.4.3 Deputising for Members

There is no formal deputising process for when appointed members are not available to attend meetings. One political party rotates its attendance at GRBV amongst its members. These points, along with a turnover of members and lack of mandatory training requirements, can lead to members attending who do not have the knowledge of GRBV's annual agenda and historic activities. This poses a significant risk to the quality of questions and GRBV's overall effectiveness.

Recommendations	Rating	Response & action date
6. A formal deputising process with set requirements (e.g. completion of mandatory training, understanding of the annual agenda and the goals and objectives for the year) should be established.	Medium	This was put into place in the previous Council term but was never sustained. All members would be invited to attend the required training, but it is not proposed that a firm approach is taken to substitute members having attended the required training Risk Accepted

3.5 The Effective Execution of the GRBV's Responsibilities.

3.5.1 Annual Review of Effectiveness

There is currently no mechanism for GRBV to annually consider and report on its effectiveness. It is good practice to undertake such an review. This would also provide an opportunity for GRBV to set out its key observations and recommendations for the Council arising from its year's work.

Recommendations	Rating	Response & action date
7. GRBV should undertake an annual effectiveness review against its objectives and goals for the year. This should inform an annual report of its activities	Medium	This will be incorporated into the self-assessment review of committees in 2022 and then will be part of the committee's annual workplan after the Local Government Elections in 2022.

highlighting key observations (including positive achievements) and recommendations for the Council.

29th September 2023.

3.6 The operation of the GRBV's meetings and activities

3.6.1 Referral Process

Where GRBV deem it appropriate, the Committee refers reports to the Executive Committees. There are opportunities to enhance the effectiveness of the referral process with the following points noted:

- Feedback has been received that the purpose of these referral is not clear. A review of a sample of recent referrals suggests the purpose of the referrals and action recommended to the receiving Executive Committee could be more clearly articulated via a covering note.
- The timing of meetings means that referrals can be received by Executive Committees up to three months after they have been referred by GRBV. This means that the related report may be out of date by the time it is tabled. This is particular issue for the referral of outstanding management actions arising from audits.

Red rated internal audit findings are received by the respective Executive Committee after they have been tabled at GRBV (lower rated findings are not seen by the Executive Committee). There is an argument that such issues should be immediately highlighted to the respective Executive Committee for oversight (regardless of GRBV referral) in line with Executive Committees' scrutiny roles. An immediate referral would also avoid delays in the receipt of the findings

Recommendations	Rating	Response & action date
8. The GRBV Convenor should agree a protocol with the Executive Committee Convenors for the referral of items from GRBV. This protocol should set out the information which is required to ensure that the referral process works effectively e.g., the specific matters within the report which require attention, the actions	Medium	<p>A protocol for referred items will be drafted following discussions with relevant conveners. This will include provision of covering notes with referral reports that indicate what specific action is required by executive committees and details of any subsequent updates required by GRBV and take account of any additional resource impacts on the Internal Audit team..</p> <p>17th December 2021</p>

recommended to the Executive Committee by GRBV, in relation to the referral.		
<p>9. The referral process should be reviewed to ensure only up to date information is referred in relation to internal audit actions and findings. This could involve:</p> <ul style="list-style-type: none"> • Red audit findings being immediately referred to the Executive Committees by Internal Audit prior to tabling at GRBV (it is accepted that IA would not have resource to attend all meetings). • Directorates preparing their own updates on the status of internal audit actions for the Executive Committees. The Council wide view would then be presented by Internal Audit at GRBV. 	Medium	<p>A protocol for referred items will be drafted following discussions with relevant conveners.</p> <p>17th December 2021</p>

3.6.2 Other Operational Matters

Two, lower rated points were also noted in relation to the operation of GRBV:

- The volume and detail within the papers can inhibit the ability of members to review all the information provided.
- Meetings can be overly length. The agenda does not include the timings of each agenda item to indicate its importance within the overall meeting.

Recommendations	Rating	Response & action date
10. GRBV could provide further direction to Council Officers in regard to the level of detail the Committee would like included with the papers.	Low	Reporting to committees will be part of the review of political management arrangements and councillors will be able to feed into that process. 16th December 2022
11 Consideration could be given to assigning timings to each agenda item.	Low	This has been tried before and has not been successful due to it not being enforceable. It is not recommended that this is pursued. Risk Accepted

Scope Areas

The following matters were within the scope of this review

- The positioning, remit and responsibilities of the GRBV.
- The alignment and clarity of scrutiny responsibilities between the GRBV and other Council bodies / Committees. The skills and resources available to the GRBV.
- The effective execution of the GRBV's responsibilities.
- The culture of the GRBV, ethics and conflict of interest arrangements.
- The administration of the GRBV's business.
- The operation of the GRBV's meetings and activities.

Scope Exclusions

This review is solely focused on activities of the GRBV and not the wider governance arrangements of the Council.

The ethical and conflict of interest arrangements for GRBV have not been reviewed in detail. No related issues came to our attention. Whilst originally within the review scope, it was noted that these are Council wide procedures covered elsewhere by internal audit.

Documentation Review

Review of GRBV terms of reference, agendas and papers

Observation

Observations of GRBV meetings via the webcast recordings of meetings

Interviews

Feedback from elected members and Council officers via 1:1 interviews (see below for details)

Surveys

Feedback from a wider pool of stakeholders via surveys of (1) all elected members of GRBV (2) “heads of” management group



Stakeholder Interviews

The following individuals were interviewed as part of the review.

One GRBV member per political party was randomly selected by the Chartered IIA for interview. A meeting was also held with the Convenors of a sample of Executive Committees.

Members	Title / position	Council Officers	Title / position
Eleanor Bird	Elected Member	Hugh Dunn	Head of Finance
Kate Campbell	Convenor of Housing, Homelessness and Fair Work Committees	Andrew Kerr	Chief Executive
Phil Daggart	Elected Member	Gavin King	Democracy, Governance and Resilience Senior Manager
Gillian Goyer	Elected Member	Paul Lawrence	Director of Place
Lesley Macinnes	Convenor of the Transport and Environment Committee	Stephen Moir	Director of Resources
Adam McVey	Council Leader	Lesley Newall	Chief Internal Auditor
Joanne Mowat	Convenor of the GRBV	Judith Proctor	Executive Director of Health & Social Care
Gordon Munro	Elected Member	Nick Smith	Head of Legal and Risk
Susan Rae	Elected Member	Other	
Donald Wilson	Convenor of the Culture and Communities Committee	Nick Bennet and Karen Jones	Azets (External Auditors)

Acknowledgement

We would like to thank all Edinburgh Council members and officers for their assistance and support during this review including their open and honest views.

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Purpose of meeting

An Audit of the Effectiveness of GRBV Committee has been carried out as part of the Council's Audit programme. This was carried out by Clare Ashby on behalf of the Chartered Institute of Internal Auditors. The purpose of the meeting was to provide a Committee response to the draft Internal Audit which will feed into the Management response.

Overall feedback

Overall, those at the meeting (the Meeting) felt that the report was fair and the following responses were agreed

<p>Scrutiny – Recommendations 1; 8; 9</p> <p>Clarity of respective scrutiny roles of GRBV and Executive Committees – it was accepted that the process doesn't seem to be clearly understood and the Convener proposed that a paper was written setting out the process and how it should work for circulation to address the immediate issue.</p> <p>It would be helpful for officers to present the overdue Audit report by Executive Committee, so it is easier to split out the relevant area for presentation to Committees. A clearer covering note should be attached.</p> <p>Actions:</p> <ol style="list-style-type: none"> 1. Officers and Convener to prepare a briefing note setting out current process and improvements required. 2. Covering notes attached to referral reports should indicate specific action required and what reporting back expected. 	<p>Training - Recommendation 5</p> <p>The need for training identified was a fair finding and the Meeting were enthusiastic about initial and continual training and felt that this was an action that should be picked up with some urgency. Specifically, they would welcome training/external advice prior to the Audited accounts being presented later this year and there should be discussion with Committee about what the training needs were.</p> <p>Actions:</p> <ol style="list-style-type: none"> 1. Training arranged prior to presentation of Audited Accounts. 2. Training needs audit for Committee to be carried out.
<p>Annual Work Plan and Report – Recommendation 2</p> <p>The Meeting agreed that having an annual work plan and report was desirable – not only for GRBV but for all Committees, however it was felt that within the current SO and TOR this would be difficult to achieve and should be given consideration for the next iteration of the Council.</p> <p>Action:</p> <ol style="list-style-type: none"> 1. Officers and Committee should prepare a What worked well/ What could be done better paper for the next iteration of the Council to capture the learning of this session of Council. 	

Independent Experts and Skills – Recommendations 1; 3; and 4

On the suggestion that there should be external members of the committee the Meeting felt that membership of the Committee would require more thought about how this would work.

Some present were concerned that the external qualified members might make the Councillor members feel less responsible when this is, and always should be a Council committee.

Concerns raised how many external members might be needed to plug any skills gap identified and it was agreed that external input would be welcome and useful but that at this stage membership of the Committee would be difficult to achieve and access to expertise would be preferable in the first instance and welcomed by the Committee.

Action:

1. Identify skills gaps in the current Committee membership.

Strategic Focus - Recommendations 2 and 4

Concern was expressed about whether in a political environment moving out of the operational sphere to focus on the strategic wouldn't lead to more concerns about the politicisation of the Committee. Whilst the Meeting expressed an interest in doing this there is a requirement for there to be an "apolitical" arena in which scrutiny of the management effectiveness of the Council can take place so that the focus is on whether management is or can deliver. There would need to be a robust suite of SMART, and unambiguous measures, to permit this and it is unclear that this could happen in a political environment.

The Meeting felt that as the new Business Plan is developed and comes into force there may be areas of this that can be assessed against criteria but this is a complicated piece of work and the Meeting felt that this should be captured as a recommendation for the wider piece on how scrutiny is done post 2022.

This is interlinked with the perception of political bias – as that perception appears to exist in some areas of the Council it was felt that it would undermine the work of the Committee to look to move to a remit that could easily become more politicised. The place in the electoral cycle should also be considered as we respond to these concerns.

It is of concern that this perception exists but with clarification of the remit of role of referrals it is hoped that this can be neutralised in the short term and that the longer term plans for the post 2022 piece can fully address this.

Action:

1. Officers to include in the work looking at the post 2022 election and possible Governance arrangements options for scrutiny and how GRBV (or any successor Committee) is constituted and its remit within the wider role of the Governance of the Council.

Disclaimer: This review was undertaken in March and April 2021 by Claire Ashby on behalf of the Chartered Institute of Internal Auditors. This report provides the officers and the GRBV of Edinburgh Council with information about the effectiveness of scrutiny of GRBV as of that date. Future changes in environmental factors and actions taken to address recommendations may have an impact upon the effectiveness of scrutiny of GRBV in a manner that this report cannot anticipate.

Considerable professional judgment is involved in evaluating and reaching the conclusions of this review. Accordingly, it should be recognised that others could draw different conclusions. This report is provided on the basis that it is for your information only and that it will not be quoted or referred to, in whole or part, without the prior written consent of the Chartered Institute of Internal Auditors.

© Chartered Institute of Internal Auditors.

The City of Edinburgh Council

Internal Audit

Findings Only Report – Salary Overpayments

Final Report

11 June 2021

RES2009

**Some
improvement
required**

Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.

Contents

1. Background and Scope	1
2. Executive summary	3
3. Detailed findings	5
Appendix 1: Basis of our classifications	9

The [Internal Audit Charter](#) approved by the City of Edinburgh Council's Leadership Advisory Panel in March 2020 notes that Internal Audit also reserves the right to raise findings on areas that have not been specifically included in the annual plan where significant or systemic control gaps are evident.

This Internal Audit findings only review is conducted for the Council under the auspices of the 2020/21 Internal Audit Charter. The review is designed to help the Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

Following the issue of the final Employee Lifecycle Data and Compensation and Benefits Processes for the 2019/20 Financial Year Internal Audit (IA) report in December 2020, IA performed additional work on the management of employee salary deductions for employees with focus on recovery of salary overpayments.

Salary overpayments routinely occur for both current and former employees due to delays in first line managers providing information to Human Resources (HR) when employees leave the organisation, or their current employment situation changes (for example the end acting up arrangements). They also occur (less frequently) due to HR processing errors.

Both manager responsibilities for submitting any information relating to a change in an employee's salary to HR before the payroll deadlines, and the rigorous processes that are applied where employees have been overpaid are detailed in the Council's [pay policy](#) that was approved at [the February 2020 Policy and Sustainability Committee meeting](#).

The Council's Current Salary Overpayment Position

As at 12 February 2021, circa £1,250k is owed to the Council by 958 current or former employees. This equates to 0.23% of the cost of payroll to the Council in 2018/19 (£551m).

The Council's [2019/20 Annual Audit Report](#) notes that external audit's assessment of financial materiality applied to the audit of the Council's 2019/20 financial statements was £19.8M, which confirms that the current overpayments position would not be considered material from an external audit perspective.

A dedicated HR team member was appointed in October 2020 to manage the process applied by HR to recover overpayments once identified. In addition, management has advised that:

- A data quality team, consisting of two Grade 6 members of staff, was introduced November 2021 to review processes, perform error checking, and perform training;
- The total overpayment balance reduced by £48,236 between February and March 2021; and
- The accuracy of payroll (based on the number of salary overpayments) was 99.11% for 2020-21. The average for the previous 8 months was 99.24%.

The following table summarises the position:

Analysis of salary overpayments as at 12 February 2021	Current Employees	Former Employees	Total
Current number of individuals who owe money	617	341	958
Current amount owed	£827,610.90	£422,482.40	£1,250,093.30
Number of letters issued to staff in order to commence the debt repayment process	525	266	791
Number of individuals with repayment plans in place	406	49	455

Total amount owed by individuals with repayment plans in place	£574,438.78	£75,368.90	£649,807.68
Number of individuals with no repayment plan in place	211	292	503
Total amount owed by individuals with no repayment plan in place	£253,172.12	£347,113.50	£600,285.62

HR Processes Applied

When a salary overpayment is identified by HR, or they have been informed by a line manager, a salary overpayments form is submitted through the AskHR portal. HR will then note the overpayment on the spreadsheet used to monitor all debts owed by current and former employees, and request details of any missing information from the relevant service.

When overpayments have been made to current employees, HR will contact the employee to inform them that the debt will be repaid through salary deductions that are commensurate with the employee's salary and do not require the employee's consent as detailed in the [pay policy](#).

Where overpayments have to be recovered from former employees, the former staff member will receive a letter from HR outlining the amount owed and requesting engagement and agreement on suitable debt recovery arrangements. If a debt recovery arrangement cannot be agreed, then the former employee will be contacted by the Council's Accounts Receivable team who will again request agreement on appropriate debt recovery arrangements. Where this approach also fails then the debt will be passed to the Council's external debt recovery agency, incurring additional external costs.

All costs associated with salary overpayments (including debt recovery and write-offs) are recharged to relevant division and directorate budgets. HR has confirmed that no historic salary overpayments have yet been written off, and approval for all write-offs would be obtained from the Executive Director of Resources.

Scope

The Internal Audit Charter that was approved by the Council's Leadership Advisory Panel in March 2020 notes that Internal Audit reserves the right to raise findings on areas that have not been specifically included in the annual plan where significant or systemic control gaps are evident.

Reporting Date

Our audit work concluded on 12 February 2021 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 1

Summary of findings raised

High

1. Salary Overpayments

Opinion

Some Improvement Required (Amber)

Whilst some significant control weaknesses were identified in the design and effectiveness of the control environment and governance and risk management frameworks supporting identification and recovery of salary overpayments, they provide reasonable assurance that risks are being managed, and that the Council's objectives to ensure that employees are accurately paid for the work they have performed should be achieved.

Our 'Some Improvement Required' (Amber) overall report opinion is based on the fact that the total current value of overpayments (£1.25m) that have been identified would not be considered material by external audit; and the highest risk area where overpayments may not be recovered relates to former employees where no debt recovery plans have been established (currently 292 employees owing circa £347k).

It is important to note that whilst the current value of overpayments would not be considered material by external audit, it is essential that Council minimises any potential loss of income given the ongoing financial impacts of the Covid-19 pandemic, and the challenges associated with delivering a balanced outturn for 2020/21 and a balanced budget for financial year 2021/22.

Additionally, both first line management responsibility for submitting any information relating to a change in an employee's salary to HR before payroll deadlines, and the processes that are applied where employees have been overpaid, are clearly detailed in the Council's [pay policy](#).

The High-rated finding included in the report reflects that first line managers are not consistently complying with the requirements to advise HR of any changes that could potentially affect the accuracy of salary payments; that no first line controls have been established to confirm that all employee changes are consistently advised to HR; and the opportunity for some improvement in the recovery processes applied by HR.

HR management has also confirmed that they were aware of the historic salary overpayment issues and have been working progressively to implement processes to ensure that they are addressed. This commenced in the later part of the 2020/21 financial year, and progress is evident with the approval of the new pay policy in February 2020; the temporary realignment of a dedicated HR FTE to manage the overpayments process; and planned process improvements that are aligned with the recommendations in this report.

It is acknowledged that progressive implementation of HR processes to address the historic salary overpayments position has taken time to implement due to reliance on manual intervention; manual processes (for example, a spreadsheet is used to manage overpayments which is a complex process); and HR capacity. It is also important to note that IA work performed in the Employee Lifecycle Data and Compensation and Benefits Processes for the 2019/20 Financial Year audit did not highlight the extent of payroll overpayments, as the audit applied use of data analytics to confirm whether payroll transactions were accurately based on employee payroll data maintained in the payroll (iTrent) system.

Use of data analytics did highlight a significant volume and value of non-statutory (PAYE; NI; and pensions) deductions that resulted in completion of further follow-up work and identification of the salary overpayments issue.

3. Detailed findings

1. Salary Overpayments

High

As at 12 February 2021, circa £1,250k is owed to the Council by 958 current or former employees. The total amount owed equates to the 0.23% of the cost of payroll to the Council in 2018/19 (£551m).

It was also noted that the debt recovery process has not yet started for 503 individuals (53% of the total), who owe over £600,000 (48% of the total amount owed). HR leadership has advised that letters were sent to all former employees who had been overpaid, and that this balance relates to those who have not yet responded where further action is required.

The largest debt incurred was for £36,141. The overpayment was to a staff member who had taken unpaid leave in August 2018, but had continued to receive a salary; HR had not been informed by the staff member's line manager. The error was identified when the staff member handed in their notice in May 2020. This debt is now being managed by the Council's debt recovery team.

The two oldest outstanding debts date back to 2010, with amounts of £8,201 and £5,481. Repayment plans for these two debts were put in place in 2017, and the amounts still owed are £5,221 and £881 respectively.

A review of the current process applied by HR to record, manage and recover salary overpayments established that:

1. the debt recovery process has not yet started for 503 current and former employees (53% of the total) who owe over £600,000 (48% of the total amount owed).
2. The pay policy states that where a pay error is deemed to have come about because of a service area's failure to meet deadlines (when they could have reasonably done so) a re-charge of £150 will be levied against the service area for each instance. HR leadership has confirmed that these recharges have yet to be applied, which is in line with the agreed implementation approach.
3. the spreadsheet used to manage the debt recovery process has a number of information gaps for some of the debts, for example, the date the overpayment occurred, the reason for the overpayment, the details on the nature of the overpayment, and the date the debt recovery letter was issued. HR leadership has advised that these issues are currently being addressed.
4. there are no details maintained of overpayments that could not be recovered and were written off.

Risks

The potential risks associated with our findings are:

- Potential loss and additional financial costs incurred by the Council in relation to external debt collection agencies or where overpayments are written off;
- Impact on the Council's liquidity and cash flow; and
- Resourcing impacts on both HR and the Council's debt management teams.

1.1 Recommendation – Human Resources management of overpayments

It is recommended that Human Resources:

1. Immediately initiates debt recovery processes for the 503 individuals who currently owe £600k in salary overpayments to the Council.
2. Implements application of the £150 recharges as detailed in the pay policy against relevant directorates and divisions.

3. Refreshes the overpayments spreadsheet to include details of the age of overpayments; their current status; the line manager responsible for the relevant employee; and any overpayments written off for all individual cases, and includes this information in the monthly updates provided to divisions and directorates.
4. Designs key performance measures or indicators in relation to salary overpayments at both top of Council and directorate level; agrees them with directorates; and requests their inclusion in the Council's new workforce dashboard.
5. Records the risks associated with the HR overpayments process in the HR risk register.

1.1 Agreed Management Action – Human Resources

1. As at 13th April there are 290 employees/former who have not responded to overpayment letters. These employees/former require channelled into the debt recovery process and invoiced, however as these are historical debts cost centres need reopened for this process to be fulfilled. We also have 150 employees who still require an initial communication. It is our intention to have this piece of work completed by the end of June 2021.
2. At this time and particularly in relation to the current pandemic situation and embedding different and flexible working practices across the Council it is not our intention to levy the £150 charge to service areas. We will however keep communicating with HOS and offering assistance where we see managers may need assistance with process.
3. We will review how we manage the overpayment data and information that is relevant can be included.
4. We can include the overpayment data as a key performance measure for directorates and the Council.
5. The risks are logged on the HR risk register not just in relation to manager compliance but also associated with the reliance on manual processes and spreadsheets and process complexity.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Katy Miller, Head of Human Resources; Grant Craig, Employee Lifecycle Lead Consultant; Laura Manson, Senior HR Adviser; Layla Smith, Operations manager, Resources; Michelle Vanhegan, Executive Assistant, Resources

Implementation Date:

30 October 2021

1.2 Recommendation – Directorates

It is recommended that directorates:

1. Implement appropriate controls to confirm that line managers have advised HR of all payroll changes in advance of the payroll cut-off date, for example by obtaining confirmation from all service managers that Payroll have been advised of all relevant changes.
2. Review the overpayments spreadsheet provided by HR, and ensure that recurring instances of failure to notify HR are addressed as part of ongoing performance management discussions.
3. Record the risks associated with significant and recurring salary overpayments in relevant divisional and directorate (where appropriate) risk registers.

1.2.1 Agreed Management Action – Place

1. A communication will be circulated to all third tier managers in the Place Directorate, for cascade through services areas to remind line managers of the importance of advising HR of all payroll changes in advance of the payroll cut-off date. Place will not request confirmation from service managers that Payroll have been advised of all relevant changes.

2. Place Senior Management Team will review the overpayments spreadsheet provided by HR and will take appropriate action to follow up on recurring instances of failure to notify HR, including where appropriate, this being addressed as part of ongoing performance management discussions.
3. Where appropriate, risks associated with significant and recurring salary overpayments will be recorded in relevant service area risk registers.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell, Head of Place Management; Michael Thain, Head of Place Development; Alison Coburn, Operations Manager

Implementation Date:

31 March 2022

1.2.2 Agreed Management Action – Health and Social Care Partnership

The Partnership will continue (through its reporting structures) to remind line managers to advise HR of all payroll changes. The Partnership will ensure that the overpayments spreadsheet is reviewed and appropriate actions will be taken where recurrent instances are happening.

Owner: Judith Proctor, Chief Officer (EHSCP)

Contributors: Angela Ritchie, Operations Manager (EHSCP)

Implementation Date:

31 December 2021

1.2.3 Agreed Management Action – Strategy and Communications

Controls have been instituted to ensure that Senior Managers confirm each month that HR has been advised of all payroll changes for staff and elected members. The overpayments spreadsheet has been reviewed and associated risks have been added to the divisional risk register.

Owner: Andrew Kerr, Chief Executive

Contributors: Andy Nichol, Programme Manager (PMO) Edinburgh and South East Scotland City Region Deal/Edinburgh 2050 City Vision; Gavin King, Democracy, Governance and Resilience Senior Manager; Gillie Severin, Strategic Change and Delivery Senior Manager; Paula McLeay, Policy and Insight Senior Manager; Michael Pinkerton, Senior Communications Manager

Implementation Date:

10 May 2021

1.2.4 Agreed Management Action – Communities and Families

Senior Managers will ensure that staff/workforce updates are included as a standing item at management team meetings and their service managers will oversee any changes within their team ensuring direct line managers are supported and aware of the Council's pay policy. Where there is reliance on colleagues from Resources who are aligned to divisions to provide support with HR functions, the responsibility for ensuring HR are advised of any changes sits with the service manager and line manager. A checklist, which includes timescales should be generated when a line manager is made aware by a direct report of anything which will impact on their pay, including notice to leave employment, these timescales will include dates for submitting information to HR to ensure payroll cut-off dates are taken into consideration.

Senior Managers will ensure that any instances of failure to notify HR, noted on the overpayments spreadsheet, will be investigated by the service manager and performance management measures implemented if necessary. Any service area which has recurring instances of failure to comply with pay policy will be flagged to HOS and highlighted in Team Briefs, Risk Matters or other comms. In the event of recurring overpayments within a division or the directorate, this will be included within risk registers with appropriate controls and actions noted.

Owner: Jackie Irvine, Head of Safer and Stronger Communities / Chief Social Work Officer

Implementation Date:

31 August 2021

Contributors: Nichola Dadds, Operations Manager (Communities and Families)	
---	--

1.2.5 Agreed Management Action – Resources

A further communication will be issued to all Heads of Service and third-tier managers in the Resources Directorate by the Executive Director of Resources, for cascade through services areas to remind line managers of the importance of advising HR of all payroll changes in advance of the payroll cut-off date. Resources will not request confirmation from service managers that Payroll have been advised of all relevant changes because this would be overly onerous.

Where appropriate, risks associated with significant and recurring salary overpayments will be recorded in relevant service area risk registers.

Owner: Stephen Moir, Executive Director of Resources	Implementation Date:
Contributors: Hugh Dunn, Head of Finance; Nicola Harvey, Head of Customer and Digital Services; Katy Miller, Head of Human Resources; Nick Smith, Head of Legal and Risk; Peter Watton, Head of Property and Facilities Management; Layla Smith, Resources Operations Manager and Michelle Vanhegan, Executive Assistant	30 September 2021

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

The City of Edinburgh Council

Internal Audit

Technology Resilience

Final Report

20th July 2021

[RES2006]

Overall report rating:

**Significant
Improvement
Required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

Contents

1. Background and Scope	1
2. Executive Summary	4
3. Detailed Findings	5
Appendix 1: Basis of our Classifications	16
Appendix 2: Areas of Audit Focus	17
Appendix 3: Operational Resilience Framework	18
Appendix 4: Details Supporting Testing Outcomes	19

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2020/21 internal audit plan approved by the Governance, Risk and Best Value Committee in September 2020. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

Technology resilience is defined as an organisation's ability to respond to and recover from service impacts of a severity that necessitates the use of replacement technology or transfer of operations to alternative premises, with restoration of technology systems in order of service criticality.

Technology's role in supporting service delivery is becoming increasingly critical and complex as organisations digitise and automate more services, with the likelihood of incidents and events that disrupt the delivery of these services increasing.

This highlights the importance of technology as a foundation pillar within a robust operational resilience framework, and reinforces the need for organisations to fully understand their key technology risks, criticality, and dependencies across the organisation to ensure effective recovery from service failures and disruptions.

Appendix 3 includes a high level overview of the key components of an operational resilience, and highlights the importance of technology in an operational resilience framework.

Definition of key terms

Within a technology resilience framework, the following definitions are applied:

- **BIA:** Business Impact Assessment (BIA) captures an organisation's understanding of the criticality of its business activities/services and their dependencies including systems, resources and third parties. This information is captured to ensure operational resilience and continuity of operations during and after a business disruption.
- **RTO:** The Recovery Time Objectives (RTO), i.e. the duration of time within which a business process or service must be restored in the event of a business continuity incident in order to avoid unacceptable consequences to the business associated with a break in continuity.
- **RPO:** The Recovery Point Objective (RPO), i.e. is the point in the past working backwards from a disaster, where data can be recovered in a usable format, usually through a backup, to ensure normal operation of impacted systems. This measure also assesses the potential data lost during an incident.

The Council's Technology Resilience Arrangements

The Corporate Resilience Team – is responsible for maintaining the Council's operational resilience framework. This includes ensuring that all Council services complete and regularly review business BIAs that assess the criticality of their services, and specify appropriate RTOs and RPOs for their recovery in the event of a resilience incident.

When completing BIAs Council services are required to provide details of the "level of operation they would have to reach in order to prevent the impact becoming unacceptable" as well as "when they would like to reach that level by".

Following review of BIAs by the Corporate Resilience Team, the relevant technology elements for systems managed by Digital Service and CGI (excluding and cloud based shadow IT systems that are managed directly by services) should then be provided to the Council's Digital Services Team for

discussion and review and potential inclusion in the Council's overarching technology resilience and disaster recovery plans managed by CGI.

Digital Services and CGI – Some Technology services are delivered through a partnership arrangement between the Council's Digital Services team and CGI who work together with services to identify and assess technology risks associated with the systems that they manage, and deliver appropriate resilience solutions within agreed contractual timeframes.

Digital Services management has confirmed that contractual recovery time and point objectives for systems recovery were agreed with Heads of Divisions prior to finalising the CGI contract, and that recovery requirements for the Council's Priority 1 systems can be altered via the established change management process.

The Council's contract with CGI confirms that where CGI provide services, they are responsible for:

- Disaster Recovery testing
- Client Service Reviews
- Availability and Capacity Management
- Continual Service Improvement

Relevant CGI Technology Resilience Contract Clauses

- 1) **Disaster Recovery and Supplier Business Continuity plans (Schedule 8.6 section 6)** - should be *"reviewed every 6 months, when major changes of scope apply, following a DR exercise, within 3 calendar months following a DR invocation, when requested as part of an audit and when required by the council"*.
- 2) **Business Continuity and Disaster Recovery (Schedule 8.6 section 7)** - the Supplier (CGI) shall *"test services designated as Priority 1 within CGI's Contractual Obligations (OBS) Register on an annual basis"*.
- 3) The current minimum CGI recovery time objective (RTO) service level for recovery of the Council's critical systems is 4 hours as detailed in the CGI and Council Service Continuity Plan. This SLA was agreed when the initial CGI contract was awarded in 2015.

Technology Resilience Governance Arrangements

Monthly Disaster Recovery Project Boards have been established to discuss progress with the Disaster Recovery testing schedule, and are attended by Digital Services and CGI, with details of meeting outcomes provided to the ICT-Resilience sub group.

The joint CGI and Digital Services technology resilience sub-group meets every two months to discuss technology resilience issues and risks to support service improvements. The Council's Resilience Group (chaired by the Corporate Resilience Team) receive the minutes of the sub-group meetings.

CGI also provides a monthly Client Services Report (CSR) to the Council's Digital Services Team that includes a summary of service level performance against a set of eight KPIs including Severe Incident Response and Resolution; Business Continuity; and Disaster Recovery. The report also includes a breakdown of availability and capacity metrics for all Priority 1 systems. The CSR report is shared with relevant stakeholders by e mail.

Covid-19 impacts

The Covid-19 pandemic had an immediate effect on the City of Edinburgh Council (the Council) by changing the way employees work, and citizens engage with the Council. To support this, the Council implemented some immediate technology changes including; increasing remote network access capacity from 3K to 5K users; implementing 'use your own device'; and implementation of MS Teams for employee engagement and collaboration. The Council's technology resilience will continue to be tested for the duration of the pandemic.

Recent Internal Audit Reviews

The Council's operational resilience was reviewed in September 2018 and 5 findings (2 High; 2 Medium; and 1 Low) were raised. The second High rated finding raised, highlighted that business impact assessments (BIAs) and service resilience plans were only partially complete across the Council, did not include specification of recovery time and point objectives for systems; and that no comparison had been performed between Council system recovery requirements and CGI contractual arrangements for the services that they provide.

Technology disaster recovery arrangements were last reviewed in May 2016, following the transition of managed technology services from BT to CGI in April 2016. One High rated finding was raised reflecting that the design of the Council's disaster recovery programme had been agreed, but no testing had yet been performed.

Scope

The objective of this audit was to:

- establish the effectiveness of the Council's technology risk assessment and resilience planning processes, and their application during Covid-19;
- determine CGI's ability to recover the Council's Learning and Teaching and Corporate networks and systems in order of criticality and in line with contractually agreed recovery time and recovery point specifications.

Limitations of Scope

The scope of our review was limited as follows:

- Technology incident and problem management and change management processes as these areas are covered by separate reviews included in the 2019/20 and 2020/21 Internal Audit annual plans.
- Resilience of individual technology applications; hardware; systems; or services, but the review did consider resilience in a wider context across the Council.

Reporting Date

Our audit work concluded on 11 February 2021 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 4

Summary of findings raised	
High	Critical Systems Recovery Timeframes and Council Service Continuity Plans
Medium	Business Impact Assessments
Medium	Disaster Recovery Testing
Medium	Technology Resilience Governance Arrangements

Opinion

Our review identified a number of significant and moderate control weaknesses in the design and effectiveness of the Council's technology resilience control environment and governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed, and that the Council will be able to restore critical systems and services in line with agreed recovery time and point objectives in the event of a technology resilience incident.

Four findings (one High and three Medium) have been raised, reflecting the need to:

1. either align recovery timeframes for critical systems supporting Priority 1 services with the agreed CGI service levels or make alternative resilience arrangements for these systems, and update the Council's Technology Service Continuity Plan that is maintained by CGI covering the services that they provide (refer finding 1 below);
2. perform a review of all business impact assessments to ensure that all critical systems have been identified with appropriate recovery time and point objectives specified, and review this assessment following any significant resilience incidents (refer finding 2 below);
3. refresh disaster recovery test plans and recommence testing (refer finding 3 below); and
4. review and refresh technology resilience governance arrangements (refer finding 4 below).

The need to review system recovery time objectives and ensure that they were either aligned with agreed CGI service levels, or alternative resilience arrangements established was initially raised in the September 2018 Operational Resilience audit, with an original completion date of 31 July 2019.

Initial completion timeframes for open resilience assurance findings raised in the September 2018 audit have been extended by management to allow the Council to respond to Covid-19.

Following the refresh of BIA's by the Corporate Resilience team in January 2020, directorates and divisions are now working towards completing BIAs by May 2022. A Corporate Resilience exercise to review any gaps between recovery timeframes specified by the Council and the CGI four hour service level is also in progress for Priority 1 systems, with an expected completion date of December 2023.

The Corporate Resilience team submitted a list of Essential Activities highlighted through the BIA process to CLT in March 2019 for their consideration and sign off. The work to review BIAs, paused during the Covid-19 response, is due to commence in April 2021. This exercise will include the

identification of gaps in protocols and their development, with Directorates. A Council wide thematic Covid-19 lessons learned exercise is also scheduled to be performed by the Council's Resilience team.

Areas of good practice

The following areas of good practice have been identified:

1. **Technology Resilience Framework** - A framework has been embedded within the contractual obligations for delivery of technology services by CGI. Schedule 8.6 of the Supplier Agreement details the Business Continuity and Disaster Recovery requirements, which includes the necessary governance of plans and the conditions to invoke and exercise plans. An Operational Framework Document sits underneath the contractual obligations and describes CGI's key practices and activities for identifying and managing risks, and review of services and service improvement through the tracking and reporting of SLAs and KPIs.
2. **Disaster Recovery Testing** - Implementation plans for disaster recovery tests comprehensively capture the test approach, implementation plan, risks associated with the test, testing results and the pre and post test approvals. The plan also captures any post review issues and actions with owners, which are discussed during the monthly DR Project Board meetings.
3. **Skills and Experience** - Skills and Experiences is a general obligation within the contract that requires CGI to provide "appropriately qualified, trained and experienced employees, and to provide services with reasonable skill, care and diligence". The Operational Framework Document also includes details of the roles with both the Council and CGI that support delivery of CGI services, and the responsibilities associated with these roles.
4. **CGI's performance** - is assessed based on their delivery of services against the agreed Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) service levels, with monthly performance outcomes detailed in the Client Services Report.

3. Detailed findings

1. Critical Systems Recovery Timeframes and Council Service Continuity Plans

High

Directorates and Divisions

1. Review of the CGI contract; business impact assessments (BIAs) for 14 of the Council's 32 Priority 1 Council services (refer details included at Appendix 4) and discussions with Service Managers and Heads of Divisions established that:
 - a) Where Priority 1 services have identified shorter system recovery timeframes than the current four hour CGI service level, they must either accept the four hour CGI service level; request a contractual change through the established change process; or implement and rely on alternative resilience arrangements that potentially include manual operations. This approach is not aligned with good practice as RTOs should be driven by business needs. Digital Service management has advised that a four hour response is the current industry standard 'best response' timeframe.

- b) All 14 Priority 1 services where BIAs were reviewed confirmed that they cannot align with the contractually agreed four hour CGI SLA as they require a two hour timeframe for recovery of their systems.
- a) None of the 14 Priority 1 services have established alternative plans to ensure that systems can be recovered within two hours in the event of a resilience incident.

Digital Services and CGI

2. Review of the Council's Service Continuity Plan created and maintained by CGI that details the continuity and contingency arrangements for all CGI managed systems established that:
 - a) It had not been reviewed and updated since 12th December 2016. However, the supporting controls schedule includes review timeframes that are aligned with the requirements detailed in schedule 8.6, section six of the contract, which are:
 - every 6 months, when major changes of scope apply;
 - following a DR exercise;
 - within 3 calendar months following a DR invocation; and
 - when requested as part of an audit and when required by the council.
 - b) CGI confirmed that they had reviewed the plan internally over the years but had not yet provided an updated version to the Council. However, no evidence of the internal reviews and review completion dates were provided by CGI

Risk

The potential risks associated with our findings are:

Directorates and Divisions

- Critical Council systems supporting services assessed as Priority 1 by Council divisions cannot be recovered within timeframes specified by the Council in the event of a technology resilience incident.
- Additional costs associated with agreeing alternative resilience arrangements with either CGI or alternative providers to ensure that critical systems can be recovered within two hours (where possible).
- Some services may be unable to revert to manual operations in the event of a significantly longer term resilience event.

Digital Services and CGI

- The Council's Service Continuity Plan that covers systems managed for the Council by CGI no longer meets the Council's requirements and cannot be effectively applied in the event of a resilience incident.

1.1 Recommendation: Corporate Resilience and Directorates - Critical Systems Recovery Timeframes

Open Internal Audit Findings

This high rated finding was initially raised in the Operational Resilience audit completed in September 2018 (finding 2). The audit recommendation was that recovery time and point objectives for CGI

hosted systems should either be aligned with established CGI contractual recovery arrangements, or change requests initiated where shorter recovery timeframes were required by Service Areas.

The management response confirmed that business impact assessment (BIA) templates would be reviewed by the Corporate Resilience Team, including recovery objectives, in conjunction with key stakeholders with an initial completion date of 31 July 2019.

Current Status

Initial completion timeframes for open resilience assurance findings raised in the September 2018 audit have been extended by management to allow the Council to respond to Covid-19.

Following the refresh of BIA templates and review of some BIAs by the Corporate Resilience team in January 2020 (this work was paused due to the impacts of Covid-19), there is an open action on all directorates to ensure that BIAs are completed using the refreshed templates by May 2022.

A Corporate Resilience exercise is also ongoing to review any gaps between recovery timeframes specified by the Council and the CGI four hour service level, with an expected completion date of December 2023.

Proposed Action for all Directorates

To avoid raising duplicate findings, the existing directorate actions due for completion by May 2022 will be updated to include the requirement for directorates to ensure that the 14 Priority 1 services system recovery times are either aligned with the existing CGI service levels; change requests initiated to request faster CGI recovery times; or alternative resilience arrangements established for these systems.

1.2 Recommendation: Council Service Continuity Plans

Digital Services and CGI management should:

1. Request that CGI perform a review of the Council's Service Continuity Plan to confirm that technology service continuity arrangements for systems supported by CGI remain appropriate
2. Digital Services will then review the refreshed Service Continuity Plan and provide feedback.
3. CGI will be requested to establish appropriate governance arrangements through either the Disaster Recovery Project Board or Technology Resilience sub-group to ensure that the service continuity plan is reviewed and refreshed in line with the requirements detailed in Schedule 8.6, section 6 of the CGI contract which are:
 - every 6 months, when major changes of scope apply;
 - following a DR exercise
 - within 3 calendar months following a DR invocation; and
 - when requested as part of an audit and when required by the council.

1.2 Agreed Management Action: Council Service Continuity Plans

This action will be implemented as recommended by Internal Audit.

1. The Council's Service Continuity Plan and Digital Services Contingency Plans will be reviewed and refreshed by CGI and finalised and agreed with Digital Services. It should be noted that additional costs will be incurred if recovery requirement timeframes of less than four hours is feasible, but is

outwith CGI's agreed contractual requirements. Where the cost is significant, risk acceptance may be required.

2. It is acknowledged that there have been no Disaster Recovery Project Board meetings since circa November 2019. CGI will re-establish the Disaster Recovery Project Board (or another appropriate equivalent governance forum), and this will be supported by a clearly defined terms of reference that confirms the Board's objectives ; responsibilities; and attendees.
3. The Council's refreshed Service Continuity Plan will then be refreshed in line with established contractual requirements, and at least every six months.
4. The Council's P1 BIAs will also be reviewed every six months as part of the same process.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director, Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Bell, Technical Architect; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial & Risk Lead; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance; Pete Scott Service Delivery Manager, CGI; Michael Fernandez Project Manager, CGI

Implementation Date:
16th December 2022

2. Business (System) Impact Assessments

Medium

Review of the current approach applied to support completion of Business Impact Assessments (BIAs) (and specifically systems impact assessments) across the Council and a sample of six Priority 1 BIAs (refer Appendix 4) confirmed that:

- 1) No overarching view of completed BIAs is performed to confirm that the Council's most critical systems have been identified and appropriate recovery time and recovery point objectives specified by Council services and divisions.
- 2) None of the six Priority 1 BIAs had been reviewed since February 2019, which is not aligned with the annual review requirements specified in the Council's resilience framework. Management confirmed that this was due to the impact of the COVID-19 pandemic on the Corporate Resilience Team.
- 3) Two of the Digital Services priority 1 BIAs for recovery of services provided by the Digital Services team (telephony and systems, and project delivery and change) generically referenced "All Key Core Council Applications" in relation to application dependencies across Council systems in both the body of the BIA and supporting appendices, with no reference to the specific systems.

Risk

The potential risks associated with these findings are that:

- Lack of consistent assessment of requirements for recovery of critical systems in Business Impact Assessments (BIAs).

- Recovery of critical systems may not be accurately prioritised following a technology resilience event.

2.1 Recommendation: Review Council Business Impact Assessments to Identify Critical Systems

Points 1 and 2 - the Digital Services and Corporate Resilience Teams should:

Digital Services

1. Produce guidance on the areas to be considered and how to assess / rate the criticality of systems as part of the business impact assessment process. This guidance will include details of the current recovery time and point objectives that have been contractually agreed with CGI, and recommend that alternative arrangements (including consideration of manual processes) should be established where these timeframes are not sufficient to meet service needs
2. Publish the guidance on the Council's intranet (the Orb) and in Manager's News.
3. Update the content of the user access management framework to reinforce the importance of ensuring that systems criticality (including recovery time and recovery point objectives) has been considered and included in business impact assessments and is reassessed at an appropriate frequency.
4. The refreshed user access management framework will also be published on the Orb and included in Manager's News.

Corporate Resilience

5. Perform a review of all business impact assessments (BIAs) and confirm that all services have assessed systems criticality (in line with Digital Services guidance) as part of their BIAs, and have established alternative arrangements where agreed CGI systems recovery service levels are not aligned with service requirements.
6. Provide feedback and challenge where systems impact assessments have not been completed; are not completed in line with the guidance; or where alternative resilience arrangements have not been established.
7. Prepare a consolidated list of all system impact assessments and share this with Digital Services for subsequent provision to CGI and inclusion in technology resilience plans.
8. Review this assessment following major incidents that impact normal operations (e.g. an external event or crisis like the COVID-19 pandemic) as part of lessons learned to determine whether system criticality should be reassessed.
9. Request services to reassess system criticality where required and provide the consolidated outcomes to Digital Services and CGI (where services are provided by CGI and recovery timeframes are within the contractually agreed timeframe) for inclusion in technology resilience plans, or consider alternative solution in line with Digital Services guidance.

2.1a Agreed Management Action: Digital Services - Business Impact Assessment Guidance

Digital Services Management will:

1. Produce guidance on the areas to be considered and how to assess / rate the criticality of systems as part of the business impact assessment process. This guidance will include details of the current recovery time and point objectives that have been contractually agreed with CGI, and

recommend that alternative arrangements (including consideration of manual processes) should be established where these timeframes are not sufficient to meet service needs

2. Publish the guidance on the Council's intranet (the Orb) and in Manager's News.
3. Update the content of the user access management framework to reinforce the importance of ensuring that systems criticality (including recovery time and recovery point objectives) has been considered and included in business impact assessments and is reassessed at an appropriate frequency.
4. The refreshed user access management framework will also be published on the Orb and included in Manager's News.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Nicola Harvey, Head of Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Bell, Technical Architect; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance

Implementation Date:
31 March 2022

2.1b Agreed Management Action: Corporate Resilience – Supporting Directorates with Completion of Business Impact Assessments

To support Directorates with completion of BIAs by 31 December 2022 (note that this is an open IA finding raised in the September 2018 Operational Resilience audit) and address points 5 and 6 in the finding, Corporate Resilience Management will:

1. Liaise with Resilience Management Information System (MIS) supplier to determine how to incorporate required information on systems into MIS, in consultation with the Council Resilience Group; and
2. Incorporate checks and challenge into the BIA process and communicate to Directorates

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Nick Smith, Service Director, Legal and Assurance; Gavin King, Head of Democracy, Governance & Resilience; Mary-Ellen Lang, Corporate Resilience Manager; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance

Implementation Date:
30 September 2021

2.1c Agreed Management Action: Corporate Resilience – Sharing Systems Information with CGI and Digital Services

During the refresh of Directorate Business Impact Assessments and to address point 7 in the finding, Corporate Resilience Management will:

1. Provide quarterly updates on systems identified during the BIA process, once commenced; to be confirmed as received and shared with / implemented by CGI (also on a quarterly basis) by Digital Services.

Owner: Stephen Moir, Executive Director of Corporate Services

Implementation Date:
31 December 2022

Contributors: Nick Smith, Service Director, Legal and Assurance; Gavin King, Head of Democracy, Governance & Resilience; Mary-Ellen Lang, Corporate Resilience Manager; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance

2.1d Agreed Management Action: Corporate Resilience – Refresh BIAs following Resilience Exercises or Major Incidents

Following completion of resilience exercises or after major incidents, and to address points 8 and 9 in the finding, the Corporate Resilience team will:

1. include impact on system criticality as part of corporate debrief process and cascade to Directorates. Directorates to share any impacts identified during debriefs to Digital, copying in Resilience.
2. Request services to reassess system criticality where required and provide the consolidated outcomes to Digital Services and CGI (where services are provided by CGI and recovery timeframes are within the contractually agreed timeframe) for inclusion in technology resilience plans.

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Nick Smith, Service Director, Legal and Assurance; Gavin King, Head of Democracy, Governance & Resilience; Mary-Ellen Lang, Corporate Resilience Manager; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance

Implementation Date:
31 December 2021

2.2 Recommendation: Review of Digital Services Business Impact Assessments

Point 3 - Digital Services should:

Review and refresh Digital Services Business Impact Assessments (BIAs) for the telephony and systems and project delivery and change services that they provide across the Council and ensure that details of specific applications are included in relation to application dependencies across Council systems as part of the review of BIAs scheduled for completion in April 2021.

2.2 Agreed Management Action

The Digital Services Business Impact Assessments (BIAs) will be reviewed and refreshed for the telephony and systems and project delivery and change services that they provide across the Council, and will be updated to include details of specific applications in relation to application dependencies across Council systems.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director, Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Bell, Technical Architect; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial & Risk Lead; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and

Implementation Date:
30 June 2022

3. Disaster Recovery Testing

Medium

Review of disaster recovery testing arrangements and Disaster Recovery Project Board meeting minutes confirmed that:

- 1) The December 2019 Disaster Recovery Project Board minutes included reference to the contractual obligation to test all Priority 1 systems within two years, which is not consistent with the annual testing requirements specified in the contract at Schedule 8.6 section 7.
- 2) Review of the CGI Disaster Recovery schedule for January 2018 to January 2020 confirmed that 23 of the Council's 24 priority 1 systems (refer Appendix 4) were not tested annually in line with contractual requirements, with only the SWIFT system tested. The plan did include seven mixed scenario based and specific technology system tests that were performed based on previous major incidents (for example database and data centre fail overs), however these included mostly Priority 2 and third party systems.

Management has confirmed that this is attributable to focus on testing new technologies that were being implemented.

- 3) No schedule has been created detailing planned disaster recovery tests from January 2020 onwards.

CGI management advised that tests have not been planned or completed due to the pandemic, as this could cause unnecessary disruption to services operating in the ongoing Covid-19 resilience environment.

Digital Services management confirmed there had been no meetings to discuss planned disaster recovery tests since November 2019.

Risk

The potential risks associated with our findings are that:

- The Council is currently unable to confirm that the full population of critical systems supporting delivery of Priority 1 services can be recovered in the event of a technology resilience incident, impacting service delivery.

3.1 Recommendation: Disaster Recovery Testing

CGI and Digital Services management should:

1. prepare a disaster recovery testing schedule that includes (but is not limited to) annual disaster recovery testing of all Council CGI managed priority 1 systems;
2. share the disaster recovery testing schedule with the Council's Resilience Manager;
3. reinstate ongoing disaster recovery testing as soon as possible, recognising the ongoing challenges associated with the current Covid-19 operating environment;

4. implement appropriate Disaster Recovery Project Board monitoring arrangements to ensure that all priority 1 systems are tested annually in line with agreed contractual requirements, with the rationale documented in meeting minutes where the schedule of testing cannot be completed, or a decision is taken not to test specific systems.

3.1 Agreed Management Action: Disaster Recovery Testing

Both Digital Services and CGI management has advised that there was a verbal agreement to reduce the frequency of disaster recovery testing and adopt an alternative approach with focus on specific systems as completion of testing in line with contractual requirements was a significant undertaking that could potentially result in frequent system outages.

It is acknowledged that this agreement was not documented.

1. the disaster recovery testing approach and schedule will be reviewed and agreed with CGI and formalised through the governance process. This will include consideration of all of the Council's priority 1 systems;
2. The rationale for any priority 1 systems that are not included (at least annually) in the disaster recovery testing schedule will be recorded, and the relevant directorates and divisions who use these systems advised;
3. once the DR testing approach has been agreed, testing will be performed with completion and outcomes monitored through relevant governance forums and
4. the disaster recovery testing schedule and testing outcomes will be shared with the Council's Resilience Manager.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director, Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Bell, Technical Architect; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial & Risk Lead; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance; Pete Scott Service Delivery Manager, CGI; Michael Fernandez Project Manager, CGI

Implementation Date:
16 December 2022

4. Technology Resilience Governance Arrangements

Medium

1. Review of the Council's established technology resilience governance arrangements confirmed that:
 - a) Disaster Recovery Project Board meetings are attended by Digital Services and CGI, with outcomes and updates provided to the ICT-Resilience sub-group.
 - b) The Corporate Resilience Team receives updates on the Council's technology resilience arrangements through receipt of minutes of the two (bi) monthly Digital Services and CGI ICT Resilience sub-group meetings.

2. Review of arrangements supporting the operation of the two monthly ICT Resilience Sub-group confirmed that:
 - a) CGI representation is not mandated at the ICT-Resilience sub-group although they are invited to all meetings.

Review of a sample of three ICT Resilience sub-group meeting minutes (September - December 2020) highlighted that updates in relation to disaster recovery requested by the Council in September were not addressed until a CGI representative attended the December meeting, where responses were provided, and an action plan determined.
 - b) Whilst disaster recovery is included as a standing agenda item on the ICT-Resilience sub-group, review of meeting minutes confirmed that disaster recovery updates were requested in two instances (September and December 2020) and were not provided.
 - c) The monthly CGI Client Services Report that includes a summary of performance against key performance indicators (KPIs) (including technology resilience and disaster recovery KPIs) and availability and capacity metrics for Priority 1 systems is not provided to the ICT resilience sub-group.

Risk

The potential risks associated with our findings are:

- Risks associated with technology resilience testing performed by CGI are not identified; recorded; assessed; and managed.
- CGI technology resilience performance issues are not identified and addressed.
- Technology resilience risks are not reflected in the Council's corporate resilience plans.

4.1 Recommendation: Technology Resilience Governance Arrangements

CGI and Digital Services management should:

1. Engage with the Corporate Resilience Team to determine the best approach to ensure that they are aware of planned disaster recovery tests and also receive comprehensive details of completed test outcomes and actions to be implemented (by both Digital Services / CGI and directorates / divisions) to address any issues identified once disaster recovery testing has been completed.
2. For the ICT-Resilience sub-group:
 - a) establish quorum arrangements (that include CGI representation) or, where this is not possible, establish a process to ensure that all questions raised at meetings are communicated to CGI following the meeting with a request for responses to be provided;
 - b) ensure that disaster recovery updates are consistently provided in line with standing agenda item requirements, with outcomes and actions from discussions recorded and monitored through to implementation;
 - c) provide a copy of the monthly CGI Client Services Report to the group to support their discussions on disaster recovery.

4.1 Agreed Management Action: Technology Resilience Governance Arrangements

1. The ICT-Resilience sub-group does feed into the Council's Resilience. This includes providing an update on disaster recovery testing, but only when there is a progress update to be provided. It is acknowledged that there have been no recent updates provided due to the limited disaster recovery testing performed as highlighted in finding 3.
2. The ICT Resilience sub-group is an operational meeting that covers Disaster Recovery Project Board outcomes within its scope and feeds into the Council resilience group. CGI and Digital Services governance arrangements are currently being discussed, and the ICT-Resilience sub-group will be included in these conversations. As additional governance requirements could result in additional costs, the discussions will focus on whether CGI attendance at this meeting is covered by existing contractual obligations. Where this is not the case, the ICT-Resilience sub-group will continue to operate on the basis of a goodwill commitment from CGI to attend.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director, Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Bell, Technical Architect; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial & Risk Lead; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant, Legal and Assurance; Pete Scott Service Delivery Manager, CGI; Michael Fernandez Project Manager, CGI

Implementation Date:
30 June 2022

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

Audit Area	Control Objectives
Critical systems	<ul style="list-style-type: none"> • An exercise has been performed to map critical business services to the systems that underpin their operations and where relevant the third parties that support them. • An exercise to identify single points of failure in critical networks and systems has been performed, with actions taken to address and remediate these where possible.
Resilience plan	<ul style="list-style-type: none"> • The existing resilience framework and plans have been understood and agreed between the Council and CGI. • Resilience plans are updated in a timely manner to reflect changes detailed in change requests for example implementation of new technology systems, or changes in criticality assessments for existing systems. • Triggers for initiation of resilience plans (for example initiation of the Covid-19 resilience response) have been defined and clearly communicated and include a range of documented crisis scenarios with guidelines on the initial steps to be followed by front line support staff. • Alerts are configured to notify key stakeholders when a crisis or disaster occurs. • Recovery details exist with specific instructions for returning systems to a working state within defined timescales and with minimal data loss.
Testing	<ul style="list-style-type: none"> • A test programme and schedule exist which covers the full scope of critical networks and systems. • Resilience testing is performed on a regular basis. This testing includes a combination of actual testing (e.g. systems are shut down and restored) and scenario-based testing
Resilience Reporting & Lessons Learnt	<ul style="list-style-type: none"> • A report is produced at regular intervals to provide senior stakeholders with metrics on resilience and disaster prevention measures. • Where applicable, resilience plans have been updated to reflect lessons learnt from COVID-19. • A risk assessment has been done to consider new resilience risks from the lessons learnt from COVID-19 and to identify actions to mitigate such risks.
Continuous Improvement	<ul style="list-style-type: none"> • Results arising from resilience plan testing or incidents are documented, including lessons learned. These results are used to improve resilience plans and to continuously enhance the service provided.
Skills and Experience	<ul style="list-style-type: none"> • The requirement for CGI to provide suitably skilled and experienced resources to support the resilience service is clearly specified in the contract.

Appendix 3: Operational Resilience Framework

Below is PwC's Operational Resilience Maturity Assessment framework 'Lite Version' (ORMA Lite). It has been tailored for non-financial services organisations, and is grounded in the key expectations to manage critical technologies, people, processes and third parties. It highlights the importance of technology in the operational resilience ecosystem.



Appendix 4: Details Supporting Testing Outcomes

Priority 1 Council services where system recovery times are not aligned with current CGI Service Levels:

1. Additional Support for Learning & Special Schools
2. Children's Social Work Practice Teams and Review Service
3. Secondary Schools
4. Primary Schools
5. Infrastructure
6. Road Services
7. Customer Contact
8. Customer Contact & Transactions
9. Customer Services
10. Finance
11. Cultural Venues
12. Looked After Children
13. PILOT
14. Scientific Services, Bereavement and Registration

Priority 1 business impact assessments not reviewed since February 2019:

1. Customer Hub - Location Plan
2. Customer Hub - Service Area Plan
3. Criminal Justice - Management of criminal justice group work services
4. Schools - Delivery of Learning and Teaching in Secondary Schools
5. Digital Services - Service Management (telephony and systems)
6. Digital Services - Project Delivery and Change

Priority 1 systems that have not been tested annually:

1. PPSL Debt Management System
2. Oracle eFinance / EBusiness
3. iTrent Payroll
4. iWorld Revs and Bens
5. AIM / ACR
6. Contact Centre MiCC
7. iWorld Housing
8. Confirm
9. Batch Printing
10. EDM Workflow 360
11. Cognos
12. Citizen Digital Enablement (CDE)
13. Homeless Care Information Database
14. IDOX / Uniform
15. CAFM
16. Oracle eFinance Discoverer

17. webCAPTURE & eCAPTURE (GovTech)
18. eFinance WRM
19. WebRoster
20. JADU (Internet)
21. JADU (Intranet)
22. AI.SYNCPOINT / SharePoint
23. Total Repairs

The City of Edinburgh Council

Internal Audit

Network Management (Corporate and Learning and Teaching Networks)

Final Report

2nd August 2021

RES2003

Overall report rating:

**Significant
Improvement
Required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

Contents

1. Background and Scope	1
2. Executive Summary	3
3. Detailed Findings	5
Appendix 1: Basis of our Classification	13
Appendix 2: Areas of Audit Focus	14

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2020/21 internal audit plan approved by the Governance, Risk and Best Value Committee in September 2020. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

Network management is the process of administering, managing, and operating a data network. Typically, the network is managed using software and hardware applications to collect and analyse data, and push out configuration changes for improving performance, reliability and security.

Effective management of the network validates that the organisation's data, assets and information are stored securely, and the information flowing through it is secure from both internal and external attacks. The effectiveness relies on the principle of defence in depth where layers of security components provide the necessary protection from inappropriate or unauthorised access to the network. This process includes, but is not limited to:

- A robust security policy built on good practices, using recognised standards;
- Access management controls addressed by identity management;
- External perimeter control using firewalls to protect the internal network from external intrusion;
- Virtual private networks (VPNs) to allow authorised traffic through the firewall, using encryption techniques to prevent eavesdropping, and physical devices (tokens) of which the user must have custody to further enhance authentication;
- Risk management to evaluate and identify networks and resources requiring enhanced security; and
- Internal network segmentation, limiting access of data in certain locations to authorized users and restricting that area from others within the enterprise.

Network Management across the Council

The City of Edinburgh Council (the Council) operates two main networks, namely the Corporate network and the Learning & Teaching (L&T) networks. The corporate network is used by the majority of Council divisions, whilst the Learning & Teaching network is a digital learning environment for schools within the jurisdiction of the Council.

Both networks are segregated and separately managed and maintained by the Council's technology partner CGI, with the Council's Digital Services team providing oversight by obtaining assurance over network performance and security, and are subject to ongoing vulnerability scanning.

Network Security Accreditations

Following achievement of basic Scottish Government (SG) [Cyber Essentials](#) accreditation in June 2020, the Council has now obtained SG [Cyber Essentials Plus](#) accreditation in line with SG [Cyber Resilience Public Sector Action Plan requirements](#). However, the Learning and Teaching network has not yet undergone any cyber essentials accreditation.

The Council is also required to maintain ongoing compliance with the UK Government's [Public Services Network](#) (PSN) requirements for the Corporate network. PSN is the UK government's high-performance network that enables public sector organisations to share resources. It unifies the provision of network infrastructure across the UK public sector into an interconnected "network of networks" to increase efficiency and reduce overall public expenditure. The PSN is part of the UK Government Digital Service and is managed by the Cabinet Office.

All PSN users are required to hold a valid PSN connection compliance (CoCo) certificate that ensures that all networks connected to the PSN meet basic UK Government security requirements.

The Council's current PSN certificate of compliance was awarded in March 2021 and remains valid until March 2022.

Both Cyber Essentials Plus and PSN accreditation involve completion of a 'point in time' independent review / health-check assessment to confirm the effectiveness of network security controls.

Previous Internal Audit Reports

The effectiveness of established CGI Partnership Management and Governance processes applied by the Digital Services team was reviewed in an Audit completed in July 2020. One medium rated finding was raised which highlighted (amongst other things) that:

1. Only one key performance indicator (KPI) is included in the CGI contract in relation to the security services that they provide for the Council, with some security related operational performance measures included in the monthly security operations report provided to the security working group.
2. The CGI contract does not include a specific requirement for provision of ongoing independent assurance from CGI to the Council in relation to the operational controls supporting the security and compliance aspects of CGI services. Instead, reliance is currently placed on the independent security reviews completed to support cyber essentials and cyber essential plus accreditations, in line with the Scottish Government cyber resilience framework requirements. However, cyber essentials and cyber essentials plus accreditation has not yet been assessed for the Council's Learning and Teaching network.

Management has recently advised that

1. The risks in relation to the limited security KPIs will be accepted on the basis that changes to contractual KPIs were not possible under the terms of the CGI contract, with ongoing performance monitored through established performance management and governance processes.
2. CGI provide copies of their external accreditations to the Council (for example ISO27001).

Scope

The objective of this review was to assess the adequacy of design of the key network security controls established to ensure effective management of both the Council's Corporate and Learning and Teaching networks.

Limitations of Scope

The following areas were specifically excluded from the scope of this review:

- The operating effectiveness of the controls was not assessed, and no sample testing was performed as part of this review.
- Review and testing of the configuration of network security controls such as firewalls, switches and router configurations was not performed.
- No network scans or security testing was performed on the network
- Voice and mobile communications were exempt from the review.
- Network security controls not operated by CGI and those in place in cloud environments or controls managed by other third parties were exempt from the review.

- Any aspect not specifically included in the detailed scope at appendix 2 were excluded from the scope of the review.

Reporting Date

Our audit work concluded on 12 April 2021 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 4

**Summary of findings raised	
High	Network management documentation
High	Network management effectiveness and assurance
Medium	Network threat identification and risk assessment
Medium	Technical configuration of networks and network devices

** Findings relate to both Corporate and L&T networks. Refer to section 3 for details

Opinion

Our review identified some significant and moderate control weaknesses in the design and effectiveness of the control environment and governance and risk management frameworks established to support the secure management of the Council's corporate and learning and teaching networks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives of secure and effective management of the corporate and learning and teaching networks will be achieved.

The CGI Partnership Management and Governance Audit completed in July 2020 highlighted that the established CGI contract includes only one security key performance indicator (KPI), and does not include a specific requirement for provision of ongoing independent assurance from CGI to the Council in relation to the operational controls supporting the security and compliance aspects of CGI services.

Management has advised that the risks associated with limited security KPIs will be accepted on the basis that changes to contractual KPIs are not possible under the terms of the CGI contract, with ongoing performance monitored through established performance management and governance processes.

Management has also confirmed that reliance is currently placed on the independent security reviews completed to support PSN and cyber essentials and cyber essential plus accreditations, and external accreditations achieved by the Council. However, cyber essentials and cyber essentials plus accreditations do not currently include the Council's Learning and Teaching network; are performed annually; and both the independent security reviews and accreditations will vary in both scope and depth.

Additionally, our review has identified a number of areas where network management controls required to be significantly improved, that are not specifically covered by the generic security requirements and KPI included in the CGI contract, and have not been previously identified by the independent security reviews completed to support achievement of cyber essentials and cyber essentials plus accreditations.

Consequently, four findings (two high and two medium) have been raised highlighting the need to implement and enhance standard network security measures that would typically be performed as part of ongoing network management activities across both the corporate and L&T networks.

Further detail is included at section 3 below.

Areas of good practice

The following areas of good practice have been identified:

1. **Security reporting** - CGI prepares monthly reports for the Security Working Group that include some security metrics, for example, the number of vulnerabilities identified across the devices connected to both the Corporate and L&T networks; the number of devices patched and not patched; the number of security incidents experienced; threats detected across the network; and new and emerging threat intelligence. Management has advised that these are defined and provided in line with CGI's contractual requirements.
2. **Incident management** - An incident management process has been established, with CGI providing a Service Desk support to the Council where security and other incidents can be raised and escalated for resolution.
3. **Network access segregation for management** - Access to the network devices is limited to only CGI support staff through a defined Terminal Access Controller Access Control System (TACACS) that determines whether access is permitted to specific systems. This alleviates the risk of a non-CGI employee gaining access to the network devices and the possibility of malicious or inadvertent configuration changes.
4. **Network resilience considerations** - As part of the network architecture, CGI has considered and implemented resilient clusters of network devices and data centres to provide availability in a resilience event as agreed in the contract.
5. **Network threat monitoring** - threats to the network and network devices are proactively monitored by the Security Operations Centre (SOC) team. The SOC's threat intelligence feeds into CGI's management of the Council's network, with remediation activities based on the significance of risk posed to the Council. Threats identified by the SOC team are correlated with the latest vulnerability scan reports and risk assessed.
6. **Segregated security controls** - CGI maintains the same network security controls over both the Council's Corporate and L&T networks, with appropriate segregation both within the networks and from other networks. Network perimeter controls also include distributed denial of service (DDoS) protection on external firewalls, and restriction of movement between the Corporate and L&T environments.

3. Detailed findings

1. Network management documentation

High

We identified the following areas where network management documentation and information sharing in relation to both the Corporate and L&T networks requires improvement:

1. Review of the documentation produced and maintained by CGI to support ongoing management of the networks established that existing documentation does not describe all aspects of the networks and their security arrangements. Specifically:
 - a) There is no evidence of a documented standard having been agreed between the Council and CGI that details how hardware or devices (for example network firewalls and routers) should be configured to connect to the networks; which services and devices are permitted to connect; and those that are blocked. Instead, a generic good practice configuration document is used by CGI to support configuration of Council network devices together with a low level design that defines how the network is configured in practice.
 - b) Details of historic configuration changes for individual devices are not held in a centrally. Whilst it is possible to identify historic configuration changes through change requests and IT service tickets, this would take some time and is not efficient;
 - c) There is high dependency on backups when rebuilding or re-imaging network devices to mirror the latest configuration.
 - d) There is no documentation outlining defined fail-safe (mechanisms designed to ensure safe failure of devices with limited impact on other devices) and fail-over (transfer to a duplicate system) mechanisms to ensure that recovery is possible and key devices (for example firewalls, servers, and routers) remain available.
 - e) There is no documentation that outlines the different ways that the Council's networks would recover from a potential failure (failure modes).
2. We also noted the following areas where engagement and information sharing between CGI and the Council in relation to network management and security could be improved:
 - a) The Council had requested specific assurance from CGI on the effectiveness of network security controls on a number of occasions, and a clear response was not consistently provided. This situation was addressed, but required escalation resulting in delayed receipt of the information.
 - b) Whilst security concerns are reported within multiple governance forums, the key Digital Services key point of contact for security matters is the Digital Services Security Manager who is responsible for oversight of the network security activities performed by CGI and challenging their performance and delivery. It is acknowledged that the Chief Digital Officer and other members of the management team also attend these governance forums.

Potential Risks Associated with Findings Raised

The potential risks associated with our findings are:

- Network devices could be incorrectly or inconsistently configured across Council networks increasing the risk of malicious intrusion.
- Networks cannot continue to operate or cannot be recovered in the event of an incident.
- The Council does not receive timely assurance from CGI in relation to network management and security control concerns raised.
- Security concerns are not communicated and addressed promptly in the absence of the Digital Services Security manager.

1.1 Recommendation: Network management documentation

1. Discussion should be held between Digital Services and CGI to confirm whether the current low level design applied by CGI meets the expected standard for the Council. The finally agreed standard should be documented and centrally maintained by CGI. This documentation should also include (but should not be limited to) details of services and devices that are permitted to connect; those that are blocked; and details of historic configuration changes for individual devices.
2. Where adjustments to the configuration images for the Council network devices are required, these should be implemented.
3. Details of network fail-safe and fail-over mechanisms and failure modes should be documented; maintained; and tested at an appropriate frequency by CGI.

1.1 Agreed Management Action: Network management documentation

1. Digital Services will risk accept this recommendation.
2. Digital Services will risk accept this recommendation.
3. Digital Services will review the current network DR processes, associated documentation and testing regime and agree an improvement plan if required.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead; Mike Bell, Digital Services Technical Architect.

Implementation Date:
31st March 2023

1.2 Recommendation: Engagement and information sharing

1. A clear process should be established to ensure that all requests from the Council for additional assurance or clarification in relation to the effectiveness of network security controls should be agreed with CGI and consistently applied.
2. Alternative arrangements should be established to ensure that security issues are communicated by CGI to the Council when the Council's Cyber Security Manager is absent from work.

1.2 Agreed Management Action: Engagement and information sharing

1. Digital Services Management will agree a process for the raising and monitoring of requests for additional assurance or clarification in relation to the effectiveness of network security controls incorporating an escalation path.
2. Alternative arrangements are already in place when the Council's Digital Services Cyber Security Manager is absent from work. Another officer has been assigned to work with the Cyber Security Manager and both he and the Chief Digital Officer have access to the necessary forums and communication paths by which security issues and incidents are raised,

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead.

Implementation Date:
31st March 2022

2. Network management effectiveness and assurance

High

Whilst it is acknowledged that management:

- has accepted the risks highlighted in previous audit reports in relation to limited security Key Performance Indicators (KPIs) included in the CGI contract;
- is placing reliance on completion of independent security reviews completed to support cyber essentials and cyber essential plus and PSN accreditations to confirm the effectiveness of CGI performance; and
- will receive copies of external CGI accreditations (for example ISO27001),

It should be noted that the independent security reviews and accreditations will vary in both scope and depth. For example, as ISO27001 permits organisations to select their accreditation topics, accreditation outcomes may not specifically cover network security. Additionally, ISO accreditation focuses mainly on established organisational standards and policies with limited controls testing.

We have identified the following areas where network management activities across both the corporate and L&T networks require improvement, and are unlikely to be covered by the independent reviews and accreditations noted above.

1. There has been no independent review of the effectiveness of, or independent assurance in relation to the following standard network management controls:
 - a) The completeness and accuracy of network logging and monitoring processes to enable review of network activity from both within and outside the Council;
 - b) Overall network configuration including defence in depth (multiple layers security controls within networks), separation and segregation of the network components to improve security;
 - c) Completion of periodic tests of network failure modes, and confirmation of the effectiveness and speed of migrating to the secondary (fail-over) networks; and
 - d) Adequacy of current network device configurations to confirm that they are aligned with industry / vendor standards recommendations.

2. Penetration testing is performed annually for the corporate network as part of the PSN accreditation process, and will also be an annual requirement as part of the Cyber Resilient Scotland: Strategic Framework. However, this testing currently has a limited scope, and does not include the L&T network.
3. The adequacy of the frequency of the weekly vulnerability scans has not been assessed and the risk associated with vulnerabilities identified have not been analysed.
4. The Council does not ensure assurance activities (for example outcomes of network configuration and access reviews) are carried out over all aspects of the network by reviewing documents produced by CGI or requesting additional evidence of assurance.

Risk

The potential risks associated with these findings are that:

- Network security threats and weaknesses are not identified and addressed;
- Cyber attacks are not effectively prevented;
- Additional L&T network risks are not identified as penetration testing has not been established.
- Networks cannot continue to operate or cannot be recovered in the event of an incident;
- The Council is unable to confirm whether CGI has met their contractual network management and security obligations.

2.1 Recommendation: Network management effectiveness and assurance

1. The Council should define a schedule of assurance activities reflecting network security, including around configuration, logging and monitoring of network devices, defence in depth and failure modes. The Council should also determine the level of documentation and metrics required to measure and track the assurance activities over the network and security management by CGI.
2. The Council should request periodic penetration tests over the Corporate and L&T networks. The frequency and scope of these penetration tests should be agreed based on the risks and threats faced by the Council.
3. The frequency and scope of the vulnerability tests should be reviewed, and the reports should be verified to ensure recurrence of vulnerabilities is minimal and all critical and high priority vulnerabilities are addressed within agreed timeframes.
4. Periodic tests on resiliency of the critical parts of the network and network components should be mandated by the Council. Where appropriate, independent assessment of the failure modes and effectiveness of resiliency should be performed. CGI should provide evidence of testing failure modes for both the L&T and Corporate network.

2.1 Agreed Management Action: Network management effectiveness and assurance

1. This action would primarily require contractual changes and will be risk accepted.
2. Digital Services professional opinion is that the annual and separate tests for PSN and Cyber Essentials plus coupled for the Corporate network with additional testing for new systems or devices on the network provides an acceptable testing regime. Digital Services have also requested that CGI penetration test the L&T network.

3. Digital Services professional opinion is that the existing vulnerability scanning frequency for both Corporate and L&T networks is acceptable and notes that this will also be coupled with Quarterly Assurance for the Corporate Network from CGI in the summer of 2021 which will cover information on vulnerability management over a period of time. Vulnerability scanning is carried out for all vulnerabilities on the network at the same time. Consequently, tracking a single vulnerability may not be possible and any evidence required to track a single vulnerability may need to be risk accepted.
4. Digital Services will review the current network DR processes, associated documentation and testing regime and agree an improvement plan if required.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Digital Services Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead; Mike Bell, Digital Services Technical Architect.

Implementation Date:
31st March 2023

3. Network threat identification and risk assessment

Medium

We identified the following areas where threat identification and risk assessment processes across both the corporate and L&T networks require improvement:

1. No security reviews are performed to confirm whether threats that are not linked to vulnerabilities previously identified from ongoing vulnerability scanning pose any additional risks to the Council;
2. No evidence is available to confirm that network risk assessments are consistently performed across the network in relation to planned security changes; and
3. There is no clear agreement between the Council and CGI that confirms when network risk assessments should be performed and how these should be documented.

Risks

The potential risks associated with our findings are that:

- Council networks may not be appropriately protected against new and emerging security threats; and
- Planned network security changes and decisions do not fully consider all potential risks.

3.1 Recommendation: Network threat identification

1. CGI should be requested to provide details of new and emerging security threats that have not been identified from vulnerability scanning to Digital Services;
2. Digital Services should consider whether network security tests are required to confirm that the Council is appropriately protected against any significant security threats, and instruct CGI to perform these tests; and

3. The integration between threat assessment, risk assessment and security testing should be reinforced with appropriate reporting to CEC to determine risk and follow-up actions to address the residual risks and handle the residual threats.

3.1 Agreed Management Action: Network threat identification

1. Digital Services considers that this is already in place. Details of new and emerging threats are already on the SWG reports and reported to CISSG. Ad hoc and urgent threats are updated directly to the Digital Services Cyber Security Manager as and when required,
2. Digital Services professional opinion is that the annual and separate tests for PSN and Cyber Essentials plus for the Corporate network coupled with additional testing for new systems or devices on the network provides an acceptable testing regime. Similarly, separate penetration testing for the L&T network has been requested to mirror the testing of the Corporate network. Vulnerability scanning is already taking place across Corporate and L&T networks.
3. Reporting of these is already in place as part of SWG reports and the outputs from both CE+ and PSN health checks. The same process will be applied to outputs from the penetration test on the L&T network. Risks raised from these are already raised, mitigated or added to relevant risk registers.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Digital Services Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead.

Implementation Date:
31st March 2023

3.2 Recommendation: Network risk assessments

1. The Council and CGI should formalise criteria for performing network risk assessments and apply a risk-based approach that is aligned with the Council's approved risk appetite statement when considering decisions and changes that could potentially impact network security; and
2. All completed risk assessments should be documented, with risks identified and recorded in relevant risk registers.

3.2 Agreed Management Action: Network risk assessments

1. Digital Services perform penetration testing/network healthchecks for PSN and Cyber Essentials plus on the corporate network as well as ad hoc tests. The process is already in place to review the outputs from these and agree to remediate or risk accept. Remediation may be contractual or at the request of the Council via the Change Management process. Similarly, once the output from penetration testing of the L&T network is available, the same review, remediation and risk processes will occur.
2. All risk assessments are documented and those currently in place have a corresponding entry in the relevant risk register.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Digital Services Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead.

Implementation Date:

31st March 2023

4. Technical configuration networks and network devices

Medium

We identified the following areas where network and device configuration across both the corporate and L&T networks require improvement:

1. Authentication of network users is reliant on Active Directory password-based authentication, with digital certificate authentication currently limited to device authentication and virtual private network (VPN) based access. Digital certificates only verify that the device accessing the network was issued by CGI and do not authenticate or verify the identity of the user in possession of the device;
2. There was no evidence of alerts being triggered when a network device is identified that deviates from the standard device configuration. Note that finding 1 also highlights that standard device configurations have not yet been agreed between the Council and CGI. .

Risks

The potential risks associated with our findings are:

- Malicious users could use devices provided by CGI with no additional authentication to access networks where user credentials and passwords have been compromised
- Instances where network devices are operating with unacceptable / unauthorised configurations cannot be detected.
- Malicious intrusion or proliferation of malware on the Learning and Teaching network managed by Digital Services.

This finding has been assessed as medium as these risks are mitigated (to an extent) by use of CGI digital certificates which confirm that devices presented to the network are devices provided by CGI. Our review has also confirmed that it would be difficult to forge these digital certificates as they are generated through the CGI trust centre.

4.1 Recommendation: Technical configuration of network and network devices

1. The requirements to establish Network Access Control (NAC) across Corporate and L&T networks should be assessed by the Council and CGI. The Council should consider requesting CGI to implement certificate-based authentication across the network, not just limited to VPN based access.
2. Following implementation of recommendation 1.1. above, configure alerts for network devices to notify administrators of non-compliant configuration settings across both L&T and Corporate networks.

4.1 Agreed Management Action: Technical configuration of network and network devices

1. Digital Services will direct CGI to implement certificate-based authentication across the network in accordance with Schedule 2.4 of the contract.
2. Digital Services will risk accept this recommendation.

Owner: Stephen Moir, Executive Director of Corporate Services, and John Knill, Vice President CGI

Contributors: Nicola Harvey, Service Director: Customer and Digital Services; Heather Robb Chief Digital Officer; Mike Brown, Digital Services Cyber Security Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead.

Implementation Date:
31st December 2023

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

Area of Focus	Sub Process	Objectives
Governance and management of networks	In-house management	<ul style="list-style-type: none"> Responsibilities have been assigned within the Council to appropriately manage and monitor the network and management information from the network devices in collaboration with CGI. The security team has access to CGI's network management system, which is used as a central repository to configure, update and push policies to the network devices. The logs from the network devices are shared to the managed SIEM tool for correlation, monitoring, identification of threats and to alert malicious behaviour.
	Third-party management	<ul style="list-style-type: none"> Members of staff within the Council have been assigned responsibility over the liaison with CGI to ensure: <ul style="list-style-type: none"> assurance over the confidentiality, integrity and availability of the network; adequate performance of the network devices, and appropriate actions are taken in an event of an incident CGI provide proportionate information about the risks posed by the network to the Council, including: <ul style="list-style-type: none"> Threats and vulnerabilities; Performance; Change including category of change; and Incidents.
Confidentiality and integrity aspects of network security	Network perimeter control	<ul style="list-style-type: none"> Network devices at all ingress and egress points are implemented by CGI and validated by the Council to prevent and detect unauthorised connections. Network perimeters controls are layered to provide defence in depth protection to the Council's high risk/critical assets. Network diagrams and other security control architecture is well maintained by CGI and the Council has adequate visibility over the network controls and architecture. Base images have been created and documented for all network devices detailing the risk-based rationale behind the open ports and allowed / blocked services. Posture checks to validate compliance to the base builds are performed periodically. Network devices that do not operate on baseline security standards trigger an alert and are managed promptly.
	Network configuration	<ul style="list-style-type: none"> The wired and wireless network are configured by CGI with identical security controls and restrictions to prevent unauthorised access and data loss. Configuration of the network devices are aligned to industry good practice, formally documented by CGI with sufficient documented risk assessments for exclusions and exceptions. Features such as VPN tunnelling, URL/spam filtering, denial of service protection and proxies, have been considered and have

Area of Focus	Sub Process	Objectives
		<p>been securely configured by CGI. Assurance over these features are sought by the Council periodically.</p> <ul style="list-style-type: none"> • The configuration of the network and the network devices are kept up to date, regularly security tested (penetration test and vulnerability scans) and reviewed to ensure adequacy, appropriateness and adherence to regulatory requirements. • Only authorised services and websites have been whitelisted for successful connections. Exceptions to the services and connections are analysed by risk, documented and approval is sought through a formal change management process to reduce the risk of data loss through unauthorised data transfer.
	Network access and registration	<ul style="list-style-type: none"> • Policies and procedures have been created to reflect the configuration of the network to allow only authorised devices to connect to the wired and wireless network. For example, NAC / 802.1x has been configured by CGI to allow only authorised CEC devices to connect to the network.
Availability aspects of network security	Access management	<ul style="list-style-type: none"> • The network devices are configured in such a way that: <ul style="list-style-type: none"> ○ default passwords are changed on all network devices; ○ role based access and appropriate access levels are assigned on the network devices based on the user's necessary level of access; ○ principle of least privilege and default deny is enforced on all devices; and ○ elevated access privileges are provided only to members of staff approved by senior management. • Access to the network devices including level of access is recertified and reviewed regularly. • Remote access to the network and network devices is reviewed and ensured to be sufficiently controlled.
	Network redundancy and identification of assets	<ul style="list-style-type: none"> • Network controls and equipment are configured to provide high availability and a level of redundancy to avoid single point of failure on the network. • Fail safe and failover mechanisms are defined and secondary connections have been configured to ensure high availability. • Failure modes are documented and tested periodically, including the effectiveness of shifting to the secondary network devices.

The City of Edinburgh Council

Internal Audit

Arm's Length External Organisations (ALEO)

Final Report

2nd August 2021

CW2001

Overall report rating:

**Significant
Improvements
Required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

Contents

1. Background and Scope	1
2. Executive Summary	4
3. Detailed Findings	5
Appendix 1: Basis of our Classifications	14
Appendix 2: Areas of Audit Focus	15

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2020/21 internal audit plan approved by the Governance, Risk and Best Value Committee in September 2020. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

Arm's Length External Organisations

Audit Scotland describes Arm's Length External Organisations (ALEOs) as organisations that are 'formally separate to the Council but are subject to its control or influence.' Ownership, provision of funding, and significant shareholdings in a company all constitute significant control or influence, and therefore constitute an arm's length relationship with external organisations.

The Council is responsible for ensuring that Audit Scotland's ['Following the Public Pound'](#) principles are consistently applied by any ALEOs that it provides funding to, and must ensure that ALEOs can demonstrate value for money.

Reporting arrangements for ALEOs will vary depending on the structure of each entity for example, Limited Liability Partnerships; Limited Companies; Charities; and Charitable Trusts. However, the Council has a duty to include details of the financial performance of any ALEOs where it holds a controlling interest, in its annual accounts.

The Standards Commission Scotland (the Commission) is an independent body responsible for encouraging high ethical standards in public life through the promotion and enforcement of Codes of Conduct for Councillors and those appointed to the boards of devolved public bodies.

The Commission's July 2018 [Code of Conduct for Councillors](#) includes a section on Appointments to Partner Organisations that confirms Councillor's responsibilities to declare any potential conflicts of interest where they have been appointed as a director of a company or a charitable trust as a nominee.

The following external reports and guidance is also available to support Council's with their ongoing governance and scrutiny of ALEOs. These include:

- [Council's Use of Arm's Length Organisations](#) - Audit Scotland (2018)
- [Advice for Councillors on arm's Length External Organisations](#) - The Standards Commission for Scotland (2016);
- [Inquiry into Arm's Length External Organisations](#) - Scottish Parliament (2016)
- [Arm's Length external organisations \(ALEOs\): are you getting it right?](#) - Audit Scotland (2011); and
- [Report on Arm's Length External Organisations](#) - Office of the Scottish Charity Regulator (2015).

Council ALEOs

Details of ALEOs where the Council has an established interest or relationship are maintained on a register. The current version of the register (June 2019) confirms that the Council has arm's length relationships with 30 external organisations and 37 associated subsidiary companies that deliver a varied range of services including the provision of public transport services; leisure facilities; cultural venues and trusts; property development; pension investment and management.

Each ALEO is aligned with a relevant Council directorate and should have established service level and / or funding agreements in place that cover any services delivered to or received by the Council and any funding provided by the Council.

Current governance arrangements

A Council Governance Hub chaired by the Chief Executive was established in 2016 to scrutinise delivery of services by ALEOs; to ensure that the Council is aware of any new and emerging risks; confirm the ongoing independence of elected members as directors of ALEOs; review ALEO annual assurance statements; and confirm that there is adequate ongoing reporting by ALEOs to both Council executive committees and the Governance, Risk and Best Value Committee. The Hub also provides an opportunity for ALEOs to raise any issues or concerns directly with the Council.

To support the Council's ongoing scrutiny of ALEOs, Council Officers are appointed as independent observers at ALEO boards. The Council Observer (CO) is essentially a representative of the Council with no voting rights, and attends meetings to confirm ongoing compliance with any agreements between the Council and the ALEO, and to identify any potential risks to the Council. Observers should escalate any immediate concerns to their line manager.

The Council also requires elected members to declare any potential conflicts of interest, and these are recorded and maintained in a register. Any relevant conflicts of interest are also declared at the beginning of any Council executive committee meetings, including the Governance, Risk and Best Value Committee.

The Corporate Governance section of the Council's 2018 financial statements (refer page 145) included two actions (actions 11 and 13) to improve governance arrangements in relation to ALEOs. These were:

- Reporting of ALEOs has gone to executive committees and the Chief Executive but not all ALEOs are also reporting to the Governance, Risk and Best Value Committee. Work will be undertaken with directors and the Governance Hub to improve awareness and compliance with the reporting process
- A review of arrangements is underway to ensure ALEOs have a service level agreement or funding agreements.

Future Governance Arrangements

A paper titled [Arms' Length External Organisations – Reporting to Committee](#) was presented to the Council's Policy and Sustainability Committee in February 2020 that outlines a revised reporting approach for ALEOs to relevant Council Committees. This included proposals for:

- Council Executive Committees to scrutinise ALEO future direction; performance and service delivery; and progress against relevant agreements (including service level agreements)
- The Governance, Risk, and Best Value Committee to scrutinise ALEO financial performance, and risks.
- Reports to include annual financial statements and a section prepared by the Council's observer detailing any comments they have in relation to performance and risk management.
- Representatives from the ALEO's executive management team and the Council observer to be present at committee for consideration of the reports.

Various papers have also been presented to the Council's Committees in relation to the reform of Transport ALEOs. A report to Policy and Sustainability Committee in July 2020 highlighted the current arrangements and challenges for the management of the Council's Transport ALEOs. In November 2020, the Transport and Environment Committee established a short life working group to develop a preferred governance and operating structure for delivery of Council owned public transport.

Previous Assurance Reviews

ALEO governance arrangements was last reviewed by Internal Audit (IA) in April 2016. This review included 1 High and 3 Medium rated findings highlighting that:

1. High - Councillors who are both legal directors of an Arm's Length Company and sit on the scrutinising committee for that entity could be perceived as having a conflict of interest as they may be scrutinising actions that they as directors are responsible for.
2. Medium - Council Observers for EICC & EDI are not attending all the Board or Audit Committee meetings. In addition, we did not identify process documentation for the Council Observer role in any of the Service Directorates.
3. Medium - The Council's annual assurance questionnaire process would benefit from tailoring to ensure that it meets the needs of Arm's Length Companies.
4. Medium – Arm's Length Companies are not always subject to regular scrutiny by the relevant scrutiny Committee.

Additionally, a number of external assurance reviews were completed by the Accounts Commission (2011; 2015; and 2018); and the Office of the Scottish Charity Regulator (OSCR) in 2015.

The conclusions drawn from each of these reviews were that further work was required to realise benefits from ALEOs whilst managing the associated risks, with a number of improvement identified in each review.

Covid-19 Impact on ALEOs

The Covid-19 pandemic has adversely impacted both the operation and financial performance of the majority of the Council's ALEOs as a number of services that they provide (for example cultural venues and leisure activities) have either been closed, or have been subject to a significant decrease in demand (for example transport services) since March 2020.

This will also adversely impact the Council's current and future financial position as ALEOs are unlikely to be able to deliver expected financial returns (for example annual dividend income received from Lothian buses) and may require additional future funding and support to reinstate their services.

It is therefore essential to ensure that ALEOs have taken advantage of all Scottish Government grant funding and support schemes available to them; have accurately recorded the risks and associated impacts on performance (both financial and non-financial; have established appropriate recovery plans; and that the Council has reviewed and scrutinised the approaches adopted by each ALEO.

Scope

The objective of this review is to assess the adequacy of design and operating effectiveness of the Council's established governance and scrutiny arrangements (including appropriate risk management arrangements and Covid-19 impacts and recovery plans) in relation to its ALEOs during the period 1 April to 31 December 2020.

Approach

The following approach was applied across a sample of ten Council ALEOs to support completion of the review:

- Identify the key risks in relation to ensuring the Council has established adequate and effective governance arrangements in relation to its ALEOs;
- Identify the key controls established to mitigate these risks;

- Evaluate the design of the key controls in place to address the key risks. This will involve discussions with elected members and officers appointed to ALEO Boards and also independent observers.
- Assess the operating effectiveness of the key controls;
- Prepare a draft report detailing the findings raised and Internal Audit recommendations;
- Discuss all control gaps identified and agree management actions with key stakeholders at a workshop; and
- Prepare a final report detailing that includes agreed management actions and implementation dates.

Limitations of Scope

There are no specific scope limitations.

Reporting Date

Our audit work concluded on 3 March 2021 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 2

Summary of findings raised	
High	1. ALEO Governance Framework
High	2. Conflicts of Interest, Appointments, and Training

Opinion

Our review identified a number of significant control weaknesses in the design and effectiveness of the Council's Arm's Length External Organisations (ALEOs) governance, control, and risk management arrangements. Consequently, only limited assurance can be provided that the risks associated with ALEOs are being managed, and that the Council's objectives of effectively managing and scrutinising ALEO operational performance and risk management processes should be achieved.

Over the years the Council has implemented a number of measures to address the findings raised in previous internal and external ALEO assurance reviews. These include establishing the Governance Hub and providing guidance for Council Observers (2016); clarifying ALEO oversight measures (2018); and more recently (February 2020), approving the refreshed reporting approach to both relevant executive committees and the Governance, Risk and Best Value Committee (GRBV).

However, our review has confirmed that further work is required to strengthen the Council's ALEO governance and risk management arrangements, and ensure that they are consistently applied as management actions implemented to address findings raised in relation to potential conflicts of interest and the role of Council Observers raised in previous assurance reviews have not been sustained.

The annual governance statement (AGS) included in the Council's [2019/20 financial statements](#) also reinforced that the division of scrutiny of the Council's Arm's Length External Organisations (ALEOs) between executive committees and Governance, Risk and Best Value Committee is essential to ensure that potential conflicts of interest are mitigated; confirmed that separation of scrutiny has not always been clear, and that duplication of scrutiny has been common.

Whilst the arrangements included in the [Arms' Length External Organisations – Reporting to Committee](#) paper that were agreed by the Council's Policy and Sustainability Committee in February 2020 should have addressed this concern, our review has confirmed that these have not been consistently and effectively applied.

Consequently, 2 new High rated findings have been raised.

The first High rated finding reflects the fact that the current operational management of ALEOs by the first line is not consistent. Accordingly, there is a need to establish a second line ALEO governance framework that should be applied by first line directorates to ensure consistent and effective ongoing governance and scrutiny of ALEOs, as various inconsistent approaches are currently being applied. This finding also highlights the need to ensure that centralised ALEO details are consistently maintained and reviewed, and the importance of confirming the ongoing financial feasibility of ALEOs as the economic and financial impacts associated with Covid-19 become clearer.

Our second high rated findings reinforces the need to ensure that potential or perceived conflicts of interest in relation to Elected Member appointments to ALEOs are considered and addressed in line with Audit Scotland requirements; and the importance of ensuring that both Elected Members and Council Observers involved with ALEOs have relevant and appropriate skills and experience and complete appropriate training in line with relevant Audit Scotland guidance.

Further detail on these findings is included at Section 3.

3. Detailed findings

1. ALEO Governance Framework

High

Review of the processes established by the Council to support management and scrutiny of Arm's Length External Organisations (ALEOs) confirmed that:

1. **ALEO governance framework** - there is currently no established ALEO governance framework that provides a consistent second line approach to the establishment and ongoing management of ALEOs that can be applied across the Council by first line directorates.
2. **First and second line roles and responsibilities** – second line responsibilities for developing and maintaining an ALEO governance and management framework and first line directorate responsibilities for its consistent application have not been clearly defined and agreed.

It is acknowledged that the Democracy, Governance, and Resilience (DGR) team currently performs elements of this second line role on an ad hoc basis (when required) by drafting service level; funding; or shareholder agreements, or supporting queries about establishing new ALEOs, however, DGR has advised that they are not currently empowered or resourced to perform a second line ALEO oversight or scrutiny role.

At the time of our review, DGR was in the process of developing guidance for incorporating a council company.

3. **Governance Hub** – Following a report to Council in June 2016, the governance hub was established in Oct 2016 with the objective of scrutinising and reporting ALEO performance and identifying and reporting any significant risks to the Council. Review of the operation of the governance hub established that:
- the protocols for determining which ALEOs should attend the Governance Hub have not been documented.
 - the purpose of the governance hub has evolved over time from its originally agreed terms of reference.
 - whilst a standing agenda exists and meeting minutes are prepared, there is no formal action tracker that records agreed decisions, responsibilities, and completion timeframes, and progress with agreed actions is monitored informally.
4. **Inconsistent approaches** – lack of an established ALEO governance and management framework has resulted in various inconsistent approaches being applied to the governance of ALEOs across the Council.

Whilst some variances would normally be expected given the differences in structure, size and risks associated with each ALEO significant variances were identified.

Of the 30 external organisations and 37 associated subsidiary companies listed as ALEOs in the current version of the central ALEOs register (June 2019):

- Only 7 ALEOs are represented in the Governance Hub. It is acknowledged that it may not be appropriate for all ALEOs to be included in the Governance Hub, however criteria for inclusion has not yet been defined
 - Fewer than 10 ALEOs report performance updates to Council committees;
 - Fewer than 20 ALEOs have Council Observers appointed; and
 - Fewer than 25 ALEOs have elected members of Council appointed to their board.
5. **Council Observer (CO) Reports** - ALEO reports provided to Council Committees are not currently supported by reports from COs in line with the revised ALEO reporting approach agreed by the Policy and Sustainability Committee in February 2020.
6. **Central ALEO register** – DGR currently maintains a centralised ALEO register that includes details of Council Observers (Cos); Elected Members (EMs); lead directorates; and details of any established service and funding agreements.

Review of the current register established that it has not been recently updated. Specifically:

- First line directorate responsibilities for ALEOs relationship management have not been consistently recorded.
 - EMs for Capital Theatres, Capital City Partnership and Marketing Edinburgh are not recorded in the register, but are documented in a separate master spreadsheet.
 - the lead officer for each ALEO has not been updated, for example, the Chief Executive for Marketing Edinburgh Limited and for EDI Group Limited.
7. **Ongoing review of the central ALEO register** - whilst a process has been established by DGR to update the ALEO register when notified of a change by Companies House, there is currently no

regular scheduled review of the centralised ALEO register maintained by the DGR team to confirm that it remains up to date.

8. **Financial Sustainability** - in response to Covid-19, the Council's 7 high risk ALEOs were requested to prepare detailed financial scenarios for the next 12 months (2021-22). Whilst this was reported to the Corporate Leadership Team and considered by the Governance Hub, there are currently no plans to request further detailed financial scenarios for review.

Risk

The potential risks associated with our findings are:

- **Regulatory and Legislative Compliance** - management and scrutiny of ALEOs is not performed consistently across the Council by the first line as agreed and in line with relevant Audit Scotland; Standards Commission; Scottish Parliament; and Office of the Scottish Charity Regulator regulations and guidance.
- **Governance and Decision Making** Significant ALEO performance issues and risks may not be identified and addressed.
- **Service Delivery** – lack of clear understanding in relation to the nature and quality of services provided to and from ALEOs by the Council.
- **Financial and Budget Management** – the Council does not have a clear picture of future ALEO financial sustainability and its potential impact on both Council services and finances.
- **Reputational Risk** – adverse publicity associated with ALEO operational performance and service delivery.

1.1 Recommendation: ALEO Governance Framework

1. Second line responsibilities for the design, implementation, and ongoing maintenance of an ALEO governance framework should be agreed.
2. An ALEO governance framework should be designed and implemented. This should include (but not be limited to):
 - A clear definition of Council ALEOs
 - A refreshed terms of reference for the Governance Hub that details who should attend and outlines the governance processes to be applied (where relevant) in meetings;
 - Definition of criteria for ALEOs that should be included in the Governance Hub;
 - Clear allocation of an ALEO or group of ALEOs to first line directorates;
 - Roles and responsibilities for first line directorates and Council Observers (COs);
 - Roles and responsibilities for Elected Members (EMs) including the process to be applied when they are appointed to ALEO boards;
 - Guidance on how ALEO management and scrutiny responsibilities should be performed by both COs and EMs;
 - Standard templates for service level and funding agreements that can be completed by first line teams;
 - ALEO and CO operational performance and risk management reporting requirements to both Council Executive Committees and the Governance, Risk, and Best Value Committee.

- Details of the ongoing central ALEO register maintenance responsibilities, including responsibilities for providing details of changes to be included, and responsibility for confirming its ongoing completeness and accuracy; and
 - First and second line assurance responsibilities in relation to the ongoing management and oversight of ALEOs.
3. The governance framework should be communicated across the Council to all first line teams (including COs) and EMs involved in management and scrutiny of ALEOs. This should be supported by training where required.

1.1 Agreed Management Action: ALEO Governance Framework

1. Second line responsibilities for the design, implementation, and ongoing maintenance of an ALEO governance framework will be agreed; and
2. An ALEO governance framework will be designed implemented, and communicated that incorporates all of the recommendations above.

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Nick Smith, Service Director: Legal and Assurance; Gavin King, Head of Democracy, Governance and Resilience; Laura Callender, Governance Manager; Ross Murray, Governance Officer; Layla Smith, Operations Manager, Corporate Services, Michelle Vanhegan, Executive Assistant.

Implementation Date:

30 Sept 2022

1.2 Recommendation: Central ALEO Register

1. The central ALEO register should be reviewed and updated, with confirmation obtained from directorates of the location of relevant supporting documents (for example service and funding agreements).
2. Ongoing review of the central ALEO register should be implemented at an appropriate frequency (for example every six months) to confirm that it remains complete and accurate.

1.2 Agreed Management Action: Central ALEO Register

The recommendations detailed above will be implemented.

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Nick Smith, Service Director: Legal and Assurance; Gavin King, Head of Democracy, Governance and Resilience; Laura Callender, Governance Manager; Ross Murray, Governance Officer; Layla Smith, Operations Manager, Corporate Services, Michelle Vanhegan, Executive Assistant.

Implementation Date:

16 December 2022

1.3 Recommendation: ALEO Financial Sustainability

1. Existing quarterly monitoring reports for high risk ALEOs should be updated to include the potential service delivery and financial impacts associated with new and emerging and ongoing ALEO financial risks, including the ongoing impacts of Covid-19).
2. The reports should be reviewed by the Corporate leadership Team (CLT); the Governance Hub; and relevant Executive Committees (as required) to ensure that both service delivery and financial issues and risks have been identified, and appropriate action plans established.

1.3 Agreed Management Action: ALEO Financial Sustainability

Recommendation accepted. Engagement with ALEOs will continue, with the potential service delivery and financial impacts associated with new and emerging and ongoing ALEO financial risks incorporated into the Council's established quarterly monitoring reporting process.

These reports are currently provided to the Corporate Leadership Team; the Finance and Resources Committee; and will also be provided to the Governance Hub.

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Hugh Dunn, Service Director, Finance and Procurement; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant.

Implementation Date:

31 March 2022

1.4 Recommendation: Implementation of ALEO Framework by Directorates

1. Following design, communication and delivery of training on the ALEO governance framework, directorates should ensure that it is implemented and consistently applied to their relevant ALEO relationships.
2. Directorates should also design and implement their own first line assurance activities to confirm that the ALEO framework is being consistently applied, and will take appropriate steps to address any significant variances identified.

1.4a Agreed Management Action: Implementation of ALEO Framework by Place

The new ALEO Governance framework will be implemented within the Place Directorate for those organisations which are defined as an ALEO and for which Place is responsible for the on-going relationship.

This will include Edinburgh Leisure which currently sits within the Education and Children's Services Directorate and will transfer across to the Place Directorate at a future date to be confirmed.

Owner: Paul Lawrence, Executive Director of Place

Contributors: Gareth Barwell, Service Director – Operational Services, Peter Watton, Service Director - Sustainable Development, and Service Directors for Housing, Family Support and Fair Work and Culture and Wellbeing; Operations Manager;

Implementation Date:

30 September 2023.

1.4b Agreed Management Action: Implementation of ALEO Framework by Corporate Services

Recommendations accepted and will be implemented following the rollout of the governance framework at a corporate level. This will also be factored into and considered as a part of first line managerial responsibilities across Corporate Services and as part of first-line assurance arrangements which are in the process of being introduced and should be embedded by the time this framework needs rolled out.

Owner: Stephen Moir, Executive Director of Corporate Services

Contributors: Nick Smith, Service Director: Legal and Assurance; Gavin King, Head of Democracy, Governance and Resilience; Laura Callender, Governance Manager; Ross Murray, Governance Officer; Layla Smith, Operations Manager, Corporate Services, Michelle Vanhegan, Executive Assistant.

Implementation Date:

30 September 2023

2. Conflicts of Interest, Appointments, and Training

High

1. **Conflicts of Interest** - we identified 5 instances where EMs on the board of ALEOs also sat on the relevant Council executive committee responsible for scrutiny and oversight of the ALEOs performance. This issue was also previously highlighted in the April 2016 Internal Audit report.
It is acknowledged that these conflicts may have been highlighted by EMs through the established declaration process when ALEO performance reports were presented to the Council committees for scrutiny.
2. **Elected Member (EM) appointments** – there are currently no established protocols that clearly define the basis for EM and CO appointments to ALEO boards that considers alignment of their skills, experience, and background and clearly defines their roles and responsibilities.
3. **Regular review of ALEO appointments** – no review process has been established to confirm that EM's appointed to ALEOs continue to be the most suitable fit for the role.
4. **Training** – review of training available to both Elected Members (EMs) and Council Observers (COs) involved in ALEOs confirmed that:
 - only code of conduct training is classified as mandatory for EMs, whilst completion of training on director's duties and appointment to outside bodies remains voluntary.
 - training records are not maintained for COs and were incomplete for EMs, as we were unable to confirm whether 9 out of 20 EMs had completed training.

Risk

The potential risks associated with our findings are:

- **Regulatory and Legislative Compliance** – conflicts of interest are not identified and managed in line with Audit Scotland requirements.
- **Regulatory and Legislative Compliance** – Elected Members (EMs) appointed to ALEO boards may not have relevant skills and experience as recommended in Audit Scotland guidance

- **Governance and Decision Making** – poor governance and decision making occurs as EMs and Council Observer (CO) skills gaps are not addressed by completion of relevant training as also recommended in Audit Scotland guidance.
- **Reputational Risk** – adverse publicity associated with potential conflicts of interest and ineffective governance.

2.1 Recommendation: Conflicts of Interest and Appointments

1. Management should consider and confirm whether they are prepared to accept the reputational risks associated with perceived conflicts of interests where Elected Members (EMs) on ALEO boards also sit on the relevant Council executive committees responsible for ALEO scrutiny, and document the outcomes of this decision. Audit Scotland requirements and guidance should be considered as part of this decision making process
2. Where this risk is accepted, the supporting rationale should be recorded in relevant risk registers.
3. Established conflict of interest procedures should be reviewed and refreshed to align with the outcome of the decision noted at point 1 above, and communicated to all Elected Members.
4. The skills, background and experience required for EMs appointed to ALEO boards and Council Observers (COs) who represent the Council's interest at board meetings should be considered; documented; and consistently applied in the ALEO Board appointment process (refer recommendation 1.1 above). This should include consideration on continuing professional development requirements where this is considered appropriate.
5. Skills and experience of both EMs and COs should be reviewed at appropriate intervals to confirm that it remains relevant to support effective discharge of the responsibilities associated with these roles.

2.1 Agreed Management Action: Conflicts of Interest and Appointments

1. and 3 The Democracy, Governance, and Resilience (DGR) team has introduced an ALEO scrutiny process where ALEOs are scrutinised by both relevant executive committees (where conflicts of interest could exist) and the Governance, Risk and Best Value Committee (where no conflicts should exist) to further mitigate this risk.

It is acknowledged that as fewer than ten ALEOs currently report performance updates to Council committees (as highlighted in finding 1), further clarity is needed to confirm that these include all ALEOs where potential EM conflicts of interest exist in relation to executive committee scrutiny.

At the beginning of every new Council term Elected members are allocated to ALEOs, and it is expected that these appointment will remain in place for the duration of the five year Council term.

Following the allocation of EMs to ALEOs, a paper will be prepared and presented to full Council that highlights any potential conflicts of interest between ALEO and Council committee appointments (including the Governance, Risk, and Best Value Committee), with a request that the Council either risk accepts or takes action to address the potential conflicts identified.

This report will also highlight that future potential conflicts could occur if EM appointments to either ALEOs or Council committees are changed, and that this should be considered by political groups as part of any subsequent appointment changes.

2. It is acknowledged that the risks associated with potential EM ALEO conflicts of interest should be recorded and noted as having been risk accepted as part of the Council's risk management framework, together with supporting rationale.

Following presentation of the paper to full Council noted above, Executive directors will be advised of any potential ALEO conflicts of interest that have been risk accepted and requested to ensure that these are reflected in relevant risk registers.

4. A framework will be designed and provided to all ALEOs that makes recommendations for an appropriate composition of both elected members and independent members for inclusion in ALEO boards to ensure that there is an appropriate balance and mix of skills.

The skills, background and experience required for Council Observers (COs) who represent the Council's interest at board meetings will be considered; documented; and consistently applied to all appointments.

5. The DGR team will send reminders to each Group annually about the recommendation that there be an appropriate composition of both elected members and independent members for inclusion in ALEO boards. Each Directorate will be asked by DGR to confirm (at least annually) that the background, skills and experience of each CO remains appropriate.

Owner: Stephen Moir, Executive Director, Corporate Service

Contributors: Nick Smith, Service Director, Legal and Assurance; Gavin King, Head of Democracy, Resilience and Governance; Laura Callender, Governance Manager; Ross Murray, Governance Officer; Layla Smith, Operations Manager, Corporate Services, Michelle Vanhegan, Executive Assistant.

Implementation Date:
30 June 2023

2.2 Recommendation: Training

1. Existing training materials for both Elected Members (EMs) and Council Observers (COs) should be reviewed and refreshed to ensure there is sufficient information on managing ALEOs, including legal responsibilities, scrutiny and oversight, and conflicts of interest, and any recent updates from regulatory bodies such as Audit Scotland; The Standards Commission; the Scottish Parliament; and the Office of the Scottish Charity Regulator.
2. Training materials should be regularly reviewed to confirm that their content remains relevant.
3. Management should consider making training mandatory for both EMs and COs with the requirement to complete refresher training at appropriate intervals (for example, annually). Where training is not mandated, it should be promoted and the need for completion regularly reinforced with both groups.
4. Training records should be established, maintained, and regularly reviewed to confirm completion, with follow up performed where training has not been completed.

2.2 Agreed Management Action: Training

1. and 2 Agreed. Actions will be implemented as recommended.

3. It was agreed at a meeting of full Council in June 2016 that EMs who were directors of Council companies would undertake mandatory training on their duties under the Companies Act. Training will also be made mandatory for COs.
4. Completion of training by both EMs and COs will be monitored and where training has not been completed, Group Leaders will be notified.

Owner: Stephen Moir, Executive Director, Corporate Services

Contributors: Nick Smith, Service Director, Legal and Assurance; Gavin King, Head of Democracy, Resilience and Governance; Laura Callender, Governance Manager; Ross Murray, Governance Officer; Layla Smith, Operations Manager, Corporate Services, Michelle Vanhegan, Executive Assistant.

Implementation Date:
30 June 2023

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

Audit Area	Control Objectives
Strategy and Communications	<ol style="list-style-type: none"> 1. The Council has a clear definition of ALEOs and applies this consistently to external organisations that it deals with to determine whether they should potentially be classified as ALEOs. 2. The role of Council independent observer on ALEO Boards has been clearly defined. This should include but not be limited to: <ul style="list-style-type: none"> • monitoring ongoing compliance with any agreements between the Council and the ALEO, including compliance with funding requirements; • review of Board papers to identify any potential operational and financial performance concerns and identification of any potential risks to the Council. • Annual reporting to the Governance Hub (GH); and • escalation of any immediate concerns to their line manager. 3. Guidance has been provided to Directorates and Divisions on ongoing management of ALEOs that includes the requirement to: <ul style="list-style-type: none"> • consider whether any new relationships with external organisations should be classified as ALEOs; • advise Strategy and Communications and also the GH of any new ALEO arrangements; • ensure that appropriate service level agreements have been established detailing services provided to or received from the ALEO and are regularly reviewed; • ensure that appropriate annual funding agreements supported by appropriate funding conditions have been established where funding is provided by the Council to ALEOs; • ensure that appropriate ALEO relationship managers (at Directorate or Head of Service level) have been established and independent observers appointed to ALEO Boards; and • ensure that ALEO performance and annual governance statements are reviewed by the GH and the appropriate Council executive committees (including the Governance, Risk and Best Value Committee). 4. The ALEO register is circulated to Directorates at an appropriate frequency to confirm that all current ALEOs are included; that SLAs and funding agreements are in place; and that ALEO performance has been scrutinised at relevant Council executive and the Governance, Risk and Best Value Committee.

Governance Hub	<ol style="list-style-type: none"> 1. Terms of reference has been established and shared with Council ALEOs that details the role, responsibilities and accountabilities of the Governance Hub (GH) and its ongoing engagement with ALEOs. These should include, but should not be limited to ongoing oversight of ALEO: <ul style="list-style-type: none"> • board composition to ensure that there are no potential conflicts of interest; • strategic planning and decision making; • operational and financial performance; • risk management; • assurance outcomes; • annual governance statements; • financial statements; • reporting to relevant Council executive and Governance, Risk and Best Value Committees; and • annual reports prepared by Council independent observers and any issues raised and escalated to the GH. 2. The GH is also responsible for assessing any new relationships with external organisations to determine whether these should be classified as ALEOs for inclusion in the register and potentially the Council's annual financial statements. 3. GH membership has been clearly defined, including representation from ALEOs. 4. Regular GH meetings are scheduled and are supported by agendas that are aligned with its terms of reference. 5. Actions from GH meetings are allocated to appropriate members with agreed timelines for completion, and implementation progress monitored at subsequent GH meetings. 6. Changes outlined in the January 2020 paper provided to the Policy and Sustainability Committee have been effectively implemented.
Directorates and Independent Observers	<ol style="list-style-type: none"> 1. All new relationships established with external organisations have been assessed to consider whether they should be classified as ALEOs, with Strategy and Communications requested to update the central ALEO register and the GH advised where this is the case. 2. ALEO relationship management responsibilities have been allocated at an appropriate level (Director or Head of Service) and independent observers appointed to each ALEO Board. 3. Service level agreements detailing the services to be provided to or from the Council by the ALEO have been established and are supported by key performance indicators (where appropriate), with performance regularly monitored. 4. Funding agreements (supported by relevant funding conditions) have been established with ongoing compliance with funding conditions regularly monitored.

Training and Guidance	<ol style="list-style-type: none"> 1. There are clear guidelines for elected members and officers who are appointed to the board of an ALEO, including guidelines covering conflicts of interest 2. Training is provided to elected members and officers appointed to ALEO Boards on how to perform effective scrutiny and how to identify and report any potential conflicts of interest. 3. Council observers receive adequate training and guidance to enable them to carry out their role effectively
Councillor Appointments	<ol style="list-style-type: none"> 1. The Council appoints elected members and officers to the boards of ALEOs with reference to their skills and experience. 2. Conflicts of interest are effectively managed by ensuring that elected members do not sit on the board of ALEOs and the relevant Council executive committee responsible for scrutiny and oversight of the ALEOs performance (including the Governance, Risk and Best Value Committee). 3. The Council ensures that there is at least one elected member or Council officer on the board of each ALEO.
Covid-19 Impacts	<ol style="list-style-type: none"> 1. The Council has obtained evidence from ALEOs confirming that they have: <ul style="list-style-type: none"> • taken advantage of all available Scottish Government grant funding and support schemes available to them. • identified all relevant Covid-19 risks; assessed and recorded them; and taken appropriate action to mitigate them where possible. • accurately monitored both the financial and non-financial impacts of Covid-19 on their services, and • Established appropriate service recovery plans 2. The Council has monitored the financial impact associated with reduced income from ALEOs, and reflected this in future financial plans (the Council's budget is due to be completed in February 2021). 3. Appropriate scrutiny has been applied to ALEO recovery plans by both senior management and relevant Council Executive Committees to confirm that they are realistic and achievable, and can be immediately implemented when permitted by the Scottish Government.

The City of Edinburgh Council

Internal Audit

Education and Children's Services

Health and Safety – Managing Behaviours of Concern

Final Report

2nd August 2021

CF2003

Overall report rating:

**Significant
improvement
required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

Contents

1. Background and Scope	2
2. Executive summary	4
3. Detailed findings	6
Appendix 1: Basis of our classifications	177
Appendix 2: Areas of audit focus	188

This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2020/21 internal audit plan approved by the Governance, Risk and Best Value Committee in September 2020. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

1. Background and Scope

Background

The Health and Safety Executive (HSE) is an independent regulator for work-related health and safety in the UK and defines work-related violence as: “any incident in which a person is abused, threatened or assaulted in circumstances relating to their work”, and has produced guidance on Violence at Work for employers.

The City of Edinburgh Council (the Council) has 122 primary, secondary and special schools and employs 3,372 teachers to provide educational services to 63,115 children between the ages of 5-17.

These schools are managed in line with the Council’s devolved school management scheme that was designed and implemented in response to the principles established under the June 2018 Joint Agreement between the Scottish Government and COSLA and the Scottish Government’s [Devolved School Management Guidelines](#) that empower headteachers in relation to curriculum, improvement, staffing and funding.

Behaviours of Concern Legislative and Regulatory Requirements

Any form of concerning behaviour by pupils towards teachers and other staff members at the Council operated educational establishments is governed by the regulations detailed below, and the Council’s Violence at work and Health and Safety policies are designed to ensure compliance with these regulations and alignment with HSE guidance.

- The Health and Safety at Work etc. Act 1974 (HSW Act);
- The Management of Health and Safety at Work Regulations 1999;
- The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR);
- The Safety Representative and Safety Committees Regulations 1977 (a); and
- The Health and Safety (Consultation with Employees) Regulations 1996 (b).

The Council’s Health and Safety Policy sets out requirements and roles and responsibilities for the management of Health and Safety risks including behaviours of concern. Line managers are required to manage and investigate any incident of concerning behaviour and to report it through the Corporate Health and Safety online ‘SHE’ Assurance Portal.

The Corporate Health and Safety (H&S) team reviews all incidents reported on the SHE Assurance Portal and identifies those incidents which meet the RIDDOR category requirements which require to be reported to HSE. The H&S team leads in the investigation and reporting of this incident classification.

It is understood that the SHE Assurance Portal is in the process of being updated with system improvements in particular to how incidents are classified and that the new version of the portal was rolled out on 01 July 2021.

Incidents are classified as work related accident / ill health; near miss; non–work related incidents; and pupils and service users on the SHE Assurance Portal.

Quarterly Health and Safety dashboards are produced by the Corporate Health and Safety Team and presented to the Communities and Families Health and Safety Group. Council-wide dashboards are also presented quarterly and annually to the Council’s Health and Safety Group, and health and safety performance is also measured and reported quarterly to the Directorates Risk Committees.

Policies, Procedures and Training

The following Council policies and procedures detail how behaviours of concern should be managed across the Council:

Corporate Policies and Procedures:

- Violence at Work Policy
- Violence at Work Toolkit
- Violent Incident Reporting Flowchart (linked to Toolkit document).

Corporate Health and Safety Policy and Procedures:

The following policies can be found on the ORB:

- Council's Health and Safety Policy
- Incident Reporting - Guidelines for managers and employees
- Step by Step guide on reporting incidents on the SHE Assurance Portal.

Education and Children's Services (Formerly Communities and Families {C&F}) Policy and Procedures:

- Included, Engaged and Involved in Edinburgh
- Managing and Reducing Risk
- Relationships, Learning and Behaviour

Training

Schools are very much focused on preventing behaviours of concern and promoting positive relationships and behaviours.

Consequently, whole School autism training is mandatory for primary, secondary and special schools and it is understood that this training should be completed every three years.

The Promoting Positive Relationships for Learning and Positive Behaviour eLearning module is held on the Council's CECiL system which links into the Relationships, Learning and Behaviour procedure. This module has not been classified as mandatory or essential learning.

The Corporate Health and Safety team has rolled out 'bitesize' health and safety courses from early June 2021, including incident reporting on the SHE Assurance Portal, and Understanding RIDDOR Investigations.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council has established appropriate processes and provided adequate training to all educational establishment employees to enable them to defuse and manage behaviours of concern exhibited by pupils.

Further details of our areas of audit focus are included at Appendix 2.

Our work was completed through engagement with a number of managers within Education and Children's Services (formerly C&F); and the Council's Health and Safety and Learning and Development teams.

Four schools (two primary Schools; one secondary; and one special school) were selected to complete walkthroughs of the incident reporting process.

Recognising the ongoing challenges associated with Covid-19, only two primary schools were able to support full walkthroughs. Our testing was further supported by discussions with the following employees:

- Three Head Teachers,

- Two Business Managers,
- One PSA
- One Teacher

Testing was undertaken on a sample basis for the period 01 April 2020 to 31 December 2020.

Limitations of Scope

Following review of reported incidents across establishments within Education and Children's Services, our scope was limited to primary, secondary, and special schools, and did not include Council and partner provided nurseries and early years establishments; young persons' centres / secure accommodation units; community centres; outdoor education centres; and libraries.

Reporting Date

Our audit work concluded on 21st May 2021, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 3 and 1 Advisory

Summary of findings raised	
High	1. Policies and Procedures
High	2. Employee Induction and Training
Medium	3. Governance and Management Information
Advisory	4. Health and Safety – Incidents Reported to the Health and Safety Executive

Opinion

Significant Improvement Required

Our review identified significant and numerous control weaknesses in both the design and effectiveness of the control environment and governance and risk management frameworks established within Education and Children's Services (formerly C&F) and individual schools to both prevent and manage the occurrence of behaviours of concern (BoC) incidents.

Consequently, only limited assurance can be provided that BoC health and safety risks that could impact both pupils and employees are being managed, and that the Council's objectives of defusing and effectively managing concerning behaviours should be achieved.

Whilst it is acknowledged that the Council's schools are empowered under the devolved school management scheme, it is our opinion (based on our findings) that ongoing management of BoC health and safety risks is one area where greater synergy and consistency would be achieved by adopting a centralised approach, which should also confirm ongoing compliance with applicable legislation and regulations.

It is also important to note that whilst the scope of our review was limited to schools, the findings raised in this report could potentially be relevant to other areas of the Council.

Reported Incidents

Our opinion is supported by the circa 370 incidents recorded in the SHE incident reporting system by Schools and Lifelong learning between May 2020 and February 2021 that can be analysed as follows:

- 68% - physical assault by a person with additional support needs for learning
- 18% - threatening; aggressive; challenging behaviour including physical abuse
- 12% - physical assault by another type of person

Findings Raised

Consequently, two high and one medium rated findings have been raised that highlight the need to:

- ensure that the Council's Violence at Work policy is refreshed and communicated (finding 1);
- review and refresh Education and Children's Services policies and procedures in relation to preventing and managing BoC incidents and ensure that they are consistently applied (finding 1);
- ensure that appropriate complaints and escalation procedures are established to support employees who have concerns about how BoC incidents are being managed (finding 1);
- ensure that lessons learned are identified, recorded, and incorporated into risk assessments and pupil plans where appropriate (finding 1);
- refresh the content of Education and Children's Services preventative and incident management training, and ensure that this is consistently completed (finding 2);
- ensure that Pupil Support Assistants (PSAs) have sufficient capacity within their contracted working hours to complete their training (finding 2); and
- confirm governance arrangements for ongoing management review and oversight of incidents, ensuring that appropriate actions are implemented to prevent recurrence of any potentially significant and thematic incidents (finding 3).

One opportunity to improve the quality of management information in relation to incidents that have been escalated to the Health and Safety Executive as RIDDOR reports by the Corporate Health and Safety team has also been identified and is included as an advisory finding (finding 4).

Further information on the findings raised is included at [Section 3](#).

Management Awareness

Education and Children's Services management is aware that improvement is required in this area, and had already made some positive progress with their responses to the EIS and Unison employee unions 'Violence at Work' survey completed in 29 October 2018 and a subsequent elected member motion on 11 December 2018 were detailed in a report presented to the Education, Children and Families Committee in May 2019.

A further survey was completed in December 2019 and a further progress report is due to be presented to the Committee in August 2021 in response to this survey. It is important to ensure that this includes details of the agreed actions that will be implemented in response to the findings raised in this report.

Covid-19 Impacts

It is also important to acknowledge that during the period of our review (April to December 2020) educational establishments were managing the significant challenges associated with the Covid-19 pandemic which has undoubtedly impacted their capacity and ability to address the findings detailed in this report.

We noted through our engagement with the schools that supported this review that they were working tirelessly to help and protect both pupils and employees, and provide support for the children of key workers throughout the pandemic.

Management Response

Following on from this issue in relation to behaviours of concern being highlighted at the Education, Children and Families Committee, a Management / Trade Union working group was established to address the issue that reports of problematic physical behaviours were not being passed on through the appropriate channels. A campaign to raise awareness was launched, including

- Sharing the revised inclusion policy (Included, Engaged, Involved Part 1)
- Sharpening the process for reporting and following up incidents (for example counselling)
- Promotion and communication

As a result of this work, increases in referrals have been noted, however we are aware that some schools may still not be reporting accurately. The measures we propose will triangulate the data by asking teachers, managers and central staff to regularly compare findings.

Although the Internal Audit sample size was very small, we accept that most schools may need further support to fully embed the procedures and processes that were set out pre-COVID.

3. Detailed findings

1. Policies, Procedures and Complaints	High
<p>1. Policies – review of Council and Education and Children’s Services (formerly Communities and Families) policies that cover behaviours of concern (BoC) established that:</p> <ul style="list-style-type: none">• The Council Violence at Work policy was last updated in 2014 and is currently being refreshed by the Corporate Health and Safety and Human Resources teams. The policy is supported by a toolkit that was last refreshed in 2015.• There is currently no comprehensive Education and Children’s Services policy document, guidance or procedure note to support educational employees on managing BOC incidents in educational establishments. <p>Management has referenced the Included, Engaged and Involved in Edinburgh policy. This policy outlines the City of Edinburgh approach to inclusion. Appendix One of the procedure lists all of the associated documents including the Relationships, Learning and Behaviour Procedure which includes specific reference to managing BoC when they occur, in terms of recording and Reporting Physical Incidents and Near Misses (Section 19) and Support to Staff and Debriefing (Section 20).</p> <ul style="list-style-type: none">• Education and Children’s Services Procedures and flowcharts that provide guidance on managing BoC incidents are included in the Business Manager’s Toolkit / Inclusion Hub. However, Business Managers (BMs) have advised that these tools are not consistently used, and that there is currently no notification issued through the toolkit to advise that documents have been added or refreshed.• Some schools have established their own BoC procedures.	
<p>2. Application of Procedures - review of application of Education and Children’s Services BoC procedures across four schools highlighted that they are not consistently applied. Specifically:</p> <p><u>Relationships, Learning and Behaviour procedure</u></p>	

- Verbal debriefs are held following BoC incidents and these are not documented. The procedure requires a documented briefing note that is then shared with concerned stakeholders.
- As incident debriefs are not documented, it is not possible to identify lessons learned and feed these into child planning; risk management planning; and whole school strategic work on predictable needs as detailed in the procedure.
- Pastoral notes on the SEEMIS education management information system are not consistently updated with details relevant to the care and planning of individual pupils due to capacity challenges. Head Teachers confirmed that these details are duplicated with the information also recorded on the SHE Assurance Portal.
- As incident debriefs are not documented, it was not possible to confirm whether impacted employees had been offered counselling and support as detailed in the procedure and 'violent incident reporting flowchart'.

Managing and Reducing Risk procedure

- Review of risk assessments / child plans in a sample of schools highlighted that the forms used are not consistent with the Risk Assessment and Management Plan template.
- Forms are not consistently updated following an incident, and Head Teachers advised that forms are only updated when changes to risk assessments and child plans are required.
- Forms are not supported by version control.

Health and Safety - Incident Reporting – review of incidents reporting through Council's SHE Assurance Portal highlighted that:

- Understanding of the incident record keeping requirements is inconsistent. One school confirmed that they do not retain hard copies of the Incident Reporting Forms to comply with the Council's objectives to become paperless.

A Corporate Health and Safety advisor confirmed that these hard copy forms should be retained to support potential RIDDOR investigations and to address concerns around the consistency of information reported on the submitted incident forms and information recorded on SHE system.

- One school has recorded the incidents on Behaviour Tracking forms rather than Incident Forms.
- 80% of incidents reviewed were not reported within the 2-day requirement. Head Teachers confirmed that they cannot consistently meet the 2-day deadline for incident recording.
- Schools did not fully understand the importance of accurately recording incidents in the SHE Assurance Portal, which is used by the Corporate Health and Safety team to identify any incidents that should be reported to the Health and Safety Executive (HSE). Schools also advised that once an incident was reported, no further feedback was received.

3. Complaints and Escalation Process

There is no established Education and Children's Services complaints and escalation process that enables employees to complain or escalate instances where they are unhappy with the incident management.

Discussions with management and employees confirmed that teachers would normally raise complaints with their Union representatives, and Support Staff would raise a grievance through the Councils established grievance procedure.

Management also advised that where significant incidents (for example incidents resulting in employee injury) occur, Head Teachers would contact either a Quality Improvement Education Officer (QIEO) or the Senior Education Manager to advise via phone call or e mail.

Risk

The potential risks associated with our findings are:

- Council and Education and Children's Services policies and procedures that cover behaviours of concern (BoC) are not aligned with applicable legislative and regulatory requirements.
- Potential legislative and regulatory breaches if policies and procedures are not consistently applied.
- Lessons learned are not identified; communicated; and incorporated into future practice.
- Risk assessment and child plans are not consistently reviewed updated (where required) to reflect incident outcomes and lessons learned.
- Counselling or other post incident support is not consistently offered to employees.
- Incidents are not consistently recorded on SHE or are not recorded within applicable timeframes.
- Complaints in relation to handling BoC incidents are not consistently recorded and managed, and significant incidents are not consistently escalated.

1.1 Recommendation: Policy and Procedures (H&S)

1. Human Resources has already commenced a refresh of the policy, and with will be completed with support from the Corporate Health and Safety team.
2. Following review the Policy will be incorporated into a suite of Corporate Health and Safety policies aimed at responding to legislative requirements and recognised workplace hazards, including concerning behaviours.
3. Following this transfer, the policy will either be reviewed as part of the ongoing policy review process that is currently being established by Corporate Health and Safety or in line with any material changes in relevant legislation or regulations.
4. Following the refresh of the current policy Human Resources will arrange for its inclusion in the Council's policy register; publication on the Orb; and communication across all Council directorates; divisions; and services

1.1 Agreed Management Action: Policy and Procedures (Human Resources)

1. The Human Resources Division has already commenced a refresh of the policy, that will be completed with support from the Corporate Health and Safety team.
2. Following review the Policy will be incorporated into a suite of Corporate Health and Safety policies aimed at responding to legislative requirements and recognised workplace hazards, including concerning behaviours.
3. Following this transfer, the policy will either be reviewed in line with the review process that is being established by Corporate Health and Safety, or in line with any changes in relevant legislation or regulations.
4. Following the refresh of the current policy Human Resources will arrange for its inclusion in the Council's policy register; publication on the Orb; and communication across all Council directorates; divisions; and services

Owner: Stephen Moir, Executive Director of Corporate Services,
Contributors: Nick Smith, Service Director: Legal and Assurance, Chris Lawson, Head of Health and Safety, Katy Miller; Service Director: Human

Implementation Date:
 28 February 2023

Resources; Martin Young, Head of Employee Relations, Policy and Reward; Layla Smith, Operations Manager, Corporate Services; Michelle Vanhegan, Executive Assistant.

1.2 Recommendation: Policy and Procedures (Education and Children's Services)

1. Following revision of the Council's Violence at Work policy, Education and Children's Services should complete a comprehensive review of relevant policies and procedures to confirm that they are aligned with Council policy requirements. This should include consideration of whether centralised comprehensive guidance should be prepared and applied across all educational establishments.

The refreshed procedures should include (but should not be limited) to guidance that addresses the points noted in the finding above, including guidance on the requirements to update risk assessments and pupil plans, and the need to report all incidents via the SHE Assurance Portal.
2. Ownership of policies and procedures should be appropriately allocated, and review dates set that align with any refreshes of the Council's Violence at Work policy.
3. The refreshed policies and procedures should be communicated to all schools with a clear expectation that they should be consistently applied to all violent and aggressive behaviour (BOC) incidents.
4. The refreshed policies and procedures should be published on the Business Manager's Toolkit and the Inclusion Hub.

1.2 Agreed Management Action: Policy and Procedures (Education and Children's Services)

A very comprehensive suite of guidance is currently in place through the Included, Engaged and Involved Policy and associated procedures. This includes the management of behaviours of concern, which covers proactive planning for prevention and also management and recording of these behaviours.

Ownership of policies and procedures and review dates are indicated on the front page of each policy and procedure, and updated information about record retention has been shared with Business Managers.

Further actions to address the points raised by Internal Audit include nominating a lead officer for Managing Behaviours of Concern (Policy and Practice). Their responsibilities will include:

1. Reviewing / cross referencing all relevant procedures with revised Council and Scottish Government guidance;
2. Highlighting revisions to the policies and procedures and share with Headteachers and Business Managers via the Inclusion Hub and School Business Manager Toolkit.
3. Setting annual calendar and version controls
4. More explicitly incorporating the flow charts and procedures for managing problematic behaviour in educational settings
5. Adding this suite of documents to the Inclusion Hub and School Business Managers' Toolkit
6. Calling quarterly meetings with school Assisted Support for Learning team leaders and Health and Safety Committees to review behaviours of concern statistics and lessons learned
7. To report details of statistical outcomes and lessons learned at Education, Children and Families Committee annually

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services,

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of

Implementation Date:

30 September 2022

Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.

1.3 Recommendation: Quality Assurance

1. An ongoing risk-based quality assurance process should be designed and implemented to confirm that schools are consistently applying relevant behaviours of concern processes and procedures.
2. The outcomes of this quality assurance process should be reported to senior management and relevant governance forums.

1.3 Agreed Management Action: Quality Assurance

This is usually covered as part of Supported Self-Evaluation / Validated Self-Evaluation visits undertaken in a sample of schools in the course of a school year. Good practice and concerns are communicated to Senior Education and Quality Improvement Managers as appropriate and improvement actions identified. Where there are schools with high levels of incidents as reported on the SHE Portal, this is followed up by the Quality Improvement Education Officer to make sure any specific issues are identified and addressed.

Given that the current restrictions continue to prohibit school visits, this session sampling will be undertaken as a desktop exercise.

Further actions to address the Internal Audit recommendations are as follows:

The Lead Officer for Managing BoC will report quarterly to the Education Management Team to enable discussion with senior education managers on both statistics and lessons learned:

- Following meetings with school Additional Support for Learning team leaders
- Following analysis of incidents included in the SHE portal

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.

Implementation Date:

30 June 2022

2. Employee Induction and Training

High

Discussion with schools management confirmed that they focus on approaches that should prevent the occurrence of behaviours of concern (BoC) incidents, with the objective of reducing the likelihood of their occurrence.

Review of established Education and Children's Services induction and training arrangements that focus on prevention of; the response to; and subsequent management of BoC incidents confirmed that:

1. **Whole School Autism Training** - there is a lack of clarity in relation to the required frequency for completion of whole school autism training.

Discussions with Education and Children's Services managers and headteachers confirmed that this should be completed every three years, however the learning and development essential learning spreadsheet for primary, secondary and special schools that advises employees on the

frequency of training to be completed confirms that whole school autism training should be completed 'on employment'.

Additionally, one school advised that whole school autism training was best practice, and not mandatory.

2. **Pupil Support Assistants (PSAs)** who provide support to children (including those with additional learning needs) do not have sufficient time to review policies and complete training as their contracted hours are specifically aligned with school hours, and time focused entirely on when their allocated pupils attend school.

Additionally, not all PSAs have access to laptops, enabling them to review relevant policies and complete training.

3. **Responding to BoC incidents** - there is no established induction or ongoing training that specifically covers the processes that should be applied in response to BoC incidents and their subsequent management within schools.
4. **Inconsistent induction training content** – the content induction training provided varies across schools and does not include specific reference to relevant BoC policies.

Review of a sample of induction packs for four schools confirmed that:

- one school had included the 'Violence at Work' policy folder;
- one school had included a briefing on 'Accident Prevention and Reporting'; and
- two schools were unable to provide induction packs.

5. **Employee support** - training does not include information on employee access to support services such as counselling
6. **Training completion** - there is currently no established monitoring mechanism to ensure that all educational employees have completed relevant training. This is particularly relevant for new employees where scheduled whole school training sessions may be (in some cases) circa two to three years after their start date.

Discussions with head teachers also confirmed that they do not have access to Essential Learning records to confirm completion of training by employees.

Risk

The potential risks associated with our findings are:

- Increased volumes of violent and aggressive behaviour (BOC) if prevention training is not consistently completed by all employees, and pupil support assistants do not have capacity to review policies and complete training.
- BOC incidents are not managed effectively and in line with applicable legislative and regulatory requirements and Council policies when they occur.
- Longer term impacts on employee health and well-being if they are not aware of and do not request support (where required) following BOC incidents.

2.1 Recommendation: Education and Children's Services Training Refresh

1. A centralised approach supporting the development; refresh; delivery; and completion of training across schools should be developed and implemented, with responsibility for this process allocated to an appropriately skilled and experienced employee.
2. Following allocation of responsibilities as per point 1 above, a refresh of Education and Children's Services induction and ongoing training should be performed. This should include (but not be

limited to):

- Developing a consistent induction and ongoing training approach that should be applied and delivered across all schools and educational establishments;
- Specifying the frequency of ongoing training, including whole school autism training;
- Designing and implementing training that focuses on how to manage violent and aggressive behaviour incidents when they occur. This should also include the availability of support for employees following the occurrence of violent and aggressive behaviour (BOC) incidents.
- Specifying the nature and frequency of training to be completed (for example, mandatory training or best practice guidance; and 'on induction', annually, every X number of years).

This specification should be aligned with the schools and educational establishment's current risk profile and the frequency and nature of incidents that occur, with frequencies increased or decreased as required.

3. A centralised approach to monitoring completion initial induction and ongoing training by employees should also be designed and implemented, with appropriate follow-up performed and action taken where employees are not consistently meeting their training requirements.

2.1 Agreed Management Action: Education and Children's Services Training Refresh

Extensive training on additional support needs, including virtual training and CECiL modules, is currently available. This includes Core Support Staff training to be completed over a three-year period, with training in identified key priority areas completed first.

The Empowered Learning Inclusion Board has a workstream focused on review of existing training for working with learners with additional support needs. Updated information to clarify the frequency of training and which training is mandatory will be shared with schools through this workstream.

The following additional actions will be undertaken to further support this work:

1. The Lead Officer for Managing BoC will link with the Lead Officer (newly qualified teachers / students); Senior Education Officers (with responsibility for training supply staff); and additional support for learning deputy headteachers to deliver training on Included Engaged and Involved for schools employees including: supply staff; newly qualified teachers; and newly appointed staff. This will include managing problematic behaviour, de-escalation and reporting.
2. Headteachers will ensure that Pupil Support Assistants will complete core training within core hours, and this will be reinforced via a briefing note to all Headteachers.
3. Headteachers and Business Managers will ensure online training records maintained and sign off on the Schools Assurance Framework
4. Senior Education Managers will ensure compliance through annual review of the Schools Assurance Framework per locality

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.

Implementation Date:
30 June 2022

2.2 Recommendation: Pupil Support Assistants

1. Pupil Support Assistant (PSA) contractual arrangements should be reviewed to ensure that they have sufficient time to complete their initial induction and ongoing training requirements.
2. Arrangements should be established to ensure that PSAs can access the Learning and Teaching Network and relevant network drives and systems (for example the Inclusion Hub) to enable completion of training.

2.2 Agreed Management Action: Pupil Support Assistants

To ensure that all Pupil Support Assistants are able to access essential training schools we would expect schools to make arrangements for this to be done on in-service days and/or other agreed times during the working week.

We believe that all school staff have access to the intranet and relevant network drives and systems. To confirm this and to allow us to identify any issues with this, we will also undertake the following actions:

Where Headteachers report barriers to staff accessing training, including access to devices, they will be supported by their Assisted Support for Learning team leader and Educational Psychologist in the first instance to ensure that Pupil Support Assistants have access to relevant technology equipment and complete core training whether online or in-person within core hours.

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillan, Operations Manager.

Implementation Date:
30 June 2022

3. Governance and Management Information

Medium

Review of Education and Children's Services governance arrangements for ongoing management oversight of behaviours of concern (BoC) incidents highlighted that:

- There are no established terms of reference for either the Education and Children's Services (formerly C&F) Risk Committee or the Health and Safety Group that confirms whether they have responsibility for oversight and monitoring of health and safety management information (MI), including BoC incidents.
- It was not possible to confirm from committee minutes and action logs whether BoC incidents are scrutinised at these forums.
- It has not been possible to confirm whether incident MI is shared with Education and Children's Services senior managers to review reported incidents, identify any significant trends and take appropriate actions to prevent recurrence.
- There is limited understanding within Education and Children's Services of how to produce meaningful reports from the SHE Assurance Portal that can be shared with management.
- There is no specific BoC / Physical Incidents risk included in the current Education and Children's Services (formerly C&F) risk register (dated 12.01.21).

Risks

The potential risks associated with our findings are:

- Governance of health and safety incidents (including behaviours of concern (BoC)) is not fully effective.
- Limited oversight of BoC and other health and safety incidents.
- BoC risks are not identified; assessed; and effectively managed.

3.1 Recommendation: Committee Terms of Reference

Terms of reference should be prepared and approved for the Education and Children's Services (formerly C&F) Risk Committee and Health and Safety Group that clearly define:

- the roles and responsibilities of both committees; and
- the level of scrutiny to be performed on health and safety incidents (including violent and aggressive behaviour).

3.1 Agreed Management Action: Committee Terms of Reference

Terms of reference will be refreshed for the Education and Children's Services (formerly C&F) Risk Committee and Health and Safety Group that clearly define:

- the roles and responsibilities of both committees; and
- the level of scrutiny to be performed on health and safety incidents (including problematic behaviour).

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillan, Operations Manager.

Implementation Date:
30 September 2021

3.2 Recommendation: Scrutiny from Governance Forums

The minutes from both the Education and Children's Services (formerly C&F) Risk Committee and the Education and Children's Services (formerly C&F) Health and Safety Group should include sufficient detail to confirm that significant and thematic health and safety (including behaviours of concern behaviour (BoC) incidents) have been reviewed and considered with appropriate actions agreed and allocated (where appropriate).

3.2 Agreed Management Action: Governance Forums Effective Monitoring

Annual report will be prepared by the Lead Officer for Managing Behaviours of Concern (BoC) detailing

- training
- statistics
- analysis & lessons learned
- next steps

Additionally, the Lead Officer for Managing BoC will either attend the quarterly Education and Children's Service Risk Committee or provide some input on trends to support their ongoing assessment of this risk.

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.	Implementation Date: 30 June 2022
---	---

3.3 Recommendation: SHE Assurance Portal Training

Education and Children's Services should request provision of training from the Corporate Health and Safety team on how to extract meaningful incident reports from the SHE Assurance Portal.

3.3 Agreed Management Action: SHE Assurance Portal Training

The Corporate Health and Safety team are currently updating SHE training to provide information about the revisions to the portal, the new SHE app and how to extract meaningful reports.

Further agreed actions are:

This will be shared with headteachers; Business Managers and Quality Improvement and Education Officers; Quality Improvement Managers; Senior Education Managers at the start of the new session.

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.	Implementation Date: 30 September 2021
---	--

3.4 Recommendation: Sharing Health and Safety Management Information

Incident reports extracted from the SHE Assurance Portal should be shared with Education and Children's Services senior managers highlighting thematic trends and recommending actions / lessons learned to prevent recurring incidents.

3.4 Agreed Management Action: Sharing Health and Safety Management Information

Incident reports have been requested for discussion at Education Management Team meetings.

This would be covered as part of actions 1.3 and 3.2 above.

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillian, Operations Manager.	Implementation Date: 30 June 2022
---	---

3.5 Recommendation: Education and Children's Services Risk Register

1. A specific risk relating to Behaviours of Concern / Physical Incidents should be recorded and assessed in the Education and Children's Services risk register.
2. The current risk rating should be reassessed in line with the volume of incidents experienced.

3.5 Agreed Management Action: Education and Children's Services Risk Register

Risk Register will be updated to reflect ongoing work

The volume of referrals should be seen as positive as this was the aim of the campaign in 2019/20. Analysis will be undertaken to establish the severity of the incidents reported.

This will be discussed at Education Management Team meeting in September

Owner: Julien Kramer, Interim Executive Director of Education and Children's Services

Implementation Date:
30 Sept 2021

Contributors: Lorna French, Acting Head of Schools and Lifelong Learning; Gillian Barclay, Depute Principal Psychologist; Kirsty Spence, ASL Head of Inclusion Supports, Anna Gray, Quality Improvement Manager for Special Schools and ASLS; Lynn Paterson, Senior Education Manager; Michelle McMillan, Operations Manager.

4. Health and Safety – Incidents reported to the Health and Safety Executive

Advisory

Review of the SHE incident reporting process highlighted that there is no system field that records whether incidents have met RIDDOR reporting requirements and were subsequently reported to the Health and Safety Executive as RIDDOR records are maintained separately from incident forms

It is acknowledged that there is no regulatory requirement to record this information, however this could provide beneficial management information for directorates in relation to the significance of their incidents.

The Corporate Health and Safety team has confirmed that advisors may note RIDDOR reporting in the system comments section for each incident, and that full incident reports are created and available on request.

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
Governance	<ul style="list-style-type: none"> • Management Information has been established to enable oversight of recorded concerning behaviour incidents and these are reported to the appropriate governance forum. • Appropriate governance forums with clear terms of reference and reporting structures have been established with responsibility for management oversight of concerning behaviour incidents. These governance forums review reported incidents, identify any significant trends and take appropriate actions to address recurring incidents. • Behaviours of concern risks are included in the directorate risk register with mitigating actions and residual risk regularly updated. • Details of new approaches and proposed process changes and improvements designed to prevent and manage concerning behaviours are regularly reported to the Education, Children and Families Committee, as requested, for scrutiny and oversight. • There is regular liaison with Educational employee Trade Union members to receive their concerns and suggestions and communicate the progress on steps taken to address significant and recurring violent and aggressive incidents.
Policy and Procedures	<ul style="list-style-type: none"> • The Council has established clear policies, procedures, and guidance that is aligned with applicable legislation to identify, record, report, and manage concerning behaviour incidents in educational establishments. • Procedures and guidance clearly define roles and responsibilities for both teaching and support employees to report and manage/address the incidents. • Policies and procedures include details of the process to be applied for teaching, and support employees who are unhappy with the actions taken to address incidents and prevent their recurrence. • Policies, procedures and guidance have been clearly communicated to all educational employees and can be easily accessed for reference by them in hard copy at school premises and over the organisational intranet. • The induction pack for teaching and support employees includes information on the arrangements established in their respective schools to manage concerning behaviours, that is aligned to the Council's managing violent and aggressive behaviour policies, procedures and guidance. • Procedures have been established to ensure that teaching and support employees are aware of the pupils in their schools with additional support for learning (ASL) needs and their expected behaviours, and those pupils who have demonstrated concerning behaviours in the past. • Every pupil with ASL needs has an appropriate plan which details the approach to be taken to help them achieve specified learning outcomes and help mitigate the risk of dysregulated behaviour. These plans are made available to all teaching employees.

Audit Area	Control Objectives
Training	<ul style="list-style-type: none"> • Training has been designed and delivered to teaching and support employees to ensure they are aware of the Council's established policies and procedures; are adequately equipped to perform risk assessments; can implement appropriate measures to potentially prevent occurrence of behaviours of concern; and manage incidents when they happen, including incident reporting on the SHE system. • An effective monitoring mechanism is in place to ensure that all educational employees have completed the relevant training. • Employees are made aware of the support services available (for example, occupational health support) concerning behaviour incidents.
Incident Reporting	<ul style="list-style-type: none"> • All behaviours of concern incidents are accurately and consistently recorded on the SHE system by appropriate managers and appropriately classified by Corporate Health and Safety department as per applicable HSE requirements. This should include, but not be restricted to, the cause of the incident; its significance; actions implemented to manage the incident; and the final outcome. • There is clear evidence to show that suitable responses and support, addressing all the concerns with actions taken for improvement, have been provided to employees involved in incidents. • A reporting mechanism is in place to ensure that all reportable incidents are reported to HSE in accordance with Health and Safety legislative requirements.
Complaints	<ul style="list-style-type: none"> • Incidents escalated, or complaints raised by staff members are suitably recorded and allocated to an independent investigator. • An escalation process is in place to ensure that all serious concerns are escalated to Head of Service/Executive Director for further investigation. • Once investigations are complete, feedback is provided to the complainant. • Key lessons learned are used to inform and update policy and procedures.

The City of Edinburgh Council

Internal Audit

COVID-19

Spaces for People Programme

Final Report

16 July 2021

**Significant
Improvement
Required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

Background

In response to the Covid-19 pandemic, the Scottish Government (SG) implemented lockdown measures in March 2020, requesting citizens to stay at home (where possible) and maintain a physical distance of at least 2 meters from anyone who does not live in the same household.

The SG strategic framework was published in October 2020 and details the government’s current approach to managing the virus. The framework includes five different protection levels that can be applied across local authority geographies, depending on the rate of infection in each area. Each framework level includes different requirements (for example closure of all non essential shops under tier four restrictions, and the requirement not to travel unnecessarily between areas in different tiers) that will directly impact the traffic and footfall in different geographical areas.

To support the government’s framework approach and ensure that public health risks associated with Covid-19 are effectively managed, it is essential that adequate space is provided across city, enabling citizens to move around freely and safely whilst adhering to social distancing requirements.

The Council’s Spaces for People (SfP) programme was implemented in response to Covid-19 with the objective of implementing a range of temporary changes to streets, pavements and pathways using Temporary Traffic Regulation Orders (TTROs) enabling citizens to safely walk; cycle; and wheel for essential travel and exercise during the pandemic.

SfP implementation timeframes were challenging. Consequently, initial projects for considered for implementation was based on suggestions from a small group of officers and stakeholders, and were implemented under the Council’s emergency decision making arrangements implemented in response to Covid-19.

Use of TTROs is regulated by section 14 (1) of the Road Traffic Regulation (RTA) Act 1984 that enables local authorities to implement temporary measures in certain circumstances (including instances where public safety is at risk) that can remain in place for up to 18 months for roads or carriageways, or 6 months for footpaths or cycleways.

The SfP programme was funded by an initial tranche of £5m funding secured from Sustrans, a UK walking and cycling charity, as part of their Spaces for People temporary infrastructure programme which is open to statutory authorities.

Scope and approach

Scope

Our objective was to assess the design of processes implemented to support prioritisation and implementation of SfP initiatives.

We also considered whether the following key risks had been considered when designing the processes supporting the SfP programme, and whether process controls adequately mitigate these risks in line with management’s risk appetite:

- Financial risk – demand for changes to public spaces across the city exceeds available funding
- Reputational Risk – limited public consultation and/or high risk priority areas are not identified in a timely manner
- Public Health risk – changes implemented do not support safe movement of citizens across the city in line with Scottish Government social distancing requirements
- Governance and decision making risk – requests are not appropriately prioritised for approval; decisions are not referred to an appropriate level of management / relevant committee; and rationale supporting decisions are not recorded.
- Resourcing risk- insufficient workforce capacity to support implementation of approved changes across the city
- Procurement risk – inability to procure external contractors to support completion of works where internal workforce capacity is insufficient

Approach

- Discussions with management to understand their appetite in relation to the risks noted above;
- Performing walkthroughs of the end to end process to identify and understand the design of key process controls;
- Assessing whether the key controls were adequately designed to mitigate the key risks and were aligned with risk appetite; and
- Identifying areas where the design of the controls required improvement.

Opinion

Completion Date

Audit work was completed by 10 October 2020 and our opinion and findings are based on the progress of he SfP Programme as at that date

Opinion

Whilst recognising the challenges associated within urgent implementation of SfP initiatives to support citizens during initial Covid-19 lockdown measures, our review identified some significant and moderate control weaknesses in both the design and documentation of controls established to support identification and prioritisation of SfP proposals; project management and governance; and financial and budget management.

Consequently one High and two Medium rated findings have been raised reflecting the need to ensure that the proposal prioritisation process is clearly defined and documented; models used to support proposal prioritisation and financial management are validated; initiative implementation progress and benefits monitoring processes are implemented; appropriate arrangements established to support ongoing public surveys and implementation of feedback (where appropriate) into the design of SfP proposals; and a process established to calculate programme exit costs and determine how these will be funded

Management had identified a number of areas where improvement was required, and had either addressed them (for example, retrospective publication of prioritisation outcomes) or were implementing improvements (for example, creating a programme risk register) during the audit or as at our audit completion date.

Management has advised that additional funding has been requested from Sustrans to support future SfP initiatives, and it will be important to ensure that our audit recommendations are addressed to support their implementation.

Areas of good practice

- All programme proposals were approved by the Council’s Incident Management Team (CMT);
- Public survey feedback resulted in inclusion of additional proposals, and budget reserved to support their implementation.

Spaces for People (SfP) was established specifically in response to the outbreak of Coronavirus (COVID-19). The purpose was to provide increased space for people to move around safely whether walking, cycling or wheeling. In this emergency situation, the arrangements for introducing the Spaces for People programme could not achieve the normal programme governance arrangements for road and transport schemes therefore an amended approach was developed to recognise the emergency situation and to introduce measures which would have an immediate impact of the public.

Finding 1 - Prioritisation and Approval of Spaces for People (SfP) Initiatives

The first recommendation suggests taking action on the programme to retrospectively review all of the schemes which have been implemented since May 2020. Given the pressures on the project team, it is not proposed to progress this beyond the actions which have already been taken (as set out below).

The initial schemes proposed for inclusion in the programme were approved by Policy and Sustainability Committee on 14 May 2020 under emergency powers alongside the prioritisation scoring matrix and a dedicated notification process, reflecting that public engagement was not feasible for each scheme given urgency required for implementation. All schemes were subject to notification to Local Ward Councillors, Police Scotland, other Emergency Services and key stakeholders. All feedback was considered and scheme proposals were updated (if appropriate) before being considered by the SfP Board and then by the Council's Incident Management Team before discussion with the Council Leader and Depute Leader, prior to implementation of the schemes. Where necessary, Temporary Traffic Regulation Orders were put in place.

Moderation of the scheme prioritisation process in April/May 2020 was undertaken by two experienced members of the Council's Active Travel team. This recognised both the speed of decision making/implementation required, ensured a consistency of approach and provided cover for absence.

The Policy and Sustainability Committee was regularly updated on the schemes which had been implemented and those proposed, with reports provided on: 11 June 2020; 23 July 2020; 20 August 2020. The August report also included further details on prioritisation/scoring matrix.

The public survey was designed to be a forward looking gap analysis with the objective of obtaining public views on what other potential spaces for people initiatives could be implemented. From July 2020, Commonplace feedback was incorporated into the Scheme proposals which were submitted to CIMT for approval and instructions were issued to the design team to enable them to access the Commonplace feedback and to take this into account when designing/refining schemes. A summary of the feedback received through Commonplace was presented to Policy and Sustainability Committee in August 2020 and on 12 November 2020 details of how the Commonplace feedback related to the existing schemes was provided. This report also included recommendations additional schemes suggested through the Commonplace survey would be incorporated into the wider programme.

Since completion of the audit, all schemes are reviewed on a two monthly basis, with recommendations for changes reported to Committee for approval. Where relevant, survey outcomes (including negative feedback) was shared with scheme designers at the design review group.

The second recommendation focused on future SfP initiatives. While SfP was a scheme developed specifically in response to Coronavirus (COVID-19) and therefore no further initiatives are expected, in developing proposals to potentially retain some of the existing SfP measures to support the Council's wider priorities for active travel, this recommendation has been considered.

Finding 2 – Project Management and Governance

The SfP programme has now been fully implemented. Improvements to the project management and governance arrangements were implemented following the audit, taking account of the feedback received where possible. In respect of Commonplace, the data relevant to Edinburgh has been downloaded from the system and therefore system access is no longer required.

Finding 3 – Financial and Budget Management

Financial planning meetings have been undertaken every week with an Accountant from the Finance team and the SfP Project Manager. The financial position was reported to Committee, with the scheme reviews, every two months. Following the audit, a budget was set aside in the overall removal of schemes when they are no longer required. This was reviewed regularly and updated if considered necessary.

The schemes implemented were developed and introduced in response to COVID-19, to enable safe physical distancing and to create space for people walking, cycling and wheeling. As noted above, following completion of the audit, each scheme was reviewed every two months and recommendations made for continuing, amending or removing measures.

Arrangements for the potential future retention of schemes was reported to Transport and Environment Committee and then to Council in June 2021.

These high level management comments are supported by more detailed comments on pages 4 – 6 below.



Observations	Recommendations	Risks
<p>Whilst it is acknowledged that programme implementation timelines were challenging with circa 100 project proposals to be assessed and prioritised for urgent implementation, and that limited data was available to support the process, the following areas for improvements in the SfP prioritisation and approval process have been identified:</p> <ol style="list-style-type: none">Initial Proposals - initial SfP initiatives considered for prioritisation were based on suggestions from a relatively small group of officers and external local community stakeholders. Management has advised that subsequent comparison between the programme and retrospective public consultation outcomes demonstrated a good degree of alignment.Prioritisation Process – given prohibitive implementation timeframes, the majority of initiatives were initially prioritised by six project team members in April 2020 using the 16 approved scoring criteria in the Prioritisation and Assessment Scheme Model (PASM) spreadsheet. Review of the model methodology and project team assessment approach confirmed that they were largely based on professional judgement with limited justification available to support prioritisation outcomes other than the numeric scores generated by the model.Prioritisation Guidance – use of a simple impact matrix supported by verbal team briefings on how the PASM spreadsheet should be used by the project team resulted in inconsistent prioritisation outcomes.Outcome Review and Moderation - initial prioritisation outcomes were reviewed and moderated by two project team members using their professional judgement. Whilst different versions of the PASM spreadsheet outcomes were retained, there is no clear audit trail supporting the changes made. Consequently, final prioritisation decisions were based mainly on the professional knowledge and judgment of two project team members.Outcome Publication - prioritisation outcomes (scoring and prioritisation ratings) could not be easily located on the Council website, and were not shared with stakeholders prior to approval by CIMT and subsequent implementation.Public Survey - public opinion was obtained from a survey completed in June 2020 using the Commonplace survey application, with circa 4,000 comments and 30,000 agreements / likes received. Given time taken to analyse responses, the full population of responses received had not been cross referenced to ongoing SfP initiatives and incorporated (where appropriate) into the prioritisation process prior to completion of the audit (October 2020). It is acknowledged that work was in progress to summarise key themes and map them against initiatives for subsequent Transport and Economy Committee paper.Use of Feedback - where public feedback was incorporated into projects, no audit trail was available to confirm that this was completed.	<ol style="list-style-type: none">Management should consider implementing the following retrospective actions in relation to the most significant and challenging SfP initiatives that are either in progress, or have been completed:<ul style="list-style-type: none">ensure that prioritisation outcomes and supporting rationale are clearly documented.publish the outcomes of the retrospective prioritisation process.Consider whether any changes to either completed or initiatives in progress are required based on public feedback.To support effective prioritisation and approval of any future SfP initiatives, management should design and implement a process to support assessment and prioritisation of future proposals. This should include, but not be limited to:<ul style="list-style-type: none">details of how the PASM spreadsheet scoring criteria works in practice;how the PASM should be used to support assessment;the change management and ongoing version control process to be applied to the PASM;the need to align proposals with public feedback and opinion (where possible);the requirement to document the rationale for any prioritisation recommendations that are either aligned with model outcomes or are subjective and should be considered;documentation to be retained; andthe final moderation and approval process	<p>The potential risks associated with our findings are:</p> <ul style="list-style-type: none">Governance and decision making risk – proposals are not appropriately prioritised for approval; and the rationale supporting decisions is not recorded.Resourcing risk – key person dependency on two project team members to ensure consistency in both the completed and future initiative prioritisation process.Reputational Risk – public perception that feedback provided through the Commonplace survey was not considered in relation to ongoing schemes. <div><h3>Management Comments</h3><p>The Spaces for People programme was launched by the Scottish Government in April 2020 in response to the Coronavirus (COVID-19) pandemic and the need to provide additional space to support physical distancing when moving around the city, Council officers identified that there were areas where this could be addressed. The programme was developed with prioritisation criteria (based on the guidance available and the timescales for developing and implementing schemes in an emergency situation) and presented to Policy and Sustainability Committee on 14 May 2020. Thereafter monthly programme updates were provided. A scoring matrix for the prioritisation was retrospectively developed and reported to Committee on 20 August 2020.</p><p>The framework used for prioritisation was developed by the most experienced members of the team and and, given that the prioritisation was subjective, they carried out a moderation exercise to ensure consistency.</p><p>The invitation for residents to identify areas where physical distancing was difficult in the city ran from 29 May to 29 June 2020, using the Commonplace online tool. It was clear that it would not be possible to fulfil every request but that resources would be directed to where they were most needed. In addition to setting aside funding for new measures based on the feedback received, the feedback received was overlaid with the map of existing schemes. Where schemes were still being developed, the feedback was considered as part of the design and reported to CIMT. From October 2020, for existing schemes, the design team were encouraged to take account of feedback received in reviewing scheme designs (the outcome of which was reported to Transport and Environment Committee).</p></div>



Detailed findings		2. Project Management and Governance	
Observations	Recommendations	Risks	
<p>As the SfP programme was initiated at extremely short notice with the majority of initial decisions made under considerable time pressure, a number of routine project management and governance arrangements were either not implemented, or were implemented retrospectively. Specifically:</p> <p>1. Project business case - no business case was developed for the programme. This appears reasonable given tight implementation timeframes.</p> <p>2. Project governance – whilst regular project team and Board meetings are held, outcomes of discussions and decisions are not being consistently recorded. Action logs have been created, but do not consistently include details of action owners. Additionally, progress with delivery of actions is not always monitored at subsequent meetings.</p> <p>3. Risk management - risk appetite for the programme was not clearly defined, and no risk management process was implemented to support identification; assessment; and management of programme delivery risks. It is acknowledged that a risk register has now been established and is currently being populated, and that the health and safety aspects of designs were considered by the design review group.</p> <p>4. Initiative implementation and benefits realisation – due to capacity constraints, no monitoring is performed to confirm that works have been completed in line with specified delivery milestones. Additionally, no assessment has been performed to confirm that expected benefits have been realised. Management has confirmed that peer reviews have been performed following completion of our audit work to confirm the whether expected benefits have been realised.</p> <p>5. Commonplace survey tool - the survey application was sourced on an initial free six month trial period, and it is currently unclear how the Council's SfP survey data will be accessed if the licence is not extended. Additionally, data controller responsibilities have not been clarified between the Council and the application provider in the event that any personal data is collected as part of the survey process.</p>	<p>To support ongoing implementation of SfP initiatives, management should design and implement relevant and proportionate improvements to the established governance and risk management framework. This should include, but not be limited to:</p> <ol style="list-style-type: none">documentation of decisions made at project team meetings, including consideration of relevant riskscontinue to develop and use the programme risk register to support identification; assessment; and effective management of programme risksIdentify key project team members and design and implement appropriate processes to monitor ongoing programme delivery in comparison to delivery milestones, and assess whether expected benefits are being achieved.confirm whether the commonplace survey tool contract will be extended, and establish data controller responsibilities in the event that the application is used to collect personal data.If the commonplace contract is not extended, identify and implement alternative arrangements to collect public feedback on SfP initiatives.	<p>The potential risks associated with our findings are</p> <ul style="list-style-type: none">Governance and decision making risk – rationale and risks associated with decisions are not recorded; and programme risks are not identified; assessed; and addressed.Governance and decision making risk – project delivery timeframes are not achieved and anticipated benefits are not realised.Governance and decision making risk – SfP survey data cannot be accessed and data processing roles, responsibilities; and processing activities (where personal data is used) are not clearly defined, with potential legal and reputational consequences.	
Management Comments			
<p>Management Response:</p> <p>The Spaces for People Programme was promoted and funded by the Scottish Government and was implemented at pace. However, the rationale for the programme was set out in the report to Policy and Sustainability Committee in May 2020.</p> <p>It is recognised that, while meeting notes have been prepared and action logs created, there have been instances where the actions have not been consistently recorded and/or have not had action owners identified.</p> <p>Initial risk management focused on the risk to the public from the transmission of COVID-19 and this was recognised in the operational plan and in the risk register which was prepared at the beginning of the programme. However, risks associated with the programme were regularly discussed at the Spaces for People Board and, where actions were agreed, these are recorded in the meeting papers. A programme risk register was created in September 2020.</p> <p>Since September 2020, scheme reviews have been carried out every two months to confirm that the schemes implemented are effective and that the anticipated benefits are being realised. This has led to some changes to schemes being proposed to Committee for approval.</p> <p>The Commonplace survey data for the Edinburgh survey was provided by Sustrans to the Council in order for the analysis of comments and suggestions to be completed. Once the report was presented to Committee, there was no further need for City of Edinburgh Council to access the Commonplace system for information. The responsibilities of the data controller rest with Sustrans.</p>			



Observations

Review of the financial controls established to support the SfP programme confirmed that:

- 1. **Financial Assessment Summary Spreadsheet** – there was limited evidence of validation by the project team of the Financial Assessment Summary Traffic Management spreadsheet designed by external consultants and used to cost the initiatives; determine stock levels required; and select suppliers to confirm its completeness and accuracy prior to use.
- 2. **Programme Exit Costs** - there is currently no clear strategy for determining the potential exit costs associated with reversing individual projects, or transitioning them into permanent solutions, and it is currently unclear how any significant exit costs will be funded.
- 3. **Benefits Realisation Funding** – Currently £175K (4% of available SfP funds) has been retained to complete a review of programme benefits by an external consultant, with no supporting rationale for the retention value. Management has advised that this budget allocation was defined following detailed engagement with Sustrans, however no evidence has been provided to support this.

Recommendations

To support effective ongoing management of the SfP programme management should

- 1. Perform a retrospective review of the Financial Assessment Summary Spreadsheet Summary Traffic Management spreadsheet to confirm the completeness and accuracy of model formulae and assumptions, and that there are no significant inaccuracies in forecast and actual project costs.
- 2. Develop an approach to support calculation of exit costs and how these will be funded.
- 3. Consider alternative internal options for completion of the planned benefits review and determine the associated costs. This should include consideration of completion of data gathering and benefits assessments on a continuous basis for the duration of individual projects, enabling ongoing modification to support benefits realisation (where required).

Risks

The potential risks associated with our findings are

- 1. Financial risk – inaccurate financial outputs are produced from spreadsheet models and used as the basis for decision making.
- 2. Financial risk – funds retained to cover remediation and benefits realisation costs are not sufficient.
- 3. Reputational risks - negative publicity associated with potential programme overspends

Management Comments

It is recognised that the financial model was not validated prior to use. However, the recording sheet evolved in discussion with the Project team and Finance to include appropriate functions and cost projections. The actual costs are tracked through the Council’s financial systems and show that they are in-line with cost projections, which offers confidence in the developed model.

The initial financial modelling for the programme did not define detailed exit costing. However, this was subsequently developed and a budget has been allocated in the overall programme for full removal or reinstatement based on quotes from the installation contractors.

In January 2021 Transport and Environment Committee approved taking forward a consultation on next steps for Spaces for People programme. The outcome of this was reported in June 2021.

Page 197

Effective	Process controls have been adequately designed and provide assurance (if consistently applied) risks will be managed effectively in line with risk appetite, and the Council’s objectives achieved.
Some improvement required	Whilst some control weaknesses were identified in the design of key process controls, they provide reasonable assurance that risks are being managed in line with risk appetite and that the Council’s objectives should be achieved.
Significant improvement required	Significant weaknesses were identified the design of key process controls. Consequently, only limited assurance can be provided that risks are being managed in line with risk appetite and that the Council’s objectives should be achieved.
Inadequate	The design of key process controls is inadequate, with a number of significant control weaknesses identified, resulting in substantial risk of operational failure and the strong likelihood that the Council’s objectives will not be achieved.

Governance, Risk, and Best Value Committee

10.00am, Tuesday, 10 August 2021

First Line Governance and Assurance Model

Item number

Executive/routine

Executive

Wards

Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.2 notes the proposed refreshed first line governance and assurance model structure; and,
- 1.3 notes the next steps and implementation timeframes for the refreshed model.

Andrew Kerr

Chief Executive

Contact: Nick Smith, Service Director: Legal and Assurance,
 Legal and Assurance Division, Corporate Services Directorate
 E-mail: nick.smith@edinburgh.gov.uk | Tel: 0131 529 4377

First Line Governance and Assurance Model

2. Executive Summary

- 2.1 This report details the design and implementation timeframe for refreshed first line governance and assurance model that will be implemented on a permanent basis across the Council.
- 2.2 The objective of the new model is to address the concerns highlighted in both current and recent Internal Audit annual opinions in relation to lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied, by increasing first line capacity, and first and second line assurance across these areas.
- 2.3 It is expected that the refreshed model will be implemented and (subject to recruitment) operational by December 2021, with the first quarterly reporting cycle on assurance activities completed by March 2022.
- 2.4 The effectiveness of the refreshed model will be monitored by the Service Director, Legal and Assurance, through the Risk and Assurance governance forum and also through the established Directorate and Corporate Leadership Team (CLT) Risk and Assurance committees.
- 2.5 It is expected that the refreshed model will support improvement in the Council's operational risk profile (together with the planned implementation of the refreshed risk management framework), and improved assurance outcomes from third line assurance teams.

3. Background

- 3.1 The Chief Internal Auditor has highlighted in her 2020/21 annual opinion that the weaknesses identified in internal audit reports are, in part, attributable to and/or exacerbated by a lack of capacity and skills to support effective governance; risk management; control; and assurance activities within first line divisions and directorates.
- 3.2 The Chief Executive and Executive Directors have acknowledged that additional resource is necessary to strengthen the Council in these areas, and the Chief Executive has previously committed to the Council's Governance, Risk, and Best

Value and Policy and Sustainability Committees that this will be prioritised and implemented.

- 3.3 Following the allocation of additional temporary resources to focus specifically on implementation of internal audit findings, experience since January 2021 has confirmed the success of this approach, with some improvement evident in both output and focus across Council Directorates, despite the ongoing challenges presented by Covid-19.
- 3.4 Consequently, it is anticipated that applying a similar approach to other governance; risk management; control; and assurance activities will achieve a similar outcome, ultimately resulting in improved independent assurance outcomes from internal audit and other external assurance providers.

Optimal Assurance Models

- 3.5 A survey was completed in September 2020 to determine the extent to which the optimal three lines assurance model is applied by local authorities across Scotland. This was further supplemented by an Institute of Internal Auditors (IIA) survey to determine the extent of its application across the UK public sector.
- 3.6 An Assurance Model Considerations paper was prepared and provided to the Chief Executive, detailing the outcomes of the Scottish Local Authority survey. This confirmed that of the 14 respondents:
- 57% operate a comprehensive combined first, second, and third line assurance model (the optimal assurance model);
 - 29% have a largely first and third line assurance model, with a thin, or non-existent second line;
 - 7% (1 authority) operates a largely second and third line assurance model with limited first line assurance; and
 - No authorities operated a third line (Internal Audit) only assurance model.
- 3.7 It should be noted that no qualitative assessment was made in relation to the effectiveness of the models which authorities indicated that they use. However, the conclusion was that the Council should implement the most appropriate version or combination of the four assurance models noted above (with more detail provided in the paper) for the Council.

4. Main report

Refreshed First Line Governance and Assurance Model Structure

- 4.1 Following presentation of the paper and following feedback from officers working in this field, the Executive Directors agreed a model for implementation, with the support of the Chief Executive, which they considered would best achieve the outcomes sought.
- 4.2 In addition to existing people that carry out some of these assurance activities already, each directorate (including the Health and Social Care Partnership) will commit to providing at least 1 full time equivalent (FTE) role dedicated to the

coordination (where governance activities are performed by services) and / or completion of first line governance; risk management; and assurance activities.

- 4.3 Recognising the diverse nature of existing Directorate governance arrangements; services provided; and their associated risk profiles, the grading and reporting lines for these new governance and assurance roles may vary. For example, where a Directorate has an established Operations Manager role with existing governance and risk management responsibilities, the additional governance and assurance role may report directly to the operations manager, or where Executive Directors consider it appropriate, additional Operations Manager roles could be established, reporting directly to the relevant Executive Director.
- 4.4 Where first line directorate governance and risk management activities are performed by services, it is expected that directorate governance and assurance teams will coordinate these activities and provide ongoing first line assurance that they are being consistently and effectively completed.
- 4.5 It is important to note that both first line governance and second line assurance activities will and should change as the model matures, with resources directed towards the Council's most significant and any new and emerging risks.
- 4.6 It is expected that initial first line governance and risk management activities will include (at least) those detailed at Appendix 1. These that reflect areas previously identified by Internal Audit where significant control improvements are required.
- 4.7 The Council's current Corporate Governance team, within the Corporate Services - Legal and Assurance Division will also be strengthened with up to three additional corporate governance officers. These officers will perform a 'business partnering' role that will provide support and guidance to; and ongoing second line assurance on directorate governance and risk management activities, where this is not currently provided by established second line teams (for example; Corporate Health and Safety; Corporate Risk Management; and Corporate Resilience).

Governance and Scrutiny Arrangements

- 4.8 The scope and remit of the current risk forum that was established to focus on new, emerging, and thematic Covid-19 risks will be formalised and extended to focus on both risk and assurance and will continue to be chaired by the Service Director, Legal and Assurance.
- 4.9 This refreshed approach will support ongoing focus on the Council's most significant thematic and any new and emerging risks; whether any changes to established assurance processes are required to confirm that these risks are being effectively managed; and the outcomes of both first and second line assurance activities.
- 4.10 First line directorate governance and assurance team representatives (for example directorate operations managers) will continue to attend the refreshed risk and assurance forum together with the Council's Head of Audit and Risk and Head of Democracy, Governance, and Resilience, with representation from other second line assurance teams (for example Corporate Health and Safety) as required.

- 4.11 The outcomes of first and second line assurance activities will be reported to and discussed at first line directorate risk committees with any thematic trends escalated to the Corporate Leadership Team Risk Committee.

5. Next Steps

- 5.1 A comprehensive list of first line governance and risk management activities in addition to those included at Appendix 1 will be prepared by the Corporate Governance team to be shared with and agreed with Directorates.
- 5.2 Directorates will define the number; structure; and responsibilities of additional governance and assurance roles required to support coordination and / or completion of these activities in each directorate. Relevant roles will be recruited to as necessary, with progress in this regard already being made by the Place and Corporate Services Directorates.
- 5.3 The Corporate Governance team will define the roles; responsibilities; and structure and reporting lines for the additional corporate governance officers and recruit to these. The business partnering aspects of these roles will also be confirmed with directorates and established second line teams.
- 5.4 First and second line assurance responsibilities will be finalised and agreed. This will include defining a simple reporting structure that details the outcomes of ongoing first and second line assurance activities.
- 5.5 The remit of the current risk forum will be refreshed and formalised to include assurance activities and the revised terms of reference will be considered as part of the ongoing operational governance framework review.
- 5.6 Recruitment to the additional Directorate and Corporate Governance team roles will be undertaken and the new governance and assurance model will be implemented. The priority will be the additional line 1 capacity that each Executive Director has committed to have in place by the end of September 2021.
- 5.7 The first quarterly cycle of reporting on assurance activities through Directorate and the Corporate Leadership Team risk committees will be completed by March 2022.

6. Financial impact

- 6.1 The financial costs associated with this model will be dependent on the structure of first line governance and assurance teams implemented for each directorate. Each directorate will be responsible for any additional costs that this may require and will be expected to deliver these from within existing budgets.
- 6.2 Financial benefits could potentially be achieved if the Council effectively manages and assures the effectiveness of actions implemented to address its most significant risks.

7. Stakeholder/Community Impact

- 7.1 Improvement in the Council's operational risk profile together with the planned implementation of the refreshed risk management framework; and
- 7.2 Improved assurance outcomes from third line assurance teams (for example, internal audit; external audit; and external regulators).

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1 - Proposed First and Second Line Governance and Assurance Activities

Appendix 1 - Proposed First and Second Line Governance and Assurance Activities

First Line Governance and Risk Activities	Second Line Assurance	Comments
Governance of ALEOs	Corporate Governance	<ul style="list-style-type: none"> Coordination of divisional and directorate ALEO governance arrangements in line with ALEO governance framework requirements
Resilience and Emergency Planning	Corporate Resilience	<ul style="list-style-type: none"> Coordination of completion of operational and technology resilience plans and BIAs across services Completion of consolidated directorate resilience plans
Risk Management	Corporate Risk Management	<ul style="list-style-type: none"> Coordination of risk management arrangements across services and divisions. Preparation and maintenance of directorate risk registers. Scheduling and coordination of Directorate and other relevant specialist risk committees.
Internal Audit and Other Assurance Findings (including whistleblowing and complaints)	Internal Audit	<ul style="list-style-type: none"> Ensure implementation of all Internal Audit management actions across divisions, and directorates.
Annual Governance Statements	Corporate Governance	<ul style="list-style-type: none"> Coordination of preparation of divisional annual governance statement in line with CG team guidance. Preparation of directorate annual governance statements
Policy Management and Integrated Impact Assessments	Corporate Governance	<ul style="list-style-type: none"> Maintenance of divisional and directorate policy registers Coordination of ongoing updates to policies by services and divisions in line with scheduled policy review dates. Confirmation that integrated impact assessments have been prepared for all new and refreshed for all existing policies.
Health and Safety Compliance and Performance Reporting	Corporate Health and Safety	<ul style="list-style-type: none"> Confirmation that services and divisions have established processes to ensure employee and contractor compliance with applicable health and safety requirements (including capital projects) Providing assurance that all incidents and near misses are recorded in the SHE reporting system Ongoing first line assurance on compliance with significant operational health and safety requirements (for example use of Personal Protective Equipment). Ensuring all significant thematic health and safety weaknesses are recorded in relevant risk registers.
Complaints / FOIs and SARs	Information Governance Unit	<ul style="list-style-type: none"> Coordination of responses to all requests received from the Information Governance Unit to ensure that these are completed on time. Ensuring complaints are handled timeously and in accordance with policy
First Line Projects	To be confirmed	<ul style="list-style-type: none"> Completion of consolidated reporting for first line project management office meeting, including identification; recording; escalation; and monitoring of significant and thematic project risks. Coordination of project management arrangements across first line projects in line with the Council's established project management framework Ongoing assurance across first line projects to confirm that they are being effectively managed.
Systems Access and User Profiles	To be confirmed	<ul style="list-style-type: none"> ensuring all systems have a nominated systems owner confirming that all systems have an appropriate range of user profiles that can be mapped to relevant user roles ensuring system owners are aware of the need to allocate appropriate system profiles to new starts ensuring that all leavers are removed from the system (including internal transfers). coordination of management of system access rights across system owners within divisions and directorates (e.g. providing standard processes and procedures) Completing quarterly assurance reviews to confirm that system access rights remain appropriate.

Appendix 1 - Proposed First and Second Line Governance and Assurance Activities

First Line Governance and Risk Activities	Second Line Assurance	Comments
Software licences	To be confirmed	<ul style="list-style-type: none"> ensuring all system owners have established processes for managing licences, including licence renewal and allocation of licences to new starts and removal of licences for leavers. Performing six monthly assurance reviews to confirm that no system licences have expired and that licence allocation remains appropriate.
Contracts Register	To be confirmed	<ul style="list-style-type: none"> Confirming that the directorate contracts are included in the Council's contracts register Confirming that contract owners have been established for all contracts.
Shadow IT register	To be confirmed	<ul style="list-style-type: none"> Confirming that all cloud based systems and end user computing applications are included in the Shadow IT register maintained by Commercial and Procurement Services Confirming that system and contract owners have been established for all cloud based and end user computing applications (e.g. models) Confirming that ongoing checks are performed by management to confirm the integrity of all end user computing applications and models, and that the operation of the models has been documented.
Ongoing Supplier Management (incl external cloud based system providers)	To be confirmed	<ul style="list-style-type: none"> Confirming that appropriate supplier management arrangements have been established for all significant contracts as per requirements of the Contracts and Grants Management Framework. Performing quarterly assurance reviews to confirm that ongoing supplier management arrangements have been established in line with the Council's Contracts and Grants Management Framework, and that the scope of the meetings cover all expected areas (including ongoing performance reporting).
Leavers / overtime / expenses/ IR35 compliance / Council drivers	To be confirmed	<ol style="list-style-type: none"> Confirm that services have established processes to ensure that: <ul style="list-style-type: none"> leavers have been advised to HR and removed from payroll on time Overtime payments are approved by management prior to payment. IR35 requirements have been applied for agency / off payroll workers as per HR and Procurement policy / guidance. Council drivers (including grey fleet) have been registered with Fleet Services in line with policy requirements. Perform quarterly assurance checks to confirm that the above processes are consistently and effectively applied.
Gifts and Hospitality / conflicts of interest / secondary employment registers	To be confirmed	<ul style="list-style-type: none"> Requesting quarterly updates on these areas from service managers Maintaining / updating divisional and directorate registers
PVG and other professional registrations (e.g. GTCS; SSSC)	To be confirmed	<ul style="list-style-type: none"> Confirm that services have established processes to ensure that team members have maintained professional qualifications relevant to their roles. Quarterly assurance process across a sample of professional registrations and certifications to ensure that they remain valid.

Governance, Risk and Best Value

10.00am, Tuesday 10 August 2021

Corporate Governance Code Self-Assessment 2020/21

Executive/routine Wards Council Commitments	Routine All
---	----------------

1. Recommendations

- 1.1 To note the Corporate Governance Code Self-Assessment 2020-21.
- 1.2 To note ongoing development of an effective framework for the Council, with a focus on continuous improvement.
- 1.3 To note the impact of the Covid-19 pandemic on the Council's control framework.

Stephen S. Moir
Executive Director of Corporate Services

Contact: Hayley Barnett, Corporate Governance Manager
Legal and Assurance Division, Corporate Services Directorate
E-mail: Hayley.barnett@edinburgh.gov.uk | Tel: 0131 529 3996

Corporate Governance Code Self-Assessment 2020/21

2. Executive Summary

- 2.1 The Council's Corporate Governance Code (CGC) is based on the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government ("the CIPFA/SOLACE framework").
- 2.2 The Council's self-assessment of its compliance with the Code for the financial year 1 April 2020 to 31 March 2021 is presented for scrutiny. Members should note that there were a number of areas where the Council changed its governance arrangements and design of controls in order to better respond to Covid-19.

3. Background

- 3.1 The CGC self-assessment process was reviewed in early 2018 and proposals designed to improve the structure, content and population of the document were agreed. This included a revision of the Code to reduce duplication, an improvement in narrative reporting, a more nuanced scoring system, focused improvement actions and the scheduling of a workshop to coordinate population of the document.
- 3.2 The CGC self-assessment exercise was previously called the Corporate Governance Framework. The title has been changed to try to provide clarity of purpose. The Corporate Governance Framework is now used to describe the suite of exercises, documents and statutory requirements that are in place to support good governance across the Council.
- 3.3 Following consideration of the 2019/20 self-assessment, a workshop was held with GRBV members to allow members to comment on the approach and areas for improvement.
- 3.4 Throughout this period, the Council has been responding to the Covid-19 emergency. The Council has changed the design of our controls to better respond at different stages of the emergency. Narrative detailing control design changes has been included throughout the document.

4. Main report

- 4.1 The CGC self-assessment exercise ensures good governance, an improvement agenda and demonstrates the Council's compliance with the CIPFA/SOLACE framework by providing narrative and links to key documentary evidence.
- 4.2 The purpose of the exercise is to assess the design of the Council's control framework on a corporate level. Officers assess the Council's compliance with each requirement on a scale out of 10.
- 4.3 Areas for improvement are identified and actions added to the improvement plan section at the end of each code principle. An analysis by officers of the previous year's improvement actions then forms the starting point in future iterations of the CGC exercise. This helps officers to understand changes to the control framework that have taken place in the previous year.
- 4.4 As with previous years, updates were requested from directorates on the current status of improvement actions identified during the previous year's annual assurance exercise and CGC self-assessment. Completed improvement actions were then incorporated into the 2020/21 CGC self-assessment to evidence the improvements in controls that had been achieved.
- 4.5 Directorates also updated the narrative and impact throughout the document to reflect control changes as a result of Covid-19.
- 4.6 Relevant improvement actions from individual assurance schedule returns have been replicated in the 2020/21 CGC self-assessment where these will have an impact on the corporate design of the Council's controls.
- 4.7 A remote CGC Self-Assessment workshop took place on 14 June 2021, to populate and score the evidence submitted. Scoring was based on the key below:

Self-assessment scoring key:	
0	no evidence provided
1-2	insufficient and/or poor-quality evidence provided
3-4	insufficient but some good quality evidence provided
5-6	predominantly good quality evidence provided but some gaps and improvements required
7-8	significant amounts of good quality evidence provided with minor improvements required
9-10	requirement fully met with significant amounts of strong evidence provided

- 4.8 The document was then reviewed by the Corporate Leadership Team (CLT) on 14 July 2021.
- 4.9 The exercise and scoring regime do not attempt to rate how effectively or consistently controls have been applied. This is instead undertaken during the population of assurance schedules at a service area level. These are reported to Governance, Risk and Best Value Committee separately and individually.

- 4.10 Together these exercises combine to provide a holistic look across the Council's control framework, incorporating both design and application. The structure of assurance schedules is under continuous review to ensure that areas identified as requiring attention in preceding CGC self-assessment exercises are sufficiently addressed in returns from individual Directorates.

2020/21 Self-Assessment (position 31 March 2021)

- 4.11 The Covid-19 emergency has meant the Council has had to make significant changes to its governance arrangements. It has provided a stress-test for the Council's control framework and it will have to continue to develop and evolve as the Council continues to respond to Covid-19 and as we return to a business as usual phase.
- 4.12 Officers considered that overall the design of the framework was appropriate for the period assessed. There were a number of areas that were adequate but required improvement to ensure controls were more robust. There were also areas where further improvement was required, however improvement actions were identified and most already being implemented or under development.
- 4.13 It was also acknowledged that the Council's Internal Audit Opinion for the same period identified failings in the consistent application of some controls. There exists a close relationship between the design of controls, which the CGC seeks to assess, and the application of such controls as highlighted by Internal Audit in this case. The failure to apply controls consistently can be in part caused by poor design. This was accounted for in the scoring of the self-assessment exercise and has been reflected in the improvement actions detailed in the document.
- 4.14 As reported last year, an Internal Audit report published on 13 July 2020 looked at the implementation of assurance actions and the linkage to the annual governance statement. This found that there was no Council wide control framework to ensure the complete and accurate collation, management and resolution of service area assurance findings. In turn this identified that annual assurance schedule returns from Directorates may include control gaps in relation to existing open assurance findings. A number of management actions were agreed and have now been fully implemented. This has been reflected in the scoring.
- 4.15 Areas where officers felt there the requirement had been fully met with significant amounts of strong evidence provided (score 9 or 10) or there were significant amounts of good quality evidence with only minor improvements required (score 8) were:
- 4.15.1 respecting the rule of law;
 - 4.15.2 openness and engaging comprehensively with institutional stakeholders;
 - 4.15.3 defining outcomes;
 - 4.15.4 arrangements for considering effectiveness and staff performance;
 - 4.15.5 arrangements in place to support health and wellbeing of the workforce;

- 4.15.6 assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Head of Audit and Risk;
- 4.15.7 implementing good practice in transparency;
- 4.15.8 performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations;
- 4.15.9 internal audit arrangements provide assurance on governance arrangements and risks from 3rd party service delivery and that this is reflected in the annual governance statement.
- 4.16 Areas where officers felt the design of controls were insufficient where only some good quality evidence was provided (score 3 or 4) or where improvements were required including gaps in evidence (score 5 or 6) were:
 - 4.16.1 ensuring the organisation's ethical standards are understood and upheld by external providers of services;
 - 4.16.2 ensuring that policies and plans are sustainable and balance the needs of all economic, social and environmental stakeholders;
 - 4.16.3 establishing and implementing robust planning and control cycles that take into account stakeholder input, risks and are adaptable to changing circumstance;
 - 4.16.4 ensuring clarity on roles, responsibilities and expectations for members and officers in terms of relationships and decision making, and developing the capability of members and officers through the encouragement and provision of appropriate training and continued professional development tailored to their respective roles;
 - 4.16.5 ensuring that risk management is embedded and clearly allocated in decision making throughout the organisation, and ensuring that risk management and internal control strategies, policies and arrangements are aligned with achieving objectives and evaluated on a regular basis;
 - 4.16.6 Ensuring that data is properly managed, accurate and of a good quality;
 - 4.16.7 ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met;
 - 4.16.8 ensuring that findings and agreed management actions from Internal Audit, External Audit, peer challenge, reviews and inspections are welcomed and acted upon.

Future Improvements

- 4.17 The Council's response to the Covid-19 emergency has required changes to the control environment e.g. the Adaptation and Renewal Programme. These changes will continue to develop as the Council and the City adapts to living with Covid-19 in as effective a way as possible, and that we start to prepare for the Council's and the

City's longer-term renewal. The full extent of these changes will be assessed in next year's CGC exercise.

- 4.18 The annual assurance and CGC self-assessment processes and their effectiveness will continue to be reviewed on an ongoing basis to ensure they remain fit for purpose and adapt to reflect best practice developments

5. Next Steps

- 5.1 Work will continue to re-align and refine the CGC within the overall Corporate Governance Framework to ensure a continuous review and improvement.

6. Financial impact

- 6.1 There are no direct financial impacts as a result of this report.

7. Stakeholder/Community Impact

- 7.1 The process of reporting and senior management oversight of the CGC serves to strengthen the control environment and where appropriate prompt mitigating actions.

8. Background reading/external references

- 8.1 Governance, Risk and Best Value Committee, 3rd November 2020, Corporate Governance Framework Self- Assessment 2019/20
- 8.2 Governance Risk and Best Value Committee, 17th September 2019, Corporate Governance Framework Self-Assessment 2018/19

9. Appendices

- 9.1 Appendix 1 – The City of Edinburgh Council Corporate Governance Code Self-Assessment 2020/21
- 9.2 Appendix 2 – Comparison of 2018/19, 2019/20 and 2020/21 Scoring

The City of Edinburgh Council Corporate Governance Code Self-Assessment 2020/21

Self-assessment scoring key:	
0	no evidence provided
1-2	insufficient and/or poor quality evidence provided
3-4	insufficient but some good quality evidence provided
5-6	predominantly good quality evidence provided but some gaps and improvements required
7-8	significant amounts of good quality evidence provided with minor improvements required
9-10	requirement fully met with significant amounts of strong evidence provided

Principle 1	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Supporting principle	1.1 Behaving with Integrity and Demonstrating Strong Commitment to Ethical Values	
Requirement of the Council's Code	1.1.1 Developing a leadership culture based on values, integrity and public interest that is communicated and understood by all and forms the basis of a framework for decision making and action.	Score out of 10: 7
Evidence of compliance and links	<p>The Council is on a journey to strengthen the leadership culture and support improved decision making at officer level. This though involves cultural change with officers and is not yet embedded throughout the organisation. Decision making at committee level is strong and there is a robust framework that is supported by a suite of governance documentation, that is regularly reviewed by officers and elected members.</p> <p>There is strong and demonstrable commitment from the Corporate Leadership Team (CLT) to promote a strong organisational culture that behaves with integrity, adheres to the rule of law and that is value led. Examples of this come from the establishment of strong corporate values that underpin the culture we are trying to create. The priority of CLT, to develop the leadership culture within the organisation, has included creating a Wider Leadership Team (top 100 managers) and ensuring that all managers across the organisation have undertaken leadership training which was values led. CLT have regular away days where they reflect on their leadership. This is an ongoing process in a complex organisation and leadership development training has been reviewed by HR and updated.</p> <p>From a legal and compliance perspective we have an independent whistleblowing process to ensure concerns raised are investigated independently, with oversight from the Council's Monitoring Officer, reporting to the Governance, Risk and Best Value Committee and notification of investigation outcomes to the relevant Executive Committee Convener.</p> <p>The Council ensures that it has a robust framework in place including:</p> <ul style="list-style-type: none">▪ A <u>Member/Officer Protocol</u> sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties.▪ Mandatory training sessions provided for Elected Members on their obligations under the <u>Councillors' Code of Conduct</u>.▪ Comprehensive induction and training programme for Elected Members that includes mandatory, essential and developmental sessions on a wide range of responsibilities, skills and areas of topical interest.▪ A <u>Scheme of Delegation</u> that sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the <u>Local Government (Scotland) Act 1973</u>. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensuring sufficient and appropriate scrutiny.▪ Councillors' register of interests and expenses and membership of organisations published in full on the Council's website as part of <u>individual online Councillor profiles</u>.▪ The Council's <u>Whistleblowing Policy</u> encourages a culture of disclosure of wrongdoing that is much wider than that covered by public interest disclosure legislation. Our whistleblowing arrangements are a key risk management tool and widely seen as an exemplar across the public sector.▪ The Monitoring Officer has an independent reporting line to the Chief Executive and his independent reports are considered by Council.▪ The Chief Internal Auditor has an independent reporting line to Governance, Risk and Best Value Committee and direct access to the Chief Executive.▪ The <u>Council's People Strategy and People Plan for 2017-20</u> is built around a core set of values that guide everything we do. Our values define the culture we want to build within our organisation and set out our commitment to each other within our workforce as well as to our citizens and communities.▪ The <u>Council's Business Plan: Our Future Council, Our Future City 2021-24</u> is a further evolution in the culture of the organisation. It sets out the priorities for the next three years and the new Planning and Performance Framework will be used to ensure ownership is taken of delivery and drive the way we work and deliver services.▪ Our <u>Employee Code of Conduct</u> and the Council's values of Putting Customers First, Honesty and Transparency, Working Together and Forward Thinking are included as part of our colleague performance framework and sets out our expectations. New employee induction and onboarding is focussed on our four values, so all new starts understand the importance of living these values in the early days of their employment with the Council.▪ Principles and our values are communicated regularly to staff, are on our internal intranet and inform the build and delivery of learning and development interventions. The performance conversations model is built around our values. The completion of looking back and looking forward conversations is formally reported and recorded in the CLT Workforce Dashboard, monthly and to F&R Committee on an 8-weekly cycle. We will be reviewing our values through a cultural audit in 2021 as part of our new People Strategy.▪ There is strong and demonstrable commitment from the Corporate and Wider Leadership Teams to drive cultural change and leadership development with development sessions taking place. The Council's Wider Leadership Team (WLT) of approximately 100 operational managers in the Council meets monthly.▪ The Council has developed the leadership in the box resource which is available to all leaders. It a virtual box which contains our Leadership Framework and a range of leadership courses and resources such as our leadership learning portal, Thrive. <p>We have recently undertaken a 'culture capture' to understand more about our organisational culture and what's important to our people. We will pair the outputs from this exercise with work already underway to identify a common sense of purpose and three key behaviours that we can 'sign up to' as an organisation. This work supports having a culture where all our people feel valued and included, are treated fairly and equally, and where they can be happy, well and productive.</p> <p>Whilst a strong operational framework exists to ensure that employees behave with integrity (for example established Council policies and decision-making processes), it is important that it is effectively applied, with employees held accountable where they do not behave with integrity or demonstrate strong commitment to ethical values. This is achieved through the Council's performance framework, with ongoing employee conversations and formal 'looking backwards' conversations, and through the relevant Council policies (Performance Management and Disciplinary).</p> <p>Following a motion to Council, an independent review of whistleblowing and organisational culture relevant to the raising of and responding to concerns of wrongdoing involving the Council, its members, officers and colleagues was commissioned. The process will help to determine whether or not we have a positive, open, safe and supportive whistleblowing and organisational culture in the Council – and what improvements we can make.</p>	
Requirement of the Council's Code	1.1.2 Ensuring this is reflected in policies and processes that are regularly reviewed and monitored for compliance.	Score out of 10: 7
Evidence of compliance and links	The <u>Council's Corporate Policy Framework</u> mandates the annual review of policies which must be approved by Council or the responsible Executive Committee. The Council's <u>Policy Register</u> maintains a central public facing record of all council policies.	

	<p>A council policies toolkit is available on the Council’s intranet site. This includes first and second-line responsibilities, consultation and engagement strategies for new policies, a how-to guide, guide to policies and annual review, examples, a policy template for committee reporting and detail on how to comply with the Integrated Impact Assessment (IIA) process.</p> <p>The most recent review of the Policy Management Framework was reported to CLT in May 2021. This resulted in the IIA process being further embedded in the policy process to ensure that all sustainability and ethical considerations are taken into account when creating new policies or refreshing existing policies.</p> <ul style="list-style-type: none"> ▪ The Council consults and engages with stakeholders on policies and procedures, e.g. Trade Unions, relevant service providers, legal advisers and our colleague networks. ▪ <u>Assurance Statements</u> for <u>Council policies</u> are reviewed and are considered as being current, relevant and fit for purpose. These are <u>reported</u> to the relevant <u>Committee</u>. Working closely with the Communications Team, relevant information is cascaded to staff via Managers’ news and the internal intranet pages are updated as necessary. ▪ A programme of policy review is in place and digital learning modules are available to Council colleagues to enhance their understanding of key policies when they need this. Employment policies are subject to GRBV Committee policy assurance with a revised process having been agreed at the <u>GRBV Committee in September 2017</u> which will provide further scrutiny. ▪ Process automation and design controls for core HR, Finance Procurement and Debt Recovery processes are tested by internal audit and aligned to the Council’s Enterprise Resource Planning (ERP) programme. ▪ <u>Report template and guidance</u> are regularly updated and incorporate reporting of adherence to council business plan commitments and policy implications. 	
Requirement of the Council’s Code	1.1.3 Ensuring the organisation’s ethical standards permeate all aspects of the organisation’s culture and operation and are reflected in its policies and procedures.	Score out of 10: 7
Evidence of compliance and links	<p>Council values are an integral part of our strategic planning and performance management frameworks. The council has embedded mechanisms to ensure ethical standards are permeated across the organisation.</p> <ul style="list-style-type: none"> ▪ The Integrated Impact Assessment (IIA) mechanism is built into policy making and decision making through the Council’s committee reporting and policy templates. ▪ Scrutiny of <u>internal</u> and <u>external</u> audit reports by Governance, Risk and Best Value Committee. ▪ The Council’s <u>Whistleblowing Policy</u> mandates an independent service provider with authority to decide on the categorising of disclosures and investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee. ▪ Consideration of The Standards Commission for Scotland Hearing results by Council. ▪ The Council’s Business Plan: Our Future Council, Our Future City 2021-24 is a further evolution in the culture of the organisation. This focus sets out the way we will work and the way we will deliver services. We will be reviewing our values through a cultural audit in 2021 as part of our new People Strategy. ▪ <u>Council Framework to Advance Equality and Rights 2017-2021</u> ensures that citizens are able to use Council services and join in with the life and work of the city. ▪ The current Council <u>Performance Framework</u> was agreed in August 2017 and ensures that a clear statement of vision, values and strategic objectives aligned with the Coalition agreement is embedded within the operation of the Council. The framework details performance measures and describes the monitoring of performance. ▪ As a public authority, the values of public service delivery are at our core, we work in partnership with communities and service partners to deliver services of benefit to our people. Policies, procedures and codes of conduct for both members and officers are aligned with the Nolan Principles on the Standards for Public Life as well as professional/regulatory codes of practice for relevant groups. ▪ <u>Employee Code of Conduct</u> sets out the Council's values and describes how we carry out our business and the standards of conduct we expect from our colleagues. ▪ <u>Disciplinary Code</u> provides details of the conduct, attitude and behaviours expected of employees. ▪ Colleague <u>Performance Management Framework</u> is designed to support managers and employees to have open, honest, and supportive performance conversations. ▪ <u>The Avoidance of Bullying and Harassment at Work Policy</u> covers management of complaints in relation to bullying and harassment at work. The focus is on early intervention and resolution by managers, to ensure complaints are dealt with quickly. ▪ <u>Equality and Diversity Policy</u> has the purpose of ensuring that all our employees are treated fairly, equally and with respect in their working lives covering: pay and benefits and terms and conditions of employment; dealing with grievances and disciplinary issues, dismissal, redundancy; parental leave and flexible working; recruitment, promotion, training and development. ▪ <u>Equality, Diversity and Rights Framework 2017-21</u> is a response to legislation, including the Human Rights Act 1998, the Scotland Act 2003, and the Equality Act 2010. Co-produced with members of the Edinburgh Equality and Rights Network (EaRN) during 2016/17, it sets out a series of commitments to ensure that equality, diversity and rights are central to the Council’s vision of being a fair, inspired, thriving and connected city. ▪ The <u>Council’s People Strategy and People Plan for 2017-20</u> provides a clear line of sight from the Council’s <u>Business Plan</u> and describes the people opportunities and challenges the Council faces over the short, medium and long term and sets out the key strategic people themes we need to address in order to deliver our commitments. Council values are linked to performance through a number of routes, including our <u>approach to performance</u> co-produced with employees. ▪ The Council’s response to Serious Organised Crime is facilitated through a Council-wide group. This includes coordinating disparate services to ensure consistency of approach, governance and reporting, and compliance to the duties outlined in <u>Scotland’s Serious Organised Crime Strategy</u>. ▪ <u>Contract Standing Orders</u> – establish the principles of transparency, equal treatment, non-discrimination and proportionality in how the Council procures its goods, services and works. ▪ <u>Grant Standing Orders</u> – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). ▪ The Council’s Monitoring Officer (the Council’s Head of Legal and Risk) actively investigates any significant issues coming to his attention, whether through whistleblowing, complaints or other avenues. This has on occasion resulted in reports to Full Council, demonstrating scrutiny at the highest level and that any issues are actively managed. ▪ The Council’s Information Governance team manages the Council’s complaints system and the relationship with the SPSO. The Council’s current complaints policy was agreed by CP&S Committee in <u>August 2018</u>. ▪ Since April 2018, new leaders joining the City of Edinburgh Council and newly promoted leaders within the Council are invited to a welcome event. This takes place every 4-6 weeks, led by the Chief Executive. The aim is to welcome new leaders, help them understand their leadership role, help to develop their leadership skills and introduce them to our leadership culture. New leaders are also expected to complete relevant essential learning on key council policies as part of their induction. A dedicated space has been created on the Council’s e-learning platform for new leader essential learning. ▪ The Pensions and Trusts Committee adopted, on behalf of Lothian Pension Funds, the United Nations Principles for Responsible Investment and a revised Statement of Investment Principles in March 2008. ▪ Material non-compliance with standards is reported to Committee. For example minor non-compliance with Public Sector Internal Audit Standards was reported to Governance Risk and Best Value Committee on <u>31 July 2018</u>. 	
Supporting principle	1.2 Relationship with External Providers	
Requirement of the Council’s Code	1.2.1 Ensuring the organisation’s ethical standards are understood and upheld by external providers of services.	Score out of 10: 6
Evidence of compliance and links	The Council has strong controls in place to ensure external providers of services understand the organisation’s aims and ethical standards. A number of open internal audit actions on first-line supplier and contract management are currently being progressed.	

Page 216

	<ul style="list-style-type: none">▪ The Council’s Annual Assurance Process, which seeks assurance on ethical standards, includes significant Council companies and the Joint Boards. This process informs the Annual Governance Statement reported to Governance, Risk and Best Value Committee before Full Council as part of the <u>un-audited financial accounts</u>.▪ The Council’s <u>Contract Standing Orders</u> are the legal and operational rules for how the Council buys goods, services and works from external providers. The Contract Standing Orders require all contractual arrangements entered into to comply with the Council’s equality and sustainability requirements and policies, to encourage fair working practices and payment of the Living Wage and, where appropriate, contractual or procurement arrangements shall include the use of community benefit clauses. Under the Contract Standing Orders service areas must engage with Commercial and Procurement Services for all proposed purchases in excess of £25,000 in value, to help ensure the Council’s strategic procurement objectives, as set out in the Sustainable Procurement Strategy adopted in March 2020, are secured through that purchasing activity, including those relating to ethical procurement which includes relevance of award criteria relating to fair work practices and supply or use of ethically- or fairly-traded products as applicable. During the height of the Covid-19 pandemic temporary changes to the Contract Standing Orders were approved by the Leadership Advisory Panel to provide greater oversight on proposed third party spend at that time, these changes having now been rescinded.▪ As part of the procurement process for goods and services, the Council has set standards to manage integrity, compliance and monitoring, taking into account but not limited to, ethical and fair work practices. It is noted that should a contract be adopted from the Scottish Government Framework these standards are also included within the procurement documentation. Service areas may give a weighting to these standards (where applicable) as part of the procurement process and contractual commitments around this will be monitored throughout the duration of the contract term.▪ Following a risk assessment where the Council has agreed an action which is non-compliant with Contract Standing Orders, the action is recorded and noted publicly via Committee meeting transparency obligations and providing challenge to the decision.▪ Service area use of Public Contracts Scotland (PCS) has been reviewed, with service areas only now having publishing rights where approved by Commercial and Procurement Services, in order to ensure PCS users have the required knowledge and skills to use PCS and at the same time ensure the Council’s Contract Standing Orders are adhered to and the Council’s strategic procurement objectives secured.▪ Template procurement documentation including terms and conditions is drafted with advice from Legal Services. On larger projects and bespoke contracts, specific legal advice is obtained. Legal obligations imposed upon contractors cover the Council’s ethical standards in relation to matters such as community benefits, environmental and sustainability impact and workers’ rights. <u>The Council’s Fair Trade Policy, Sustainable Procurement Policy, Charter against Modern Slavery and Construction Charter Commitments</u> and <u>sustainable procurement objectives</u> are also included in the tender submission documents where appropriate.▪ The Council’s <u>Grant Standing Orders</u> apply (with certain exceptions) to all grants made by or on behalf of the Council including those in accordance with directions by the EIJB. The <u>Grant Standing Orders</u> require that the allocation and subsequent use of grant funding must reflect the priorities of the Council its subsidiaries and partners and where appropriate the EIJB. <u>The Grant Standing Orders</u> provide guidance, controls and regulate the grant application, assessment and award process to third parties to improve social, environmental and economic outcomes for Edinburgh’s citizens and communities. Grant agreements require the grant recipient to have in place proper employment, recruitment and selection practices, disclosure checks where appropriate and comply with all equal opportunities’ requirements.▪ The Council’s <u>Standard Conditions of Grant</u> states that organisations in receipt of a grant should have policies and practices in place which should minimise any detrimental environmental impacts and complement the Council’s commitment to protecting and improving Edinburgh’s environment for future generations, that organisations must make a commitment to mainstream equalities and rights in accordance with the <u>Equality Act 2010</u> and comply with a range of Council policies and aims. The Council expects grant funded organisations to adopt policies which comply with fair work practices and promote fair and equal pay, including the Living Wage and in terms of its practices employing staff and volunteers and in providing services, the organisation should be able to demonstrate that it: advances equality of opportunity; fosters good relations; and eliminates any unlawful discrimination, harassment and victimisation.▪ The Contract and Grants Management team ensure effective ongoing management of third-party contracts (once procured) by Directorates and Divisions. The team provides ongoing support to all Council service areas with management of their third party supplier risks, and contract (and sub contract) performance management, helping ensure services adhere to the Council’s contract management framework, comprising a contract management manual and toolkit to support Divisions and that consistent contract management processes are applied across the Council in line with the contract management principles and Executive Director responsibilities for contract management specified within the <u>Council’s Contract Standing Orders</u>.▪ Commercial and Procurement Services have initiated a programme of contract management compliance reviews, focused on the Council’s highest risk contracts, to further support service area contract management and the roll out of a CECil e-learning contract management module, with Heads of Service being advised which of their contract managers have completed the module.▪ The Council has established a Grant Managers Forum and a Contract Managers Forum, the former which meets bi-monthly and the latter which meets monthly, chaired by Commercial and Procurement Services, to help support service areas in their application of the <u>Grant Standing Orders</u> and the <u>Contract Standing Orders</u>.▪ The Council prepares an <u>annual procurement report</u>, which is reported to Committee, then submitted to the Scottish Government and published on the Council’s website, to give transparency to the Council’s external spend with suppliers, and report on its compliance with the procurement regulations and performance against its procurement strategy.▪ The Council has a <u>Sustainable Procurement Strategy</u> 2020-2025 that was approved by Committee prior to its adoption.	
Supporting principle	1.3 Respecting the rule of law	
Requirement of the Council’s Code	1.3.1 Demonstrating commitment to adherence to the rule of the law and regulations while ensuring individuals fulfil their responsibilities and optimise available powers to the benefit of all.	Score out of 10: 8
Evidence of compliance and links	<p>The Council is committed to adhering to the rule of law and has a strong framework to ensure effective controls are in place and respond to changes in legislation. This has been clear during the Covid-19 pandemic as the Council has responded to the Coronavirus Act 2020 and Coronavirus (Scotland) Act 2020 and all subsequent legislation, regulation and guidance.</p> <ul style="list-style-type: none">▪ The Council has appointed statutory officers as follows: <u>Monitoring Officer</u>, <u>Head of Paid Service</u>, <u>Head of Finance</u> (section 95 officer), <u>Chief Education Officer</u>, <u>Chief Internal Auditor</u>, <u>Chief Social Work Officer</u> and <u>Data Protection Officer</u>.▪ Procedure is in place for the <u>Head of Finance</u> (section 95 / chief financial officer) to withdraw reports that have not received the appropriate financial sign-off.▪ Members are encouraged to seek advice from senior officers on legislative and regulatory matters and are offered appropriate training.▪ <u>Employee Code of Conduct</u> approved by Corporate Policy and Strategy Committee in August 2012.▪ The Section 95 Officer/Chief Financial Officer’s responsibilities are set out in the <u>Financial Regulations</u>.▪ The Section 95 Officer/Chief Financial Officer is a standing member of the Corporate Leadership Team.▪ The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities. A <u>Strategic Plan 2019-22</u> has been agreed and published. The Council is also co-signatory to the <u>Scheme of the Establishment of the Edinburgh Integration Joint Board (EIJB)</u> and as such complies with the legislative requirements of the <u>Public Bodies (Joint Working) (Scotland) Act 2014</u>.▪ The Chief Social Work Officer provides an <u>annual report</u> to the Policy and Sustainability Committee.▪ The Council’s Health and Safety Senior Manager provides an <u>annual report</u> on health and safety performance to the Finance and Resources Committee.▪ The <u>Internal Audit Opinion</u>, a requirement of Public Sector Internal Audit Standards (PSIAs), includes the required details on Internal Audit independence.▪ Renewed focus on the internal control environment through delivery of the annual internal audit plan continues to identify areas for improvement and is helping drive better understanding and focus on closing agreed management actions which should create a more strongly controlled environment.	

	<ul style="list-style-type: none"> Team Central was implemented in July 2018. The system helps to ensure that control weaknesses identified by Internal Audit are appropriately addressed by timely implementation of agreed management actions and provision of evidence by management to confirm that the actions have been effectively implemented and sustained, and ensure that risks identified in Internal Audit reports are being appropriately managed. Where management actions have not been implemented by the agreed date, details are provided monthly to the Corporate Leadership Team and quarterly to the Council’s Governance, Risk and Best Value Committee. Internal Audit progress is reported to the Corporate Leadership Team on a monthly basis, reviewing progress with management actions and with the delivery of the internal audit plan. <u>Committee Terms of Reference and Delegated Functions</u> and <u>Scheme of Delegation to Officers</u> are regularly reviewed. These terms of reference and delegated functions set out the powers delegated by the City of Edinburgh Council to its officers, committees and sub-committees pursuant to the Local Government (Scotland) Act 1973. Contracts of employment, job descriptions, the <u>Employee Code of Conduct</u>, HR policies and the <u>Scheme of Delegation to Officers</u> are clear on the responsibilities given to job roles and/or individuals. Promotion of codes of conduct of regulatory bodies such as Scottish Social Services Council (SSSC) and General Teaching Council Scotland (GTCS). The council has developed with its partners a Local Outcome Improvement Plan and Locality Improvement Plans, to ensure the planning and partnership working arrangements in the city meet the legislative requirements set out in <u>the Community Empowerment (Scotland) Act</u> The Community Empowerment (Scotland) Act additionally sets out a range of duties to allow community bodies to ask the Council, or other public bodies, to be involved in decisions and have a greater role in improving outcomes for their communities. This includes the establishment of participation requests and duties in relation to asset transfer. The Council approved its approach for managing participation requests in March 2018 and reviewed its existing asset transfer policy to ensure it meets the new legal requirements. HR have established Right to Work, PVG, SSSC and Driver checks for Council Officers and have jointly developed and implemented IR35 compliance arrangements with Procurement. The Policy and Sustainability Committee approved the <u>Council Health and Policy</u> and <u>Council Smoke Free Policy</u> in December 2020. The Finances and Resources Committee approved <u>the Corporate Health and Safety Strategy and Plan 2020–2022</u>. The <u>annual Council Health and Safety Performance review</u> was submitted to Finance and Resources Committee, reflecting the Council health and safety performance and adherence to Scottish Government, Health Protection Scotland and National Health Service infection control, standard during the COVID 19 pandemic. Health and Safety issues are escalated, where appropriate, to the CLT and Council Monitoring Officer on a weekly basis (for significant events out with the weekly report – Heads of Service and the Council Monitoring officer). 	
Requirement of the Council’s Code	1.3.2 Dealing with breaches, corruption and misuse of power effectively.	Score out of 10: 8
Evidence of compliance and links	<p>Following a motion to Council, an independent review of whistleblowing and organisational culture relevant to the raising of and responding to concerns of wrongdoing involving the Council, its members, officers and colleagues was commissioned. The process will help to determine whether or not we have a positive, open, safe and supportive whistleblowing and organisational culture in the Council – and what improvements we can make.</p> <p>The controls currently in place are:</p> <ul style="list-style-type: none"> The Monitoring Officer is the Head of Legal and Risk and was appointed by <u>Council on 4 February 2016</u>. Allegations of corruption or misuse of power are considered by the Monitoring Officer, who acts independently of the Council. He has the power to conduct investigations and report his findings to full Council. Legal Services will report breaches of legal and regulatory provisions to senior management (primarily through Head of Legal and Risk and Monitoring Officer). Serious breaches may be dealt with by the Monitoring Officer. Other breaches will be addressed by Legal Services providing appropriate advice to service areas and monitoring implementation of that advice. Legal Services are also consulted in relation to complaints from the public which allege non-compliance with laws or regulations. Employees at all levels will report breaches of the Council’s statutory obligations under the GDPR legislation to the Council’s Data Protection Officer via the Information Governance Unit. This is done through an established and revised <u>Personal Data Protection Procedure</u> (February 2018). High risk breaches will then be reported by the Data Protection Officer to the UK Information Commissioner. The Council’s <u>Whistleblowing Policy</u> mandates an independent service provider with authority to decide on the categorising of disclosures and manner of investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee. The whistleblowing service is subject to regular re-procurement with elected member input in the design of procurement requirements. The Council’s risk management framework requires divisions and directorates to record the risks associated with any potential breaches of applicable regulations or policies in risk registers and implement appropriate actions to ensure that they are addressed. Internal Audit will also report any instances of breaches or non-compliance with applicable regulations and policy where these are identified through delivery of the audits included in the Council’s annual internal audit plan. Scrutiny of <u>internal</u> and <u>external</u> audit reports by Governance, Risk and Best Value Committee. <u>The Corporate Health and Safety Strategy and Plan 2020- 2022</u> was approved by the Finance and Resources Committee (December 2020) Monitoring arrangements have been introduced to ensure that recommendations and management actions resulting from whistleblowing and Monitoring officer investigations are completed. Internal Audit will dip sample completed actions on an ongoing basis. Relevant policies and procedures and reporting mechanisms are in place e.g. the introduction of Prejudiced Based Incident reporting: <u>Disciplinary Procedure - A revised Disciplinary Policy for Local Government employees was approved by the Policy & Sustainability Committee on 26 June 2020 and went live 30 November 2020</u> <u>Anti-bribery Policy</u> <u>Fraud Prevention Procedure</u> 	
<u>Principle 1 - Improvement plan</u>	<ol style="list-style-type: none"> Implement the Council’s People Strategy 2021-24 built around three strategic themes – living our behaviours, maximising our capacity and performance and enhancing our colleague experience and review our values through a cultural audit. (Strategy approved April 2021) Develop a training programme to support the Council’s Accident recording system. Review Grant Standing Orders Implement the Equality and Diversity Framework 2021-2025 (Framework approved April 2021) Implement a new Council wide Planning and Performance Framework to support the mobilisation of the Business Plan Strengthening of policy framework through full Implementation of 2019 audit actions Review Member/Officer Protocol Review of the Scheme of Delegation to be carried out following the Senior Management structural review. By the end of 2022, all policies within the Health and Social Care Partnership will be reviewed, updated and a review framework will be put in place. Review the Council’s controls following the External Review into the Council’s culture. Further develop the use and review effectiveness of Integrated Impact Assessments (IIA) Develop a Corporate Governance Framework - to map, review and report on our existing controls Roll out and embed the Operational Risk Framework 	<ol style="list-style-type: none"> Service Director, Human Resources Service Director, Legal and Assurance Service Director, Finance and Procurement Service Director, Human Resources Head of Strategic Change and Delivery Service Director, Legal and Assurance Service Director, Legal and Assurance Service Director, Legal and Assurance

		9) Chief Officer, IJB 10) Service Director, Legal and Assurance 11) Head of Policy and Insight 12) Service Director, Legal and Assurance 13) Service Director, Legal and Assurance
--	--	--

Principle 2	Ensuring openness and comprehensive stakeholder engagement	
Supporting principle	2.1 Openness	
Requirement of the Council’s Code	2.1.1 Demonstrating an open culture through decisions that have been subject to consultation and/or engagement, are public, evidenced, impact assessed and, where necessary, justification for confidentiality explained.	Score out of 10: 8
<div>Evidence of compliance and links</div> <div> <div>Page 218</div> </div>	<p>The Council is committed to ensuring open and transparent decision-making and that people and communities are engaged in the process of policy development ahead of decisions being taken. We always consult on all major decisions of the Council. Ensuring open decision making is fundamental to ongoing trust in the democratic process. As budget pressures only increase over the coming years, trust from the public is fundamental and to that end the Council intends to redouble its efforts through its Change Strategy.</p> <ul style="list-style-type: none"> ▪ The Access to Information Act 1985 schedule 1 requirements regarding exempt information are implemented throughout policy and procedure. Training on the act is provided for key officers and elected members as part of the Governance Framework Training Session. ▪ Webcasting of Council and major committees, with online access to archive recordings for five years. Access to historic archive recordings is maintained indefinitely through the Council’s Archives Service. ▪ All Council and Committee reports and decisions are recorded and are available on the CEC website. This allows stakeholders to subscribe to receive meeting papers. ▪ The committee report template and guidance includes standard sections that provides the necessary information for elected members to take decisions with clear explanation of key considerations. ▪ The committee report template includes the requirement to conduct an Integrated Impact Assessment on relevant equalities and sustainability considerations and detail its outcomes. A public record of these is maintained on the Council’s website. ▪ Any decisions that are taken by officers under urgency provision require a report to the next committee detailing the decision taken and the reasons. See Committee Terms of Reference and Delegated Functions . ▪ Council Diary arrangements reported to Council annually. ▪ The Scheme of Delegation sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. ▪ Copies of agendas, minutes and reports for all Council and committee meetings are held by Edinburgh City Archives. ▪ Members have the opportunity to challenge officers submitting reports at Agenda Planning Meetings and committee. ▪ Petitions procedure streamlined as part of the review of political management arrangements. (June 2017). ▪ Deputations (representative of a group or organisation speak at a committee meeting on a subject of their choice) are welcomed to feed into policy making at Council and Committees. ▪ Statutory requests for information are dealt with via an established process. Council responses are routinely made publicly available through its FOI Disclosure Log. ▪ Complaints made to the Council are dealt with under the Council’s Complaints Procedure, which has a clear outline of responsibilities, timescales and escalation routes to the Scottish Public Services Ombudsman. This procedure is available on our website for the public and on the Orb for staff. There is a Corporate Complaints Management Group which promotes and facilitates better complaints management throughout the organisation. ▪ Edinburgh People Survey measures satisfaction with key universal services and highlights where further research or consultation may be necessary. ▪ The Council’s online Strategy and Performance hub provides an overview of all Council strategies and reports against progress and performance. This framework is developed in line with the strategic direction provided by the Accounts Commission and follows best practice guidance provided by the Improvement Service. ▪ The Council regularly consults and engages with stakeholders and members of the public on its plans and policies. Methods to seek feedback include surveys, focus groups, public meetings, and involving relevant stakeholders in participatory budgeting and local community planning. Details on how to find out about and participate in consultations and records are available via our Consultation Hub. ▪ Budget Workshop groups are held with Council colleagues and Edinburgh citizens using the Council’s group engagement tool, developed in 2018 and updated in 2019. Feedback from these workshops is fed into the budget process. ▪ Honesty and transparency is enshrined in the protocol for member officer relations in decision-taking and advice giving. ▪ Financial impact reporting arrangements are embedded in the financial regulations. ▪ Contract Standing Orders ensure that proper procedures are adhered to throughout the procurement process and that there is compliance with relevant sustainable development and equality requirements required by law and co-production with key stakeholders is planned as appropriate. Contract Standing Orders demonstrate the Council’s compliance with the general principles of equal treatment, non-discrimination, transparency and proportionality. ▪ Procurements must not be designed with the intention of unduly favouring or disadvantaging any potential tenderer. Contract Standing Orders clearly demonstrate the Council’s open approach to tendering processes and details relevant values and associated purchasing procedures for all potential contracts including appropriate approval and delegation levels. The Council also reports awards of contract and related activity conducted through delegated authority to committee every 6 months, to provide greater transparency of such purchasing activity. ▪ Grant Standing Orders – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). ▪ The Council’s performance reporting takes into consideration appropriate feedback to the relevant stakeholders of any decisions taken by Council by using appropriate communication routes. The annual performance report includes insight from the Edinburgh People Survey which is the largest local authority survey of its type in the UK. ▪ Locality Improvement Planning - each locality has produced a locality improvement plan based on a significant programme of community engagement with local stakeholders and the wider community. The engagement was delivered by a range of partners involving a wide variety of methods and focussing on service users and people experiencing the greatest inequality. Through this process communities of place, interest and identity identified their priorities and will continue, through ongoing dialogue and engagement, to influence the design and delivery of services to improve outcomes in their areas. 	

	<ul style="list-style-type: none"> ▪ <u>Community Planning</u> - The Edinburgh Partnership governance model offers the opportunity to enhance community planning arrangements at all spatial levels in the city. A key area of the locality-based working has been to involve communities in decision making on the use of devolved funds such as the Community Grants Fund. This role has further been strengthened with the ongoing use of participatory budgeting, such as Leith Chooses, which has increased local democratic decision making, promoted a greater understanding of public budgets and encouraged communities to develop their own solutions to issues. ▪ <u>Service Developments</u> – the development of facilities and new services are planned and delivered in consultation with local communities with changes and improvements seeking to reflect identified local need where possible e.g. upgrades to local playparks; library service refurbishments ▪ <u>Participatory Budgeting</u> – local communities are increasingly involved in having a say on the allocation of small grants, and neighbourhood environment improvement funds through participatory budgeting, with the development of a range of creative ways both digital and events based to engage greater numbers of local people. E.g. feith Chooses ▪ <u>Place Improvements</u> – linked to the bullets above, Locality teams are regularly engaged in significant local stakeholder consultation on wider public realm projects – eg. Trams to Newhaven, Meadowbank Redevelopment, Regeneration of Craigmillar Town Centre, India Quay etc, as well as very localised engagement and consultation regarding locally prioritised environmental improvement projects, reported back through Neighbourhood Networks 	
Supporting principle	2.2 Engaging comprehensively with institutional stakeholders	
Requirement of the Council’s Code	2.2.1 Ensuring effective engagement with clarity of purpose, objectives and intended outcomes.	Score out of 10: 8
Evidence of compliance and links	<p>Engagement with institutional partners is facilitated through a number of different forums as well as more bilateral relationships. The council has strong relationships with the rest of the public sector through the Edinburgh Partnership, the business community through the Edinburgh Business Forum, the NHS through the IJB and the Edinburgh Third Sector, neighbouring local authorities through City Region Deal governance and the Scottish Government and other Scottish local authorities through our membership of COSLA and the Scottish Cities Alliance. Engagement with institutional stakeholders can take a variety of forms and is determined by the nature of the relationship and the activity being undertaken. Further evidence of our engagement includes:</p> <ul style="list-style-type: none"> ▪ Engagement with the Scottish Government through our Membership of COSLA and the Scottish Cities Alliance. ▪ Development of regional partnerships through new regional governance arrangements taken forward by the Edinburgh and South East Scotland City Region Deal which include the six regional authorities, both governments and their agencies and the tertiary and third sectors. A Joint Committee to take this forward has been formally established as has a Regional Enterprise Council which will provide private and third sector leadership to regional engagement. ▪ The business community through the Edinburgh Business Forum as well as a number of sector-based groups such as The Edinburgh Planning Forum and the Edinburgh Tourism Action Group. ▪ Key resilience stakeholders are engaged through the Multi-Agency Scottish Resilience Structure. ▪ In reporting to Committee, all consultation and engagement activities relating to Council decisions are outlined and required to be published as part of reports. ▪ The work of localities and strategic partnerships is informed through ongoing dialogue with community and partner agencies, together with dedicated engagement programmes, to ensure all activity reflects the aspirations and priorities of communities. ▪ The city’s Community Planning Partnership (Edinburgh Partnership) formally endorsed and approved the EP <u>Community Plan 2018-28</u>, on 30 October 2018. The Plan sets out the partnership’s commitment to work together to reduce poverty and inequality within the city and improve the quality of life for all. The plan identified the issues that require sustained joint action to make a difference and is based on what communities have identified are issues for them and their areas. It is focused on three strategic themes: enough money to live on, access to work, learning or training opportunities and making sure people have a good place to live. The Plan was approved by the EP Board, which comprises 19 representatives drawn from public, third sector and community bodies. ▪ To better support partnership work at a local level, the Council and its partners work to four co-terminus locality areas. In addition, the Council and its partners have established four Locality Community Planning Partnerships as part of the new community planning governance arrangements. Membership includes statutory partners, community representatives and have flexibility to co-opt additional representatives at a local level to include other relevant partners. A key role for the Locality Community Planning Partnerships is to set priorities and monitor progress of the Locality Improvement Plans. There was a pause for around 6 months during 2020 due to COVID, but meetings resumed in Autumn 2020 as online meetings and are well attended. ▪ The Council and its partners are also focused on addressing citywide issues through four strategic partnerships covering community safety, children’s services, community learning and development and city outcomes to address poverty and inequality ▪ Engagement with Trade Unions through; Joint Consultative Group (Elected members, TUs and Officers); Partnership at work (CLT & TUs); HR/TU weekly meetings; Directorate consultative forums (Directorate Leadership teams and local TU representatives). Additionally, where we are required to undertake collective consultation then we do so e.g. organisational reviews, policy development etc 	
Requirement of the Council’s Code	2.2.2 Developing partnerships based on trust, shared commitments, a challenge culture and added value.	Score out of 10: 8
Evidence of compliance and links	<p>The Council has a robust framework for partnership working which can be seen through the Edinburgh Partnership, the Integration Joint Board and City Region Deal Framework. This partnership approach has encouraged innovation and facilitates collaborative engagement.</p> <ul style="list-style-type: none"> ▪ The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services. ▪ During 2018 the EP Board carried out a review and consultation of its governance arrangements and developed a Local Outcome Improvement Plan (Community Plan) in response to the legal requirements of the Community Empowerment (Scotland) Act 2015. The new plan states the ambitions to further strengthen approaches to change, challenge and effective partnership working in tackling poverty and inequality in the city. Locality Improvement Plans, also a legal requirement, were approved in November 2017 following a period of extensive consultation with communities and public and voluntary sector partners. ▪ To better support partnership work at a local level, the Council and its partners work to four co-terminus locality areas. In addition, the Council and its partners have established four locality community planning partnerships as part of the new community planning governance arrangements. These provide the platform for improving service coordination and partnership activity in each area, with a key focus on progressing priorities set out within the Locality Improvement Plan for the area. The delivery of the Locality Improvement Plan requires commitment from a much wider partnership contribution at a local level, with partners aligning resources to shared commitments. ▪ The Council and its partners are also focused on addressing citywide issues through four strategic partnerships covering community safety, children’s services, community learning and development and city outcomes to address poverty and inequality ▪ The Community Safety Partnership is responsible for coordinating a multi-agency response to promote community safety, to reduce reoffending and to tackle antisocial behaviour across the city. Improving community safety and effective reduction in reoffending depends on a complex, multi-agency and multi-sector approach to the delivery of a wide range of both universal and specialist services. This multi-agency approach to community safety has strengthened the locality focus which allows for closer engagement with neighbourhoods and is set out in <u>Edinburgh’s Joint Community Safety Strategy 2020- 2023</u>. 	

Requirement of the Council's Code	2.3.3 Ensuring consideration of future needs and the impact of decisions on future generations.	Score out of 10: 7
Evidence of compliance and links	<p>Edinburgh's 2050 City Vision principles of Fair, Pioneering, Welcoming and Thriving were agreed by the Council in June 2020 with the express intention of ensuring we have a city that meets the needs of future generations. This goes alongside a clear strategic framework for this council period and integrated impact assessments.</p> <p>The Council's Business Plan: Our Future Council, Our Future City 2021-24 will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. The performance management framework drives strategic planning and performance management. Following approval of the Business Plan, the performance framework will be refreshed in 2021/22 and will provide a further opportunity to embed a culture of performance management across the Council. The development and approval of the Business Plan directly responses to key strategic findings set out in the <u>City of Edinburgh Council's Best Value Assurance Audit</u> published in November 2020.</p> <p>The <u>Adaption and Renewable Programme</u> is managing the recovery of the city and the organisation from the coronavirus pandemic as well as focusing on the future needs of the city. The programme was built from the Council's agreed priorities of Sustainability, Poverty and Wellbeing and was guided by the principles set out in the 2050 City Vision.</p> <ul style="list-style-type: none"> ▪ The Council uses population projections to anticipate future need at below city-level, enabling us to project overall demand for services and anticipate long-term need. ▪ <u>Edinburgh's 2050 City Vision</u> principles of Fair, Pioneering, Welcoming and Thriving were agreed by the Council in June 2020. ▪ <u>The Council's Business Plan: Our Future Council, Our Future City 2021-24</u> will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. ▪ The Change Strategy framework was published in 2019 and runs until March 2023. ▪ The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities. A <u>Strategic Plan 2019-22</u> has been agreed and published ▪ The Council's <u>Financial Regulations</u> and accompanying <u>Finance Rules</u> set out the requirement for Executive Directors to consider on an ongoing basis their respective budgets, including active management of risks and service pressures, delivery of approved savings and appropriate application of service investment. Taken together, these actions contribute to ensuring that the Council's overall expenditure is maintained within budgeted levels and that financial sustainability is secured in accordance with the financial strategy. ▪ The Council had maintained revenue expenditure within budgeted levels for twelve successive years. While the 2019/20 outturn was adversely affected very late in the year by the initial impacts of the pandemic, a balanced position was achieved in 2020/21. In setting the 2021/22 budget, the level of the Council's unallocated reserves was significantly increased and, following the receipt of additional funding late in 2020/21, provision for the on-going impacts of the pandemic similarly enhanced. Regular revenue monitoring reports are submitted to Finance and Resources Committee and Full Council. Under the Scheme of Delegation only Full Council can approve the accessing of reserves. ▪ All new budget proposals are subject to detailed officer and political scrutiny at the development, implementation and subsequent delivery stages. In addition, all Committee and Council reports require authoring officers to consider liaising as appropriate with Finance staff, the financial implications of planned actions, including the adequacy of budget provision, timing of costs and savings and any specific risks around implementation, informed by specific <u>report writing guidance</u> in this area. The Head of Finance additionally requires to sign off the financial implications sections of all relevant reports, with the right to withdraw reports from Committee agendas where this is not undertaken enshrined in the <u>Financial Regulations</u>. ▪ The Council maintains a detailed <u>five-year financial framework</u> and a <u>ten-year capital plan</u>. In addition to capturing changes in the Council's key income and expenditure drivers, the revenue plan incorporates the current and future financial implications of all material approved plans and actions, including the estimated continuing costs of the pandemic allowing decisions to be taken in the knowledge of their anticipated impact on delivery of the Council's key priorities. The Treasury Management Strategy is reviewed and subject to annual approval by the Council. ▪ Decisions on any new borrowing are rooted in consideration of their prudence, affordability and sustainability, with levels of external borrowing assessed against a suite of prudential indicators as part of the annual budget motion and corresponding loans charge provision made within the budget framework. ▪ The Council has approved its approach to participation requests as required by the Community Empowerment (Scotland) Act and reviewed its existing <u>asset transfer policy</u> to ensure compliance with the new legal duties. Asset transfers require committee approval and this control was utilised successfully in the transfer of Duncan Place Resource Centre. ▪ The <u>2050 Edinburgh City Vision</u> was welcomed and endorsed by the Policy and Sustainability Committee on 11 June 2020. ▪ The council supported the work of the <u>Edinburgh Poverty Commission</u> which concluded at the end of 2020 and its recommendations are being taken forward through the <u>Edinburgh Partnership Board</u> and <u>the Council End Poverty in Edinburgh Delivery Plan 2020-30</u>. ▪ The <u>City Mobility Plan 2021-2030</u> sets out the Council's strategic approach to sustainable, safe and effective movement of people and goods around Edinburgh up to 2030 ▪ The <u>City Plan 2030</u> is in development looking at the development needs of the City. The City Plan will set out how we develop the city sustainably over the next ten years. ▪ The Council is developing a <u>net zero strategy</u> to address the climate emergency, and strategically plan for the cities energy needs in a sustainable way. ▪ The Integrated Impact Assessment (IIA) mechanism is built into policy making and decision making through the Council's committee reporting and policy templates. 	
<u>Principle 2 - Improvement plan</u>	<ol style="list-style-type: none"> 1) To fully establishing and embed Local Community Planning Partnerships 2) Develop a model for community engagement which strengthens the role of communities in service delivery and decision-making processes, and through the work of the Community Empowerment Team. This model for engagement would support the planning and delivery of major projects, for example 20-minute Neighbourhoods 3) Implement a new Council wide Planning and Performance Framework to support the mobilisation of the Business Plan. 4) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25 5) A review of the Scheme of Delegation to be carried out following the Senior Management structural review. 6) Agree, publish and progress the City Plan 2030 7) Agree, publish and progress Net Zero Strategy 	<ol style="list-style-type: none"> 1) Service Director, Culture and Wellbeing 2) Service Director, Culture and Wellbeing 3) Head of Strategic Change and Delivery 4) Service Director, Finance and Procurement 5) Service Director, Legal and Assurance 6) Head of Strategy and Insight 7) Head of Strategy and Insight

Principle 3	Defining outcomes in terms of sustainable economic, social, and environmental benefits	
Supporting principle	3.1 Defining outcomes	
Requirement of the Council's Code	3.1.1 Having a sustainable vision for the organisation which sets out strategy, forward planning and impact on stakeholders.	Score out of 10: 8
Evidence of compliance and links	<p><u>Edinburgh's 2050 City Vision principles of Fair, Pioneering, Welcoming and Thriving were agreed by the Council in June 2020</u> with the express intention of ensuring we have a city that meets the needs of future generations.</p> <p><u>The Council's Business Plan: Our Future Council, Our Future City 2021-24</u> will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. The performance management framework drives strategic planning and performance management. Following approval of the Business Plan, the performance framework will be refreshed in 2021/22 and will provide a further opportunity to embed a culture of performance management across the Council. The development and approval of the Business Plan directly responses to key strategic findings set out in the <u>City of Edinburgh Council's Best Value Assurance Audit</u> published in November 2020.</p> <ul style="list-style-type: none"> • The <u>Council's Business Plan: Our Future Council, Our Future City 2021-24</u> was agreed in February 2021 ▪ An approach to <u>respond and monitor actions to address the findings within the City of Edinburgh Council's Best Value Assurance Audit</u> was agreed in February 2021. ▪ <u>Locality improvement plans</u> have been developed to meet the requirements of the <u>Community Empowerment (Scotland) Act 2015</u>. Development has been informed by extensive engagement in each of the four localities to ensure the views of the community are taken into account and that plans are tailored to fit the individual needs and aspirations of each area. The development process for the plans has been subject to an Integrated Impact Assessment and the plans screened under <u>Schedule 2 of the Environmental (Scotland) Act 2005</u>. The priorities set out in the Locality Improvement Plans 2017-22 were reviewed and updated in 2020 to ensure they were still relevant. ▪ The Council's <u>People strategy</u> set the roadmap (2017-2020) for our People Agenda, addressing short to medium term priorities and actions coupled with longer term work which is transformational in nature. Our People Strategy 2021-2024 will be presented to Policy & Sustainability Committee in April 2021 which will continued to build on the work which needs to continue, but which will also ensure alignment to drive the delivery of our Business Plan 2021-2024 priorities ▪ Colleague networks have been established and meet regularly. ▪ The Council's budget process is founded upon priority-based principles, with additional demographic-related investment provided on an annual basis and proportionately lower savings requirements applied to the priority areas set out in the <u>Business Plan</u>. ▪ The Council was one of the first in Scotland to introduce a long-term financial plan, doing so <u>in 2009</u>. The expenditure and income assumptions underpinning the plan are subject to at-least six-monthly review, with the results considered by the Finance and Resources Committee. ▪ The Council's budget strategy has sustainability at its core, with, for example, no capital or other investment approved without assurance over its longer-term affordability. ▪ In acknowledging the potential for closer integration of financial and non-financial information to inform decision-making, a "Budget Book" has been created for Elected members to give them additional information and context when making complex budget decisions. Breaking down the approved expenditure by service area and directorate to show how our money is spent in a clearer and more transparent way. ▪ The mainstreaming of participatory budgeting forms a key action to achieve the Council's strategic aim of listening to citizens and empowering communities in all we do, set out in the <u>Council Business Plan</u>. Further, the Council committed to maintain new relationships and groups built up as a response to Covid-19 and support communities with Community Asset Transfers and Participatory Budgeting. 	
Supporting principle	3.2 Sustainable economic, social and environmental benefits	
Requirement of the Council's Code	3.2.1 Ensuring that policies and plans are sustainable and balance the needs of all economic, social and environmental stakeholders.	Score out of 10: 6
Evidence of compliance and links	<p>The Council's Integrated Impact Assessment incorporates the following areas: Equality, Human Rights, Sustainability, Environment and Economy. It has been developed to support us to meet our legal duties, including those arising from the <u>Environmental Impact Assessment (Scotland) Act</u> and the <u>Climate Change (Scotland) Act</u>, and will be used as evidence for the Fairer Scotland Duty. It is carried out for any plan, strategy or proposed service change that may have an impact on equalities, the environment or the economy. Further, each report to Committee must include an assessment of the impact on sustainability. This area has been reviewed by Internal Audit and improvements are currently being progressed through open audit actions.</p> <ul style="list-style-type: none"> ▪ <u>The Council's Equality, Diversity and Rights Framework</u> ensures that citizens have a fair access to services and are able to use these services and join in with the life and work of the city. ▪ The Council's <u>Equality and Diversity Policy</u> was agreed at Committee on 8 August 2017. ▪ Economic and social benefits are not specified requirements when policy and planning decisions are taken, however they are fundamental in the <u>Council's Business Plan</u> and are therefore implicit in the decision making of the Council. ▪ The Committee <u>Report writing template and guidance</u> includes a requirement for authors to detail all relevant information to ensure that the decisions being taken are open and transparent where benefits and impacts are in conflict. ▪ The Council has a robust approach to risk and this is incorporated explicitly in all reports to Committee on decisions to be taken. The report template also requires officers to explicitly consider the financial impacts of any decisions taken. ▪ <u>The Council's Business Plan: Our Future Council, Our Future City 2021-24</u> forms part of a robust strategic framework that connects the strategic vision of the Council and its partners to the detailed plans that guide the delivery of our frontline services. This framework ensures that all Council plans and strategies are driven by and focused towards the delivery of a single shared vision for the city and our services. This framework will comprise the 2050 City Vision, Community Plan and Local Development Plan, Locality Improvement Plans, Council Strategies and Directorate Business Plans. ▪ <u>Petitions</u> procedure implemented as part of review of <u>political management arrangements</u>. (June 2017). ▪ Deputations (representative of a group or organisation speak or provide a written submission at a committee meeting on a subject of their choice) are welcomed to feed into policy making at Council and Committees. ▪ The Council's Strategy and Communications service gathers extensive information about the social and demographic attributes of residents and analyses this to provide input into policy decisions. ▪ The Council consults and engages about service prioritisation and policy with residents through its budget engagement activity. ▪ The new community plan (<u>LOIP</u>) was established in October 2018. ▪ The Council's Sustainable Procurement Strategy, adopted in March 2020, has seven key strategic objectives to guide the Council's purchasing activity, one of which is to contribute to the Council's net carbon target. ▪ In July 2020 the <u>Council responded to the Edinburgh Climate Commission</u>, signed the <u>Edinburgh Climate Commission's Climate Compact</u> in December 2020 and has developed a <u>carbon scenario tool</u> to evaluate and inform the council of the carbon impact of projects and investment decisions 	

Principle 3 - Improvement plan	<div>1) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25</div> <div>2) Approve the Equality and Diversity Framework 2021-2025 (approved in April 2021) and implement the delivery plan</div> <div>3) Implement the Council’s People Strategy 2021-24 to ensure alignment and drive the delivery of our Business Plan 2021-2024 priorities</div> <div>4) Roll out the Carbon scenario tool into corporate and political decision making</div> <div>5) Review of LOIP priority 3 to take account of the increased focus on public health and the climate emergency as part of a wider suite of community planning improvement actions in response to the Best Value Assurance Audit findings</div> <div>6) Agree, publish and progress a Net Zero Strategy</div> <div>7) Publish a Council Emission Reduction plan</div> <div>8) Agree, publish and progress the city centre recovery plan and refresh the economy strategy with a focus on net zero economy</div> <div>9) Roll out and delivery of the consultation policy and the Consultation Advisory Panel</div> <div>10) Develop a detailed programme of activity and associated timescales to allocate 1% of externally provided funding by means of Participatory Budgeting.</div> <div>11) Update the ‘Budget Book’ going forward.</div> <div>12) Develop and implement charters for Colleague Networks</div> <div>13) To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan.</div> <div>14) Appoint a Service Director for Sustainable Development as part of the Senior Officer structural review</div>	<div>1) Service Director, Finance and Procurement</div> <div>2) Service Director, Human Resources</div> <div>3) Service Director, Human Resources</div> <div>4) Head of Policy and Insight</div> <div>5) Service Director, Culture and Wellbeing</div> <div>6) Policy and Insight Senior Manager</div> <div>7) Service Director, Sustainable Development</div> <div>8) Executive Director of Place</div> <div>9) Executive Director of Corporate Services</div> <div>10) Service Director, Finance and Procurement</div> <div>11) Executive Director of Corporate Services</div> <div>12) Service Director, Human Resources</div> <div>13) Head of Democracy, Governance & Resilience</div> <div>14) Executive Director of Place</div>

Principle 4	Determining the interventions necessary to optimise the achievement of the intended outcomes	
Supporting principle	4.1 Determining interventions	
Requirement of the Council’s Code	4.1.1 Supporting decision makers to take decisions based on objective information and rigorous analysis, whilst considering best value, risk, stakeholder views and future impacts.	Score out of 10: 7
Evidence of compliance and links	<p>The Council has a strong framework to support decision makers, in particular elected members. This is even more important in a changing environment with the Council having a minority administration. How elected members are supported, and the information provided to enable strong scrutiny and decision making, has to be flexible as those needs crystallise. The Council needs to continually adapt to ensure it is agile enough to maintain this strong framework. A clear framework exists for officer decision making; including the Scheme of Delegation, financial instructions from the Council and Contract Standing Orders.</p> <p>Enhanced and earlier scrutiny of approved budget proposals has contributed positively to the proportion subsequently delivered. There is still a need in some cases however for financial decisions taken by individual service areas to take greater account of monetary and other impacts elsewhere within the Council, such that best overall use is made of scarce resources.</p> <p>To Council operates to the decision-making framework established by the <u>Scheme of Delegation and Committee Terms of Reference and Delegated Functions</u>. This establishes where accountability and responsibility lie for key strategic and operational powers, with Elected Members and Officers feeding into both areas as appropriate.</p> <p>In response to the Covid-19 emergency; specifically, to establish quick and agile decision making, manage the pressure on staff, and prioritise frontline services; interim political management arrangements were implemented. Interim arrangements were regularly reviewed and approved by committee and Council as the impact and restrictions of the pandemic changed. From 1 September 2020, all committees were reinstated meaning the Council’s political management arrangements were back operating normally (and remotely) from that date.</p> <p>To respond to Covid-19 emergency the following groups were established: Council Incident Management Team (CIMT), chaired by the Chief Executive; Directorate Incident Management Teams, with escalation to CIMT; Specialist Incident Management Teams: Health and Social Care Command, chaired by EHSCP Head of Operations; Personal Protective Equipment (PPE), chaired by the Chief Procurement Officer; Shielding, chaired by the Executive Director of Resources; Vulnerable and Volunteering, chaired by the Executive Director of Communities and Families Cross-Council Risk Forum, convened and chaired by the Head of Legal and Risk, and weekly meetings with the Trade Unions, including on specialist subjects such as PPE.</p> <p>The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the emergency. They have met with differing frequency during the pandemic, operating flexibly to ensure the Council could react rapidly to any arising issues.</p> <p>Elected Members</p> <ul style="list-style-type: none">Committee report template and guidance is regularly reviewed and includes standard sections requiring authors to detail consultation and engagement, sustainability impact, equalities impact, financial impact, measures of success and risk, policy, compliance and governance impact (most recently in Jan/Feb 2019).The Council has implemented a Committee Management System (modern.gov). This updates the online committee paper archive system allowing for better search facilities and provides functionality which allows for the secure electronic transmission of private committee reports and information. A bespoke committee paper app has been provided to elected members which allows for secure access and personal annotation of committee reports.Workshops and briefing notes are regularly used to support Committee reports.Members have the opportunity to challenge officers submitting reports and ask questions at both agenda planning meetings and committee.All Council and Committee reports and decisions are recorded and are available on the CEC web site via <u>Council papers online</u> , from May 2003).	

	<ul style="list-style-type: none"> Regular email, face-to-face and one-to-one briefings take place with elected members. Deputations (representative(s) of a group or organisation to speak or provide a written submission at a committee meeting on a subject of their choice) are welcomed at Council and Committees. Petitions process, established in 2012, engages and involves citizens in the democratic process. The process was reviewed in June 2017, to ensure a speedier resolution for petitioners. The Council has developed a Change Strategy to ensure it is improving performance whilst managing its budgets A wide range of engagement activities are carried out, ensuring opportunities are provided in ways that are appropriate for communities of place, interest and identity to express their needs and views on services and future provision to inform service development and delivery. The Council's Locality Improvement Plan development sought the views of communities on the use of assets and the delivery of services in a local context, across organisational silos. Examples of cross stakeholder focus groups (with all party elected member representation) e.g. to develop our Diversity & Inclusion Strategy & Plan <p>Corporate</p> <ul style="list-style-type: none"> The operational elements of the development of the Council's strategic vision (drafting and defining strategic proposals) are managed by the Strategy and Communications Service and presented to elected members at committee level for approval. The Adaption and Renewable Programme was established to respond to the Covid-19 Pandemic consisting of five interlinked programmes, each with a Senior Responsible Officer from within the Council's Senior Management Team and support by a programme management approach. The Council's performance framework was agreed in November 2018 and is designed to drive a performance culture. The Commercial and Procurement Service have three Commercial Partners, each with responsibility to liaise and work with different service areas across the Council. The Commercial Partners report to senior management within their service area on procurement activity and compliance. This ensures that good practice and areas of concern can be identified and feed into operational decisions. The Council Contract Standing Orders provide the 'rule-book' for procurement and purchasing of supplies, services and works from which a framework of controls is implemented. Commercial and Procurement Services has continued to improve compliance using our Purchase to Pay (P2P) processes to maximise controls available, in parallel implementing new controls for compliance. Regular engagement with service areas continues across all Directorates, providing 'dashboard' type reporting and enabling review, analysis and adherence in relation to contractual spend, purchase to pay process, CSOs etc. This ensures the Council is continuously reviewing its performance in relation to best value for procurement of goods and services, offering opportunity for intervention where necessary, to enable achievement of the defined needs. The scope of contract purchases continues to be reported to Finance and Resource Committee on a 6-monthly basis, whilst the Council's Annual Report is both reported to Committee and subsequently submitted to the Scottish Government in order to comply with our obligations under the Procurement Reform (Scotland) Act 2014. This offers transparency in detailing both the scope of procurement activity (both backward and forward looking) and a review of compliance against the Council's Procurement Strategy, with a view to self-evaluation and continuous improvement. The Corporate Leadership Team (CLT) is a body of Executive Directors and Chief Executive, with input from other senior officers, which considers strategic and operational matters, including areas of regulatory compliance, policy compliance, risk and equalities. CLT review audit action follow up, HR performance and Health and Safety data monthly to ensure appropriate scrutiny. CLT lead a Monthly Change Board to manage the delivery of major change. This board has agreed a project management tool kit that will ensure all significant projects have full business cases developed prior to committee approval and that benefits are tracked and measured. The Council's Wider Leadership Team (WLT) of approximately 100 operational managers in the Council meets monthly. This supports CLT in decision-making by the provision of an operational sounding board and feedback loop on important decisions. Risk Appetite Statement 	
Supporting principle	4.2 Planning interventions	
Requirement of the Council's Code	4.2.1 Establishing and implementing robust planning and control cycles that take into account stakeholder input, risks and are adaptable to changing circumstance.	Score out of 10: 6
Evidence of compliance and links	<p>Alongside the rest of the UK, Edinburgh has been responding to the COVID-19 global pandemic. The Council's Incident Management Team first met on 27 February 2020 to consider how the Council responded to the COVID-19 crisis. Decisions were guided by three principles: to protect vulnerable residents; to keep staff as safe as possible; and to continue to deliver as many services as possible.</p> <p>The Adaption and Renewable Programme was established to respond to the Covid-19 Pandemic; consisting of five interlinked programmes. The Adaption and Renewable Programme, is managing the recovery of the city and the organisation from the coronavirus pandemic as well as focusing on the future needs of the city. The programme was built from the Council's agreed priorities of Sustainability, Poverty and Wellbeing and has been designed around 5 interlinked work programmes with clear overlaps and interdependencies: public health advisory board; service operations; change, people and finance; sustainable economic recovery, and life changes. Dedicated resources are in place from Strategy and Communications to support all 5 programmes with a central Programme Management Office created to provide overall programme management support, map dependencies and track risks.</p> <ul style="list-style-type: none"> The Business Plan ensures that Council strategy, the City Vision, the Community Plan, the budget plan, the people plan and Directorate Business Plans reflect the priorities of the public, elected members, partners and our people. A monthly Change Board with representatives from the Corporate Leadership Team (CLT) and project leads provides oversight of key projects. The CLT Risk and Assurance Committee meets quarterly and is supported by directorate and relevant divisional risk and assurance committees. Cognos dashboards allow data to be blended from multiple sources (internal and external) and use a wide range of analytical tools to enable a single view of information across the Council. The dashboard will provide deeper insight into performance and service provision and support effective decision making, service planning and improvement. Targeted service improvements and enhanced monitoring of performance by CLT form a core part of the Council's Business Planning process. Urgent decision provision is included within the Committee Terms of Reference and Delegated Functions. These provisions have been used throughout the pandemic period. The External Auditor's 2019/20 Annual Report to the Council and the Controller of Audit found that Edinburgh responded promptly and effectively in its political management arrangements to the Covid-19 crisis The Scheme of Delegation sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. In response to the Covid-19 pandemic, the Chief Executive has had to use powers under urgency provisions on a number of occasions, these decisions have been reported to the appropriate committee (Leadership Advisory Panel and Policy and Sustainability Committee). As part of the Terms and Conditions (T&C's) issued in a tender process, the T&C's detail that the delivery of goods and services may be varied (adaptable) if they follow the conditions, to allow for changing circumstance. In some cases, there is a detailed Change Control Notice. This notice is submitted to the Council, signed by the Service Provider and then assessed and responded to by the Council. 	

	<ul style="list-style-type: none"> The <u>Contract Management Framework</u> sets out the detailed requirements for the conduct of contract management activity within the Council. A suite of operational documents to support the monitoring and delivery of successful contract outcomes and a central support team to provide guidance and continuity of process and procedure is also in place. An effective and consistent application of this framework by all Council contract owners and managers should ensure that this risk is effectively managed; that procured services achieve Best Value for the duration of the contract; and also support efficient service delivery. Commercial and Procurement Services have initiated a programme of contract management compliance reviews, focused on the Council’s highest risk contracts, to further support service area contract management and the roll out of a CECIL e-learning contract management module, with Heads of Service being advised which of their contract managers have completed the module. Resilience is a statutory, cross-council activity involving internal and external consultation and engagement with a range of partner organisations and stakeholder interests including planning, risk assessment, warning and informing and exercising, as set out in <u>The Civil Contingencies Act 2004</u>, <u>Contingency Planning (Scotland) Regulations 2005</u>, <u>Preparing Scotland: Scottish Guidance on Preparing for Emergencies</u> and other relevant legislation and guidance, including those related to emergency powers <u>Public Sector Internal Audit Standards</u> require Internal Audit to develop a risk based <u>annual plan</u> that determines the priority of Internal Activity in order to provide assurance on the design and effectiveness of the controls established across the Council to manage its most significant risks. This plan should also be aligned with the Council’s strategies and goals. The Council’s Corporate Leadership Team (CLT) reviews progress with implementing management actions to address the risks associated with open Internal Audit findings monthly, with quarterly reporting to the Governance, Risk, and Best Value Committee. HR provision of assurance on an annual basis An <u>Annual Workforce Controls Report</u> and <u>Quarterly Workforce Dashboards</u> are presented to CLT and to Finance & Resources Committee covering the following: <ul style="list-style-type: none"> the number of Full Time Equivalent (FTE) employees, the type of contract they are employed through and the turnover of new starts and leavers; trends on absence rates, including the top five reasons for short and long-term absence; the cost of the pay bill, including the cost associated with new starters and leavers, overtime and agency workers; insight relating to our <u>performance framework</u> including the percentage of annual conversations carried out and recorded. Operational <u>Risk Management Framework</u> 	
Requirement of the Council’s Code	4.2.2 Establishing effective KPIs and capacity to generate performance information that allows for the quality of services and projects to be assessed/measured regularly.	Score out of 10: 7
Evidence of compliance and links	<p>The Council’s <u>performance framework</u> was agreed in November 2018 and is designed to drive a performance culture. Work continues to enable a joined-up approach to performance across the Council using first-class systems including the Business Intelligence programme. The performance framework will be refreshed in 2021/22 and will provide a further opportunity to embed a culture of performance management across the Council.</p> <p>This approach builds on:</p> <ul style="list-style-type: none"> Progress against the delivery of our strategic plans is tracked by a Council-wide <u>performance management framework</u>. A key component of the framework is a well-defined suite of performance indicators which are used to measure success at each level of the strategic framework. Key performance indicators have been established through engagement with service area senior managers as part of the planning and performance framework. Coalition commitment is in place and performance reporting against the Council’s commitments and outcomes forms the basis of the <u>annual report on progress</u>. Monitoring of performance is done through <u>performance dashboards</u> with indicators around quality of service, customer perceptions and service response rates. Dashboards were put on hold during to allow resource to focus on the response to the Covid-19 pandemic. Data for the framework and dashboards is collated centrally using the Cognos performance management system. <u>The Annual Performance Overview</u> report is presented to Full Council. This report provides an overview of performance covering the key performance indicators linking to benchmarking and citizen’s perception as well as progress towards achieving community plan outcomes. This report aims to promote a 'one Council' approach to deliver on corporate, political and Community Planning priorities. KPI monitoring and measurement is an integral element in the development of a contract and forms a component of the quality score in the tender evaluation process. KPI planning at outset in the tender process ensures the performance of services / projects can be robustly and accurately measured. The successful tenderer is required to ensure provision of adequate monitoring of performance against agreed KPI’s, the method of which is detailed within the tender documentation. A Balanced Scorecard developed by Strategy and Communications has been deployed across the Council. Cognos dashboards allow data to be blended from multiple sources (internal and external) and use a wide range of analytical tools to enable a single view of information across the Council. The dashboard will provide deeper insight into performance and service provision and support effective decision making, service planning and improvement. This was paused for a time to focus resources on the Covid-19 pandemic response but is now reinstated. The Governance, Risk and Best Value Committee was established to take the lead role as the Council's main scrutiny panel and is convened by a senior opposition member. The Executive Director of Resources attends meetings in person, supported by other members of the Corporate Leadership Team (CLT). The Committee has the ability to review any of the Council’s activities, to require action or further reports and to call witnesses to support its debate. The Accounts Commission’s 2016 <u>Best Value Audit Report</u> stated that the Governance, Risk and Best Value Committee ‘provides effective scrutiny of the Council’s operations and performance’ and in its <u>2020 Best Value Assurance Audit</u> report provided examples of effective scrutiny of the committee. The Council has responded to external scrutiny, in the form of external audit and inspection reports, with improvement plans which are reported to the appropriate committees. The Council Companies’ Hub was established in <u>June 2016</u> to improve officer scrutiny of Council companies, including risks. It clarifies roles and responsibilities, good governance, elected members’ duties as councillors and the mitigation of conflicts of interest. The Annual Assurance Schedule issued to all Heads of Service, Executive Directors, Council Companies and Joint Boards includes sections on risk and performance. The Corporate Risk Team regularly meet with partners to ensure that where shared risks exist these are considered and assigned to appropriate owners. Some examples of these meetings are with representatives from NHS Lothian in relation to the EIJB/EHSCP, representatives from Edinburgh Trams to consider operational risks from the existing tram system, and the tram extension project to consider project and future operational risks. The <u>Commercial and Procurement Service</u> works with service areas, suppliers and Strategy and Communication to ensure spend and service level, including KPI data, is available to measure performance of the contract during its life and prior to re-tender. This ensures the Council is procuring goods and services which meet its defined needs. This allows us to ensure that the contract is being managed regarding capacity, value for money and delivering savings both financially and in-service efficiencies. Service areas also monitor suppliers to ensure the general T&Cs of the contract are being met and that all sustainable and community benefits are being realised. As part of the Council’s Governance arrangements, regular reviews of project governance and management is carried out on larger projects and recommendations for improvements acted upon. A monthly Change Board with representatives from the Corporate Leadership Team and project leads provides oversight of key projects. A range of project information including status updates is provided to board members. The Council’s <u>performance framework</u> was agreed in November 2018 and is designed to drive a performance culture. Work continues to enable a joined-up approach to performance across the Council using first class systems including the Business Intelligence programme. The performance framework will be refreshed in 2021/22 and will provide a further opportunity to embed a culture of performance management across the Council. 	
Requirement of the Council’s Code	4.2.3 Ensuring that budgeting and resource planning is informed by realistic revenue and capital estimates and aims to deliver objectives, strategies and plans in a sustainable manner.	Score out of 10: 7
Evidence of compliance and links	The Council’s revenue and capital budget frameworks are underpinned by regular and proactive review of the full range of factors influencing the costs of delivering its services and the resources available to fund them.	

	<p>In 2020/21 the Council operated in a climate of unprecedented uncertainty, the enduring impacts of which remain unknown. These impacts required a wholesale review of revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020.</p> <ul style="list-style-type: none"> The Council has an on-going system of review in place with regard to its main expenditure and income drivers. The contents of the revenue budget framework are subject to at-least six-monthly formal reporting, reflecting as appropriate updated grant funding estimates, population and wider demographic projections, inflationary forecasts (including pay awards) and cost impacts of legislative and other changes. The results of <u>the most recent assessment</u> were reported to the Finance and Resources Committee on 20 May 2021. The effectiveness of this overall approach was favourably assessed as part of these assumptions and the effectiveness of the overall approach were favourably assessed as part of the Council's recent <u>Annual Audit Report</u>. Budget reporting is presented regularly to SMTs, monthly to CLT and bi-monthly to Finance and Resources Committee. While, as mentioned at 4.2.2, maintaining financial sustainability remains one of the Council's key on-going challenges, revenue expenditure was contained within approved levels for twelve successive years without recourse to unallocated reserves which remain at the level set out in its <u>Financial Strategy</u>. Capital expenditure and income projections are similarly based on up-to-date prudent assessments of likely receipt levels, grant funding, asset condition, Council commitments and priorities and other relevant data. By assisting service areas to develop realistic expenditure plans and promptly identifying instances of potential project delays, the level of expenditure slippage recorded across the programme has been significantly reduced in recent years, comparing very favourably with other authorities and realising savings in loans charge expenditure contributing to addressing wider savings targets. 	
Supporting principle	4.3 Budgeting and financial sustainability	
Requirement of the Council's Code	4.3.1 Ensuring that the budgeting process and financial strategy are sustainable whilst considering objectives, service priorities, affordability and medium/long-term plans.	Score out of 10: 7
Evidence of compliance and links	<p>The Council has a duty to ensure that its revenue and capital spending plans are prudent, affordable and sustainable whilst supporting the delivery of its priority outcomes. With this in mind, proposals are developed against the backdrop of a longer-term framework, recognising that the need for efficiency, transformation and prioritisation in the Council's services is a recurring one. The Council has acknowledged that it will need to reduce the overall staffing numbers through service redesign and prioritisation if it is to secure financial stability. The Council has also undertaken a strategy of the incorporation within the revenue and capital frameworks of significant resources to address historic underinvestment in the Council's estate and recognising the potential additional revenue liabilities of changes to the estate going forward.</p> <p>On 20 February 2020, the Council set a balanced budget for 2020/21 and indicative balanced budgets for the following two years. While it is anticipated that the most severe impacts of the pandemic will be felt in 2020/21, in early October a review was undertaken of the Council's underlying planning assumptions and previously approved savings for both 2021/22 and 2022/23 to determine where corresponding adjustments were required.</p> <p>The changes incorporated within the budget framework as part of the October review were broadly grouped in to four categories: (i) anticipated recurring financial impacts of the pandemic on core budgets, both in terms of increases in expenditure and losses of income; (ii) a re-assessment of the on-going impacts of shortfalls in savings approved to be delivered, and pressures previously assumed to have been managed, in 2020/21; (iii) a re-assessment of the deliverability of those savings previously approved for implementation in 2021/22 and 2022/23; and (iv) other savings and additional income, primarily in corporate budgets, potentially available to offset the pressures above. The Council also agreed a realignment of reserves and provided Council ALEOs with additional funding to secure financial sustainability in response to the Covid-19 pandemic.</p> <p>Throughout this year there was a significantly increased demand to report and provide financial information to elected members, COSLA and the Scottish Government.</p> <p>Strategic</p> <ul style="list-style-type: none"> Progress against the delivery of our strategic plans is tracked by a Council-wide <u>performance management framework</u>, including key financial indicators The Council's budget strategy affords relative protection to key service areas and priorities within an overall position that emphasises the need for both revenue and capital expenditure and income to remain in balance over the medium term. While recognising the Council's legal responsibility to set a balanced revenue budget for the following financial year by 11 March, both the revenue and capital budget-setting processes adopt a whole-life approach, capturing the expenditure and income implications of approved or proposed actions not just for the following but also subsequent years. In this vein, the approved <u>2018/23 revenue and capital budget frameworks</u>, in acknowledging historic underinvestment in the corporate estate, include significant additional resources to address this backlog, as well as adopting a more proactive and planned maintenance approach and recognising potential additional revenue liabilities of changes to the estate going forward. The Council's <u>capital plan</u> similarly adopts a longer-term timeframe and is informed by explicit consideration of Council priorities, thereby maximising the level and effectiveness of investment available to take forward key initiatives with reference to the principles contained within the <u>Asset Management Strategy</u> and relevant <u>Asset Management Plans</u>. In addition to the direct impacts of specific proposals, the <u>medium-term financial plan</u> takes account of the wider implications of the Council's activity in such areas as the associated required levels of pay award and on-cost provision, fees and charges income and enabling investment. The framework also recognises that demand for the Council's services mirrors changes in the population as a whole and therefore makes explicit provision for the impact of demographic-led growth in such areas as school education, older people's care and services for those with physical and/or learning disabilities. The framework also reflects the financial impact of future changes such as approved increased employer pension contributions and anticipated changes in grant funding. The Council's <u>financial framework</u> incorporates modelling of a number of key income and expenditure variables and, by adopting a three-year timeframe, seeks to provide a contingency against material changes in any of these key factors influencing the overall savings requirement. While acknowledging current demands and pressures within its financial planning processes, the Council has also placed an increased emphasis on preventative investment in recent years, with notable successes achieved in term of both improved outcomes and cost savings in the area of home care reablement and looked-after children's services. The <u>Council's Business Plan: Our Future Council, Our Future City 2021-24</u> recognises the crucial role such a preventative approach will play going forward, forming a key pillar of the Council's future operating model. <u>The Council's Business Plan: Our Future Council, Our Future City 2021-24</u> sets out Council ambitions for the next three years. It was presented to Council at the same time as the <u>Budget 2021/26</u> to ensure our priorities guide the financial stability of the organisation. <p>Operational</p> <ul style="list-style-type: none"> While work is underway to introduce further integration of the revenue and capital budgets, the process also takes account of the indirect impacts of changes in demand for Council services, such as additional property and school meal costs linked to growth in the number of pupils within the Council's schools. The Council's <u>budget framework</u> is underpinned by a comprehensive and regular review of the key factors influencing the Council's need to spend and the likely level of resources available to support that spend over the medium- to longer-term, be it due to demographic trends, inflationary pressures, legislative reform, grant funding or other changes. The results of these assessments are reported to the Council's Leadership Team and the Finance and Resources Committee on an at-least six-monthly basis, allowing the adequacy of the Council's actions to be framed against not just the immediate savings requirement but also the medium-term financial position. This medium-term perspective also informs the assessment of the adequacy and proposed use of the Council's reserves in striking an appropriate balance between meeting specific liabilities as they fall due and supporting required transformation through, for example, spend to save investment or meeting staff release costs to secure recurring employee cost savings. 	

	<ul style="list-style-type: none">▪ A Workforce Controls Panel, which reviews and challenges all vacancies that arise (except those pre-approved posts, such as Teacher, which are agreed by CLT) is in operation. This has added stronger rigour to vacancy management and workforce cost controls.▪ The Council has implemented a <u>single workforce dashboard</u> 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 has now been implemented a Council, Directorate, and Division/Service level (for certain measures) to provide reliable insight into a range of workforce controls. The recent implementation of workforce dashboards at Directorate level provides regular MI on the monthly variation in Full Time Equivalent (FTE)/costs (by contract type – permanent, Fixed Term Contract (FTC) acting up/secondment and apprentice), and trend analysis to support workforce management controls.	
Principle 4 - Improvement plan	<ol style="list-style-type: none">1) To create a consolidated decision tracker for Best Value, assurance and Annual Accounts recommendations.2) Implement a new Council wide Planning and Performance Framework to support the mobilisation of the Business Plan3) Review of the Scheme of Delegation to be carried out following the Senior Management structural review4) To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan.5) Embed the understanding of the Risk Appetite Statement across the Council6) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25	<ol style="list-style-type: none">1) Service Director, Legal and Assurance2) Strategic Change and Delivery Senior Manager3) Service Director, Legal and Assurance4) Service Director, Legal and Assurance5) Service Director, Legal and Assurance6) Service Director, Finance and Procurement

Principle 5	Developing the entity’s capacity, including the capability of its leadership and the individuals within it	
Supporting principle	5.1 Developing the entity’s capacity	
Requirement of the Council’s Code	5.1.1 Regularly reviewing and improving effectiveness through performance monitoring, benchmarking and other methods to achieve defined outcomes.	Score out of 10: 7
Evidence of compliance and links	<p>The Council’s <u>performance framework</u> was agreed in November 2018 and is designed to drive a performance culture. Work continues to enable a joined-up approach to performance across the Council using first class systems including the Business Intelligence programme.–The performance framework will be refreshed in 2021/22 and will provide a further opportunity to embed a culture of performance management across the Council. Difficult decisions will undoubtedly be required if investment in delivering the Council’s priority outcomes is to be sustained. All areas of the Council need to contribute to addressing these financial challenges, both to secure sustainability and secure best value in the delivery of its services.</p> <ul style="list-style-type: none">▪ The Council considers the findings of all Audit Scotland national reviews. These are reported to elected members at appropriate committee for consideration.▪ The <u>Edinburgh Partnership</u> (EP) engages appropriately in all matters relating to communities and working in collaboration to ensure the added value can be achieved. All partners share a single vision for the city that: ‘Edinburgh is a thriving, successful and sustainable capital city in which all forms of deprivation and inequality are reduced.’ The Edinburgh Partnership provides a consistent mechanism to gather partner and community views on service delivery.▪ In line with Scottish Government legislation the <u>Edinburgh Integration Joint Board</u> was formally established in April 2016, with responsibility for planning the future direction and overseeing the integration of health and social care services for the citizens of Edinburgh through the Edinburgh Health and Social Care Partnership. The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities.▪ The Community Safety Partnership is responsible for coordinating a multi-agency response to promote community safety, to reduce reoffending and to tackle antisocial behaviour across the City. Improving community safety and effective reduction in reoffending depends on a complex, multi-agency and multi-sector approach to the delivery of a wide range of both universal and specialist services. This multi-agency approach to community safety has strengthened the locality focus which allows for closer engagement with neighbourhoods. The <u>Edinburgh Joint Community Safety Strategy 2020-2023</u> has been jointly agreed to support this approach.▪ The Joint Committee oversees the implementation of the <u>City Deal</u> with the intention of creating further opportunity for regional collaboration and capacity.	
Requirement of the Council’s Framework	5.1.2 Developing strategies and plans for the most appropriate model of delivery and allocation of resources to achieve the best possible outcomes.	Score out of 10: 7
Evidence of compliance and links	<p>Building on the Change Strategy, The Council’s Business Plan: Our Future Council, Our Future City 2021-24 sets out Council ambitions for the next three years. The Adaption and Renewable Programme, is managing the recovery of the city and the organisation from the coronavirus pandemic as well as focusing on the future needs of the city. The programme was built from the Council’s agreed priorities of Sustainability, Poverty and Wellbeing and has been designed around 5 interlinked work programmes with clear overlaps and interdependencies: public health advisory board; service operations; change, people and finance; sustainable economic recovery, and life changes. The Council has moved into phase 2 of the Digital and Smart City Strategy, developing further areas online and building an automated easy access knowledge base for council services. Our Smart City Strategy is also in planning with funding ring fenced to allow us to progress Smart Waste and Smart Housing programmes, where we will be able to proactively and efficiently monitor services across the city.</p> <ul style="list-style-type: none">▪ A Member/Officer Protocol sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties.▪ Building on the Change Strategy, The Council’s Business Plan: Our Future Council, Our Future City 2021-24 sets out Council ambitions for the next three years.▪ The Council’s customer transformation programme - 38 transactions now having been made available online.▪ 90% + of staff are now able to work remotely, including learning and teaching staff to SEEMIS, allowing greater flexibility to operate. We have developed our Contact Centre remote technology to allow the same level of Management Information and monitoring to be carried out across all service lines.▪ The Council has a People Strategy in place, agreed at committee in February 2017.▪ The Council produces monthly Workforce Dashboards, which provide clear insight into the capacity and performance management of its workforce, including the use of flexible/complementary workforce to supplement services and overtime/additional hours expenditure.▪ The Council continues to benchmark its performance through the Local Government Benchmarking Framework and reports this annually to Full Council.	

	<ul style="list-style-type: none"> ▪ The Council annually benchmarks a number of functions using the CIPFA corporate service benchmarking club arrangements ▪ Benchmarking on health and safety performance is carried out with other Local Authorities in Scotland each year this is presented to the Council's Health and Safety Group. ▪ The Council's adoption of participatory budgeting provides an important mechanism to enable communities to identify priorities and make decisions on the allocation of resources to improve the quality of life in the city. This has provided residents with an opportunity to influence the allocation of resources to meet their needs and circumstances. 	
Supporting principle	5.2 Developing the capability of the entity's leadership and other individuals	
Requirement of the Council's Code	5.2.1 Ensuring clarity on roles, responsibilities and expectations for members and officers in terms of relationships and decision making.	Score out of 10: 6
Evidence of compliance and links	<p>It is important that all new and existing members and officers are clear on their roles and responsibilities. We have improved our approach to onboarding and induction as this is a critical time in setting members and employees up for success. New elected members take part in a welcome event, are offered an experienced buddy and take part in classroom based essential learning in their first few weeks in office. In relation to employees, we have developed a new candidate portal for new recruits joining the Council and make it easier for them to complete some essential learning. We have also created Setting You/Them up for Success Guides and a Welcome Event hosted by the Chief Executive and Council Leader every 4-6 weeks. These have been taking place virtually during the Covid-19 pandemic. This helps develop capability early in a new employee's career with the Council. Our approach to performance focuses on the importance of having clarity conversations with all employees, setting clear goals and a development plan which is reviewed regularly through 1-1 check-ins and annual reviews.</p> <p>All operational governance documentation is subject to review annually and forms part of any review of the political management arrangements.</p> <ul style="list-style-type: none"> ▪ <u>Procedural Standing Orders for Council and Committee Meetings</u> establish procedure for the conduct for such meetings and the decision-making process. ▪ Following the Local Government elections in May 2017 the <u>Governance – operational governance framework</u> was further reviewed (29 June 2017) to meet the aims and aspirations of the newly elected Council. ▪ The Council modified its political management arrangements in August 2019 to further improve its decision-making effectiveness. In <u>March 2020</u> and <u>May 2020</u> in response to the COVID-19 pandemic, emergency arrangements were put in place to deal with the significant issues facing the Council. Political Management arrangements were also reviewed in <u>August 2020</u>, <u>December 2020</u> and <u>March 2021</u> to respond to the pandemic. The <u>2019/20 Annual Audit</u> concluded that the Council has responded promptly and effectively in its political management arrangements to the COVID-19 crisis. ▪ There has been a reduction of eight to six executive committees and change of committee remits to ensure a more balanced structure. These committees ensure that there is significant business at all committees to ensure a joined-up approach to Council services, allowing sufficient focus and time to the business of the committee. ▪ The Council's political management arrangements have been amended a number of times during this period, in response to the Covid-19 pandemic. ▪ Committees have the authority to refer reports to other Committees for specific review and scrutiny. This recognises the role and input of each particular committee but nevertheless provides clarity on the decision maker. For example, the Best Value Assurance Audit report was considered by <u>Policy and Sustainability Committee</u> (1st December 2020), <u>Governance, Risk and Best Value Committee</u> (8th December 2020) <u>Council</u> (10 December 2020) and ▪ A significant addition to the remit of the executive committees is strategic development. This allows the <u>Local Development Plan</u> and the corporate infrastructure investment programme that comes out of it, to be aligned with housing and economic policies. ▪ There is also additional scrutiny by the Policy and Sustainability Committee of health and social care services provided, recognising the Integration Joint Board's role but also the duties and responsibilities of the Council. ▪ The Governance, Risk and Best Value Committee retained its current cross cutting scrutiny remit within the model and also takes the lead role as the Council's main scrutiny panel. ▪ <u>Committee Terms of Reference and Delegated Functions</u> set out the powers delegated by the City of Edinburgh Council to its committees and sub-committees pursuant to the Local Government (Scotland) Act 1973. ▪ The <u>Scheme of Delegation</u> sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the <u>Local Government (Scotland) Act 1973</u>. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. Specific reference to the Chief Executive's responsibilities can be found at Paragraph 4.1. The <u>Committee Terms of Reference and Delegated Functions</u> contains a paragraph at A4.1 that allows in the event of a decision which would normally be made by the Council or a Committee and requires to be made urgently between meetings of the Council or Committee; the Chief Executive or appropriate Executive Director, in consultation with the Convener or Vice-Convener, to take a decision, subject to the matter being reported to the next meeting of the Council or Committee. In response to the Covid-19 pandemic, the Chief Executive has taken a number of decisions and reported to the <u>next committee</u>. ▪ <u>Financial Regulations</u>. The Regulations clearly set out the responsibilities of Executive Directors with regard to budget management and the securing of best value with regard to resources entrusted to them. The Regulations also clarify Elected Members' role with regard to setting the Council's financial strategy and scrutinising the effectiveness of its financial management arrangements ▪ <u>Contract Standing Orders</u> apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services. ▪ <u>Grant Standing Orders</u> – provide guidance, controls and regulate the grant application, evaluation and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). Roles and responsibilities are set out and require for each grant that the relevant Executive Director or the Chief Officer of the EIJB appoints a Grant Monitoring Officer to set targets, to oversee the process, manage any issues with individual recipients and ensure outcomes are achieved and managed. Elected members are reminded of their duties under the <u>Councillors' Code of Conduct</u> and on conflicts of interest. Procedures for determining the process and award procedure are set out and if and how these may be departed from. ▪ The <u>Member-Officer Protocol</u> sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties. Throughout 2020 Officers and Members have been working to develop a refreshed Member-Officer Protocol to further clarify roles and responsibilities. This will be finalised within 2021. ▪ A suite of performance indicators have been developed to measure the <u>Business Plan 2017-2022</u> progress and success at each level of the strategic planning framework. Indicators will be presented via dashboards and will include financial, workforce and customer elements to give a balanced view of performance against outcomes and commitments. Performance will be scrutinised by Elected Members in June 2021 and the Council's Corporate Leadership Team. ▪ The Council Leader was appointed as Convenor of the Corporate Policy and Strategy Committee (now Policy and Sustainability Committee) on <u>22 June 2017</u>. ▪ The leader of the Council undertakes the Chief Executive's performance conversation. ▪ The Council's <u>performance framework</u> for Senior Management Teams and the Corporate Leadership Team is reviewed regularly and performance reporting against the Council's commitments and outcomes forms the basis of the <u>annual report</u> on progress. The regular review gives Council the opportunity to ensure the outcome-based measures which join up priorities across service areas and partnerships continue to be effective. ▪ The Council's <u>New Candidate Portal</u> has been a positive development in our approach to employee onboarding ▪ <u>Setting You</u> and <u>Setting Them</u> up for Success Guides have supported employees and their line managers to improve the induction and onboarding experience and help employees to develop the capabilities they need early in their employment. ▪ <u>The Performance Framework</u> was co-produced with employees and is designed to support employees and their managers to have engaging and constructive performance conversations. It offers a blend of templates, tools and tips to support our people to be the best they can be. 	

Requirement of the Council's Code	5.2.2 Developing the capability of members and officers through the encouragement and provision of appropriate training and continued professional development tailored to their respective roles.	Score out of 10: 6
Evidence of compliance and links	<p>Learning and Development for officers starts with on-boarding and induction, through to essential learning and continuing professional development. There is a blend of classroom-based learning, e-learning, coaching and on-the-job training. Essential learning programmes have been adapted to enable virtual delivery during the pandemic. Dependent upon job role and statutory requirements, employees are supported and funded to achieve relevant qualifications. As part of the Council's Talent Strategy, during 2020/21, an Inspiring Talent Programme was launched for colleagues aspiring to more senior roles within the organisation. Training and development provision for elected members could be expanded and improved, with the need identified for regular classroom-based programmes running throughout the year based on feedback from training needs analysis, elected member and officer requests.</p> <ul style="list-style-type: none"> ▪ Council <u>People Strategy</u> and People Plan was reported to Finance and Resources Committee on <u>23 February 2017</u> and Corporate Policy and Strategy Committee <u>28 March 2017</u>. People strategy updates have been ongoing on priority aspects of our strategic commitments e.g wellbeing, workforce dashboards, policy updates and, performance framework. ▪ The <u>Open Framework agreement for Learning and Development</u> was reported to Finance and Resources Committee in November 2017. The framework has been running for enabling the Council to take a more strategic approach to the procurement of learning and development. This is currently being reviewed by procurement and HR. ▪ A comprehensive induction programme for elected members was developed for implementation following the Scottish Local Government election in May 2017. An Autumn Winter programme of elected member training and development was carried out in October/November 2017 based on the outcome of a training needs analysis exercise. ▪ An Elected Members' Resources section was created on the Orb in preparation for the new Council following the Local Government election in May 2017. A wide range of information is available, including roles and responsibilities, code of conduct, training and development materials, key strategies and policies and city/ward information. ▪ Elected members are provided with ongoing briefings, briefing notes and presentations on topics of relevance and reminder emails highlighting resources available. ▪ Regular meetings with conveners and vice conveners (weekly and/or fortnightly), briefings for member groups, 121 meetings on individual projects. ▪ Monthly colleague welcome events hosted by Chief Executive and Council Leader have been taking place virtually throughout the pandemic. ▪ There is ongoing job specific induction and essential learning across the Council. This has been taking place virtually throughout the pandemic in 2020/21. ▪ Role related learning was identified and mapped out for all frontline roles. ▪ The Council has developed and launched 'Leadership in a Box', including our Leadership Framework, Thrive Leadership Learning Experience Platform, digital learning and classroom-based workshops, including support for new leaders and an Inspiring Talent Programme. Leadership Ambassadors and Early Adopter Teams have been established to support all of the above and to assist with evaluation. ▪ Mandatory Cyber Security Training ▪ We continue to offer New Leader Induction (being converted to virtual delivery) and essential learning. ▪ The foundation of our leadership development continues to be the 'Future, Engage, Deliver' approach. ▪ Significant work has been undertaken on the Council's Leadership Development approach, including 'Leadership in a box' toolkit which includes our leadership framework, digital learning platform, coaching, classroom-based workshops, FED on-line, support for new leaders and inspiring talent programme. 	
Requirement of the Council's Code	5.2.3 Ensuring arrangements are in place to consider leadership effectiveness and staff performance.	Score out of 10: 8
Evidence of compliance and links	<p>We continue to invest in leadership and talent development, starting with new leader induction, essential learning for leaders around key Council policies and supporting our leaders to embed our new approach to performance to achieve the cultural change we need to enable the Council to achieve its vision.</p> <p>In 2020/21, performance scoring was not implemented due to the COvid-19 pandemic response.</p> <ul style="list-style-type: none"> ▪ We continue to invest in our Wider Leadership Team (WLT) which meets monthly to work together on key issues and learn from each other and from external speakers. The WLT continue to meet in leadership sets as part of their ongoing leadership development. ▪ Our <u>Performance Framework</u> incorporates key elements of looking ahead and looking back performance conversations and giving and receiving feedback throughout the performance year. We have supported our leaders to embed the new approach through Conversation Spotlight workshops which have been delivered throughout the period. The Performance Management framework has at its core the principle of both what employees are delivering as well as the 'how'. Colleague wellbeing has been a key priority for 1-1s and looking ahead and looking back conversations throughout the pandemic. ▪ Under the Performance Framework all GR1-12 employees are in scope for performance review. The is regularly scrutinised and reported via the Workforce Dashboard. ▪ Significant work has been undertaken on the Council's Leadership Development approach, with the launch of our 'Leadership in a box' toolkit in 2019 which includes our leadership framework, digital learning platform, coaching, virtual workshops, FED on-line, support for new leaders and inspiring talent programme ▪ There has been investment in developing and offering wellbeing tools and resources for our leaders throughout 2020/21, including Be Well to Lead Well Sessions. 	
Requirement of the Council's Code	5.2.4 Ensuring arrangements are in place to support and maintain the health and wellbeing of the workforce.	Score out of 10: 8
Evidence of compliance and links	<p>The wellbeing of our workforce remains a critical area of concern for us and has been a key priority in 2020/21. We have seen a decrease in long-term absence, with the majority attributed to long-term conditions relating to stress, depression and mental fatigue. Whilst much has been done, we are committed to a renewed focus on this agenda through a combination of revised policies to drive the right culture and behaviour, training to develop skills in our leadership population to support employees with wellbeing issues and knowledge and awareness for our employees. The overarching aim of our approach is one of prevention and engagement with available support. Our wellbeing strategy is based on 3 key pillars of mental, physical and financial wellbeing. We set up a Wellbeing Working Group with Elected Members, Trade Unions and employees.</p> <p>Due to the Covid-19 pandemic, we developed and promoted a range of wellbeing tools and resources including Wellbeing Wednesdays, an ongoing virtual wellbeing roadshow, virtual wellbeing workshops, individual and team wellbeing check in tools, PAM Assist, Let's Talk, Coaching Bank and Chaplaincy support. COVID update. We have also developed and launched a specialist risk assessment tools for colleagues who were required to shield during the pandemic, and we have created a range of tools and resources to support home working such as the Colleague Guide to Home Working'</p> <ul style="list-style-type: none"> ▪ <u>Occupational Health and EAP</u> - The Council has procured the services of an Occupational Health provider to ensure we are able to gain independent professional advice to support colleagues with absence, including ill health retirement and reasonable adjustments. There is a focus on mental health and physical conditions whereby colleagues can be referred for early prevention without waiting until the condition is so severe it causes absence. ▪ We provide a free confidential employee assistance programme for all colleagues who would like confidential advice ranging from bereavement to healthy body healthy mind. This includes trauma counselling and Cognitive Behavioural Therapy. ▪ A wellbeing and sickness absence workshop has been developed taking a holistic approach starting with line manager awareness and focusing on supportive conversations. This includes mental health awareness and enables managers to arrange the right support or guide the employee to engage in the support available. 	

	<ul style="list-style-type: none"> ▪ The offer of Leading through Change and Building Resilience workshops. ▪ Availability of support mechanisms is regularly communicated through manager’s newsletter and internal communications, including our coaching bank, PAM Assist, chaplaincy support and our Let’s talk service. ▪ Creation of a space on the Council’s website for colleagues who are ‘hard to reach’ dedicated to Covid-19 and the support that is available to them. ▪ Made use of colleague payslips for messaging around available support. ▪ <u>Staff Benefits</u> We provide broadly the same level of benefits as most large employers to meet a range of lifestyles including: - <ul style="list-style-type: none"> ○ Enhanced annual leave entitlement and a range of special paid and unpaid leave ○ Flexible working options ○ Enhanced Maternity, Paternity, Adoption and Shared Parental Leave provision ○ Childcare Vouchers ○ Ride to Work Scheme ○ Premium Benefits card with access to local discounts and special offers ○ Ethical financial services through a credit union membership including loans, savings and mortgages. ○ Season ticket loans ○ Car benefit scheme - salary sacrifice car lease scheme ○ Local Government Pension Scheme ○ Scottish Teachers' Superannuation Scheme ▪ The <u>Annual Report on Health and Safety Performance</u> was reported to the Finance and Resources Committee reflecting the Council health and safety performance and adherence to Scottish Government, Health Protection Scotland and National Health Service infection control, standard during the COVID 19 pandemic. tbc ▪ Quarterly dashboard reporting on Health and Safety is reported to the H&S Group for scrutiny and challenge. This is reported annually to the Finance and Resources Committee. ▪ A Wellbeing Programme has been developed and is being supported via HR This also involved a Wellbeing Working Group with Elected Members, Trade Unions and employees. 	
<div>Principle 5 - Improvement plan</div> <div>Page 230</div>	<ol style="list-style-type: none"> 1) Publication of a key information document for elected members with input from finance, HR, Governance and Members Services which will compile links, resources and procedures that are required to undertake the role. 2) Review of the Scheme of Delegation to be carried out following the Senior Management structural review 3) Implement the Council’s People Strategy 2021-24 to ensure alignment and drive the delivery of our Business Plan 2021-2024 priorities 4) Review of the HR Policy Register and focussing upon bringing policies up to date where these may not have been previously prioritised. 5) Review the Open Framework agreement for Learning and Development 6) To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan. 7) Develop a detailed programme of activity and associated timescales to allocate 1% of externally provided funding by means of Participatory Budgeting. 8) Implement the Senior Management Review 9) Provide further well-being roadshows. 10) Roll out the Empowered Learning Programme to schools (Provide pupils with one-to-one device and full universal solution for teacher training). 	<ol style="list-style-type: none"> 1) Service Director, Legal and Assurance 2) Service Director, Legal and Assurance 3) Service Director, Human Resources 4) Service Director, Human Resources 5) Service Director, Human Resources 6) Service Director, Legal and Assurance 7) Service Director, Finance and Procurement 8) Chief Executive 9) Service Director, Human Resources 10) Executive Director of Education and Children’s Services

Principle 6	Managing risks and performance through robust internal control and strong public financial management	
Supporting principle	6.1 Managing risk	
Requirement of the Council’s Code	6.1.1 Ensuring that risk management is embedded and clearly allocated in decision making throughout the organisation.	Score out of 10: 6
Evidence of compliance and links	<p>The Council has an <u>Enterprise Risk Management Policy and Risk Appetite Statement</u>. . The policy and appetite statement are proportionate and appropriate for the Council and are both reviewed and updated annually and approved by the Policy and Sustainability Committee. Following the outcomes of the Azets Risk Management Internal Audit in July 2020, the operational risk management framework has also been refreshed and is currently being piloted prior to final approval by the Corporate Leadership Team and implementation across the Council. The implementation process will include appropriate education and training to ensure knowledge and understanding of risk management is cascaded, that managing risk is part of managing the organisational culture, and that all employees understand that we all have a role to play in managing risk. The Corporate Risk Team work closely with central business functions (including Internal Audit), Directorates and Services to ensure that risk is managed, reported and escalated in accordance with the <u>Enterprise Risk Management Policy</u>, and that the Risk Appetite is considered when making significant strategic and operational decisions.</p> <p>As part of its Covid-19 response, the Council has established a process to ensure that all new and emerging Covid-19 risks are identified; assessed; recorded; actioned (where possible) and monitored. A separate Covid-19 Risk Management Plan has been maintained that is regularly reviewed by the Council’s Incident Management Team and included in the quarterly risk reports provided to the Governance, Risk, and Best Value Committee.</p>	

	<ul style="list-style-type: none"> ▪ The Council has an established Enterprise Risk Management Policy and Risk Appetite Statement. ▪ The most recent Internal Audit report (July 2020) noted “Overall, we were satisfied that risk management arrangements appear to be embedded across the organisation and are well-integrated with the council's internal audit arrangements” but highlighted a number of areas for improvement in relation to ongoing operational risk management by divisions and directorates across the Council, including the need for improved training. ▪ Council divisions and directorates are responsible for identification; assessment; recording; and management of both strategic and operational risks, and for ensuring that risk is appropriately considered in decision making. ▪ The Corporate Leadership Team (CLT) quarterly risk and assurance committee is chaired by the Chief Executive and is supported by quarterly Directorate Risk and Assurance Committees that are chaired by Directors. ▪ Risk and assurance committees are attended by Corporate Risk Management in a ‘critical friend’ capacity to confirm that new and emerging risks are identified; assessed; and recorded; and confirm the appropriateness of management’s assessment of the effectiveness of established controls and progress with implementation of mitigating actions owned by management to further mitigate their risks. ▪ Divisional and directorate risks are escalated from Service Teams, through Directorate and then into CLT Risk Registers (as appropriate). ▪ The Governance, Risk and Best Value Committee scrutinises the Council’s most significant original (inherent) and current (residual) risks as detailed in the Corporate Leadership Team risk register quarterly. ▪ A number of specialist Risk Management Groups have been established (for example the Cyber and Information Security Steering Group (CISSG)) to focus on thematic operational risks across the Council and ensure that knowledge and understanding is cascaded appropriately throughout the organisation. Corporate Risk Management also attends these groups in a critical friend capacity. ▪ Corporate Risk Management and Internal Audit are also available to provide consultancy advice and support to the Corporate Leadership Team; directorates; and divisions in relation to the risk and control aspects of both strategic and operational decisions. ▪ The Internal Audit team designs the Internal Audit Plan to ensure that assurance is provided on the Council’s most significant risks. ▪ The Corporate Risk Team may, through the course of their work, identify new and emerging risks for potential inclusion in / addition to the Internal Audit annual plan. ▪ Internal audit findings will be raised that highlight exposure to risks through delivery of the annual Internal Audit plan. The findings and their associated risks are then addressed by management through implementation of agreed management actions. ▪ The Corporate Leadership Team reviews management’s progress with closure of open Internal Audit findings monthly, and the position is also reported quarterly to the Governance, Risk, and Best Value Committee. ▪ The Council’s Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council’s control environment and governance and risk management frameworks that is based on the outcomes of completed audits and progress with closure of open Internal Audit findings. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council’s Annual Governance Statement. ▪ Exposure to risk may also be identified by external assurance providers such as external audit; the Care Inspectorate; or Education Scotland. It is management’s responsibility to ensure that these risks are recorded in risk registers and that appropriate action is taken to ensure that they are addressed. ▪ Risk Management and Internal Audit are included in New Leaders’ Induction events to emphasise the importance and relevance of risk management to all managers, and what is expected of them within their teams. ▪ A fortnightly Risk Forum brings together key officers from Council directorates to discuss any new and emerging Covid-19 and operational service delivery risks.
--	---

Supporting principle	6.2 Robust internal control	
Requirement of the Council’s Code	6.2.1 Ensuring that risk management and internal control strategies, policies and arrangements are aligned with achieving objectives and evaluated on a regular basis.	Score out of 10: 6
<p>Evidence of compliance and risks</p> <p>The Institute of Internal Audit’s three lines model is operated across the Council:</p> <ul style="list-style-type: none"> • the first line – Service Areas that own and manage risk; • the second line – teams that oversee or specialise in risk management and developing frameworks and policies, for example, Information Governance; Strategic Change and Delivery; Risk Management; and Corporate Health and Safety; and • the third line – teams that provide independent assurance, above all internal audit. 	<p>In June 2018 it was identified that a number of historic management actions to address Internal Audit findings had either not been implemented, or were implemented but had not been sustained, resulting in a total of 30 historic IA findings being reopened and tracked as overdue (26 for the Council and 4 for the Edinburgh Integration Joint Board). Whilst the majority of the Council’s 26 findings have now been addressed, a number of current agreed management actions continue not to achieve their agreed implementation dates. Progress towards address open IA findings is reported quarterly to the Governance, Risk, and Best Value Committee. A ‘validation’ audit is also included in the annual plan to confirm whether management actions implemented to address closed IA findings have been effectively implemented and sustained.</p> <ul style="list-style-type: none"> ▪ The Enterprise Risk Management Policy describes how risk management aligns with the achievement of objectives.. ▪ Assurance on the adequacy and effectiveness of controls in place to mitigate the most significant risks faced by the Council is delivered via completion of the annual Internal Audit Plan. The 2020/21 plan can be located at: Internal Audit Annual Plan 2020/21. ▪ An Internal Audit report is produced at the end of each audit which includes findings that detail any control weaknesses identified and the associated risks. Actions are agreed with divisional and directorate management to ensure that these weaknesses are remediated, and implementation dates for completion of management actions are agreed. ▪ Management’s progress with closure of IA findings is monitored using the Team Central system launched in July 2018 and the actions and evidence provided by management are reviewed by Internal Audit prior to closure. ▪ Overdue IA findings are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the Council’s Governance, Risk and Best Value Committee. The latest report provided to the Governance, Risk and Best Value Committee can be found at: Internal Audit - Overdue Findings and Late Management Responses. ▪ The Annual Audit Report 2019-20 from Azets undertook a risk management arrangements. As a result, the operational risk management framework has also been refreshed and is currently being piloted prior to final approval by the Corporate Leadership Team and implementation across the Council. ▪ As part of its Covid-19 response, the Council has established a process to ensure that all new and emerging Covid-19 risks are identified; assessed; recorded; actioned (where possible) and monitored. A separate Covid-19 Risk Management Plan has been maintained that is regularly reviewed by the Council’s Incident Management Team and included in the quarterly risk reports provided to the Governance, Risk, and Best Value Committee. ▪ The Council’s Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council’s control environment and governance and risk management frameworks. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council’s Annual Governance Statement. ▪ The Member/Officer Protocol (2016) sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties. This is currently under review and will be complete 2021. ▪ Councillors’ Code of Conduct – Standards Commission - the standards councillors must apply when undertaking their Council duties. ▪ Anti-bribery policy – introduced in 2012 to strengthen existing anti-corruption measures and to meet the requirements of the Bribery Act 2010. ▪ Register of Elected Members’ Interests and Expenses is published on elected member profiles and a hard copy is maintained for inspection – as required by the Standards Commission. ▪ Policy on Fraud Prevention – introduced in 2013 and contains preventative and control measures designed to reduce the risks to the Council from fraud and fraudulent activity. ▪ Anti-bribery Policy and Fraud Prevention Policy are essential learning for all Council employees, with e-learning modules available. ▪ Wide range of internal and external counter fraud activities, including Council Tax, Benefits, parking, school placement and national fraud initiative work ▪ The Council’s Monitoring Officer will investigate serious allegations of fraud, corruption or maladministration and report findings and recommendations to full Council. ▪ The Council’s Whistleblowing Policy mandates an independent service provider with authority to decide on the categorising of disclosures and investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee and thereafter to the relevant executive committee convener. ▪ Contract Standing Orders (February 2021) – regularly updated essential legal and operational rules for all Council staff to follow when procuring a contract, including escalation processes to Legal and Risk, ensuring that all procurements meet strategic objectives of the Council and achieve best value. ▪ Grant Standing Orders – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). 	

	<ul style="list-style-type: none"> There are also a number of additional third line of defence assurance providers who assess the adequacy and effectiveness of the Council’s controls in addition to Internal Audit. These include (for example) External Audit (who assess the adequacy and effectiveness of the Council’s key financial controls and audit the financial statements); The Care Inspectorate; the Scottish Housing Regulator; the Health and Safety Executive; and the Information Commissioners Office. 	
Requirement of the Council’s Code	6.2.2 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	Score out of 10: 9
Evidence of compliance and links	<ul style="list-style-type: none"> During 2020/21, Internal Audit fully conformed with all aspects of the requirements of the Public Sector Internal Audit Standards. Including the requirement to maintain an internal quality assurance programme. The next quinquennial IA external quality assurance review is scheduled for 2021/22 in line with PSIAS requirements. The annual <u>Internal Audit Plan</u> is driven by the Council’s organisational objectives and priorities, and focuses on providing assurance on the Council’s most significant risks that may prevent achievement of objectives. Internal Audit is also required to provide ongoing coverage across all remaining Council services on a rolling three-year basis. Recognising the impacts of Covid-19 on Council services, a number of audits due to be completed to support the 2019/20 IA annual opinion were delayed, and a limited opinion was provided based on a reduced number of audits. This approach was validated with both CIPFA and the Chartered Institute of Internal Auditors. Recognising that the Council’s risk profile significantly changed in response to Covid-19, the 2020/21 IA annual plan was reshaped to provide appropriate assurance on new and emerging Covid-19 risks, and was reduced in size to reflect the impact of the pandemic on Council services, and their capacity to support audit reviews. It is likely that another limited opinion based on a reduced number of audits will also be delivered in 2020/21. The Governance, Risk and Best Value (GRBV) Committee’s remit includes agreeing internal audit plans and ensuring internal audit work is properly planned with due regard to risk, materiality and coverage, and scrutinising final Internal Audit reports. The Council’s <u>2020/21 Internal Audit Plan</u> was approved by the Governance, Risk and Best Value Committee in September 2020 The scopes of individual audit reviews detailed in the annual Internal Audit plan are designed to review and test the adequacy of the design and operating effectiveness of the governance, risk management frameworks and key controls established to support service delivery and (where relevant) compliance with applicable legislation. Where risk management and/or governance frameworks are considered as either high or medium risk in the context of individual audit reviews, these areas will be included in scope The Council’s Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council’s control environment and governance and risk management frameworks. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council’s Annual Governance Statement. Annual Assurance Exercise – seeks assurance from executive directors, heads of service, significant Council companies and joint boards over a wide range of controls and requirements which is then certified by the responsible executive director/chief officer to inform the drafting of the Annual Governance Statement. This is also overseen by the Governance, Risk and Best Value Committee. The Council’s risk management framework is continuously reviewed, and improvements are implemented as appropriate. The <u>Council’s Risk Appetite Statement</u> and <u>Enterprise Risk Management Policy</u> are approved by GRBV Committee. 	
Requirement of the Council’s Code	6.2.3 Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and that its recommendations are listened to and acted upon.	Score out of 10: 7
Evidence of compliance and links	<p>The Council has a strong, independent audit committee which is chaired by an opposition elected member. The Council’s GRBV committee is independent as the Council’s main scrutiny committee as well as its audit committee. It is linked with the Council’s decision-making bodies, having a relationship that both supports and challenges the services under the oversight of the executive committees. However, the Committee has the power to act on its own accord with no need for executive committee permission and its power to call any elected member or officer to the committee provides it the ability to effectively scrutinise. There is a history of scrutinising difficult areas for the Council including shared repairs and Cameron House. It has also improved governance across the Council by driving change such as policy review. The effectiveness of the committee has been reviewed as part of the 20/21 Internal Audit plan, and any recommendations resulting from that report will be considered for implementation following the Local Government elections in 2022.</p> <ul style="list-style-type: none"> The <u>Accounts Commission Best Value Audit Report 2016</u> stated that the Governance, Risk and Best Value Committee ‘provides effective scrutiny of the Council’s operations and performance.’. and in its <u>2020 Best Value Assurance Audit</u> report provided examples of effective scrutiny of the committee. <u>Committee Terms of Reference and Delegated Functions</u> require the Governance, Risk and Best Value Committee to be convened by a senior opposition member. The Executive Director of Resources attends meetings in person, supported by other members of the Corporate Leadership Team. The Committee has the ability to review any of the Council’s activities, to require action or further reports, and to call witnesses to support its debate. The Committee has a role in the Council’s governance framework for its companies, scrutinising their past performance on an annual basis. The Committee receives quarterly and annual whistleblowing monitoring reports, including investigation outcomes and proposed management actions, and approved the introduction of a new process to monitor the implementation of management actions during the reporting period. The Council’s independent whistleblowing service provider has direct access to the committee on request and the committee can request sight of full investigation reports and call on investigating officers and council officers to attend its meetings in private session to account for their actions. The Council has responded to external scrutiny, in the form of external audit and inspection reports, with improvement plans which are reported to the appropriate committees. GRBV also reviews and performs scrutiny on the CLT risk register; monitors progress with delivery of the Internal Audit Plan; and scrutinises all Internal Audit reports. 	
Supporting principle	6.3 Managing data	
Requirement of the Council’s Code	6.3.1 Ensuring that data is properly managed, accurate and of a good quality.	Score out of 10: 6
Evidence of compliance and links	<p>The Council has a strong centralised Information Governance Unit that monitors and assesses compliance with its statutory obligations under information governance legislation. As processes mature and training and awareness reach more staff there has been a significant increase in activity, particularly in relation to breach reporting. This increase reflects the fact that the Council is better at identifying issues when they occur and taking appropriate action to mitigate impact and reduce reoccurrence.</p> <p>The Council is subject to various pieces of Scottish and UK information legislation. UK data protection legislation governs how personal data is collected, managed and used by organisations. UK and Scottish information access legislation (Freedom of Information (Scotland) Act 2002, Environmental Information Regulations (Scotland) 2004, INSPIRE Scotland Regulations 2011, Re-use of Public Sector Information Regulations 2015, and the Pupils Educational Records (Scotland) Regulations 2003), governs how public authorities must deal with requests for information that are made to them. Finally, the Public Records (Scotland) Act 2011 governs how Scottish public authorities must manage their public records in accordance with best practice and standards.</p> <ul style="list-style-type: none"> The Council’s <u>Information Governance Policy</u> set out the Council’s approach to the collection, storage, use, sharing and security of information, including employee roles and responsibilities. The Policy is supported by an information governance framework consisting of detailed <u>guidance, procedures</u> and mandatory training for all employees. The framework is promoted through an annual communications plan which includes various awareness raising initiatives and training events. Additional guidance has been provided to employees on managing data during the lockdown. 	

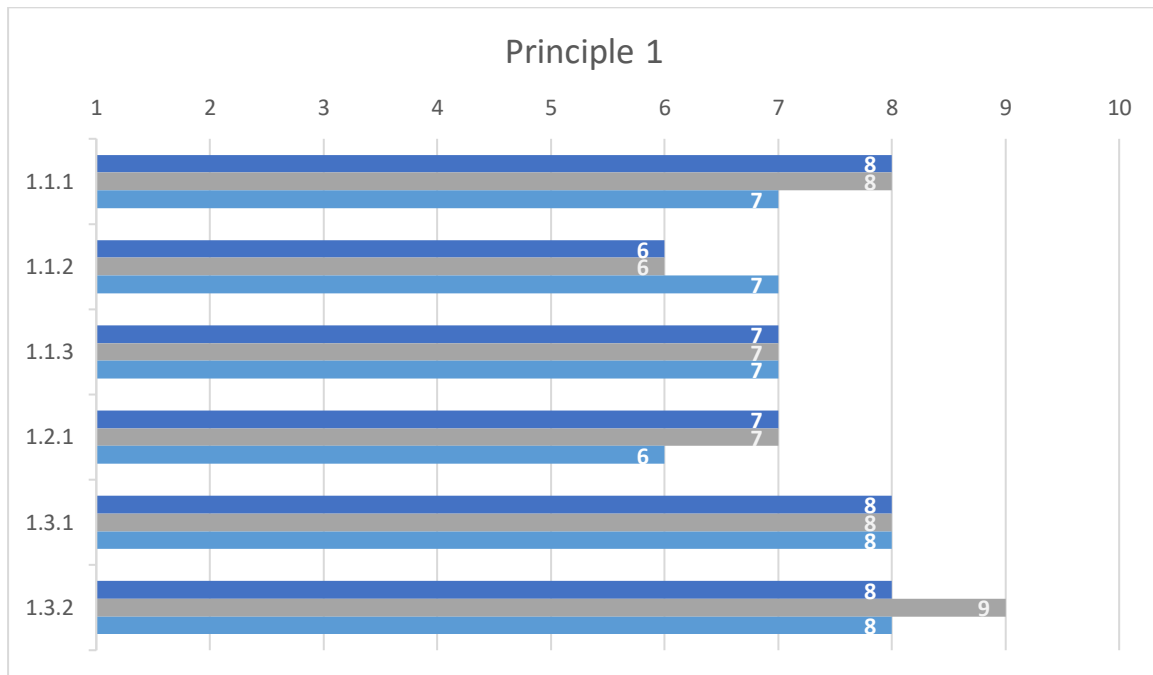
	<ul style="list-style-type: none"> The Information Governance Unit maintains a series of Council-wide registers that document and classify how data, information and records should be managed in the Council. The Information Asset Register details the Council's information assets, the Record of Processing details why and how personal data is processed by the Council, and the Council's Record Retention Schedule details how long information and records should be retained in line with statutory requirement and business need. The Council explains how it manages its data, information and records to the public through various means. Its records managements arrangements are published in its statutory Records Management Plan, its personal data collection arrangements through its Privacy Notices, and how it provides access to information and records through its Publication Scheme. Data Protection Impact Assessments are carried out when new processes for handling personal data are introduced, or existing ones updated. This ensures compliance with all data protection principles and ensures that information risks are properly identified and appropriately managed. Procedures are in place to support information sharing arrangements within the organisation. The Council has standard access to information processes for the public that ensure its compliance with relevant legislation and its commitment to transparency and accountability. This includes personal data, environmental data and general information held by the Council. Standard information governance related terms and conditions are included within Council contracts. The Employee Code of Conduct gives clear guidance for employees on the use of Council Assets, Systems and Information. Policy on Fraud Prevention aims to uphold the highest standard of conduct and ethics in all areas of the Council's work. The ICT Acceptable Use Policy gives clear guidance on effective use of technology, providing opportunities to communicate and interact internally, with partners and with the public. The Policy outlines the standards of conduct that are required of staff when using all electronic communications and systems. An Information Board has been established to facilitate better information management across the Council. A Cyber and Information Security Steering Group, chaired by the Executive Director of Resources was approved by CLT and meets monthly. The Executive Director of Resources is also the Scottish Government Executive Director lead for cybersecurity arrangements. The Council has achieved Cyber Essentials, Public Services Network (PSN) accreditation and is working towards Cyber Essentials Plus accreditation. These accreditations provide assurance on the effectiveness of the Council's network security controls. Vulnerability Scanning has been implemented across the Council's corporate network. Senior Management Teams regularly monitor performance of their services as part of the Council's Performance Framework. A key element of this involves senior officers analysing the performance data in advance of the performance discussion to identify areas of good practice and areas for improvement. The quality and accuracy of the data is assessed at this point to ensure that the performance information is robust. An annual information governance maturity assessment is undertaken Council-wide to measure compliance against policy and legislation. Its findings are reported to Directors, the Information Board and the Cyber and Information Security Steering Group. Data quality is also reviewed and audited as part of statutory returns (for example Local Government Benchmarking Framework, Children's Social Work Services returns) to ensure performance information is robust and accurate. Established management information and reporting supports service managers with their operational decision making and allows for comparisons and trends over time to be analysed with confidence. All contract extensions and reviews require a check to ensure that necessary clauses on information governance obligations have been included. 	
Supporting principle	6.4 Strong public financial management	
Requirement of the Council's Code	6.4.1 Ensuring that financial management is integrated at all levels of planning and control, and supports the achievement of outcomes and short-term financial and operational performance.	Score out of 10: 7
Evidence of compliance and links	<p>The Council operates a tiered framework of financial planning and control, with regular updates provided to Senior Management Teams, the Council Leadership Team and elected members. There are, however, opportunities to improve transparency in financial reporting and improvements to the internal control framework are also required to provide increased assurance as to their effectiveness.</p> <ul style="list-style-type: none"> The Council's Financial Regulations set out the responsibilities of Executive Directors in managing their respective budgets within approved levels. To this end, Finance staff work closely with service managers in supporting the development and delivery of robust savings measures, as well as providing timely advice facilitating the management of risks and pressures and, where necessary, highlighting issues where a service- or Council-wide response may be required. Given the constraints under which all service areas are necessarily working, the role of Finance staff continues to combine the functions of support and challenge, with an increasing emphasis upon informing decisions about the relative prioritisation afforded to services as a route towards longer-term sustainability. Technical and more general management training has been delivered to all professional accountancy staff for onward dissemination of the principles of good financial management throughout the organisation. Principal Accountants attend service senior management team meetings and the Finance function is represented on the boards of all of the main transformational projects, as well as project assurance reviews. The Council has a comprehensive system of revenue and capital monitoring in place and the summarised position is regularly considered at Service Management Teams and the Corporate Leadership Team. The focus of this monitoring has been realigned more specifically towards high-risk, material and/or more volatile areas, allowing available staffing resource to support a range of key initiatives within the Council. The Council's internal control framework was examined as part of the 2018/19 Annual Audit process and assessed to be well-designed and effective in supporting the Council's wider governance framework and in the 2019/20 Annual Audit Report to the Council did not find any significant weaknesses in the Council's accounting and internal control systems. As part of the wider new elected member induction process, the Finance function has supported improving the financial literacy of members through the provision of dedicated, well-attended sessions on financial statements, financial planning and treasury management. Officers are also assigned to work with each political group in developing its budget proposals and advising on wider financial matters. 	
Principle 6 - Improvement plan	<ol style="list-style-type: none"> Alignment with and implementation of the Council's new Operational Risk Management Framework and refreshed Enterprise Risk Management Policy and Risk Appetite Statement will be undertaken during 2021/22 Roll out Operational Risk Framework and Project Management Risk Approach Embed risk management process through effective and robust training/engagement Implement the proposed governance and assurance model to ensure that there is sufficient capacity and skills available across the Council to support effective governance and risk management activities and ensure that key controls established to manage significant risks continue to operate effectively. Progress the actions identified in Internal Audit's review into council assurance and the annual governance statement The effectiveness of the Governance, Risk and Best Value Committee will be reviewed in the 21/22 Internal Audit Plan. To implement and ensure that vulnerability scanning across the Learning and Teaching Network. 	<ol style="list-style-type: none"> Service Director, Legal and Assurance Service Director, Legal and Assurance Service Director, Legal and Assurance Service Director, Legal and Assurance Service Director, Legal and Assurance Service Director, Legal and Assurance Executive Director of Education and Children's Services

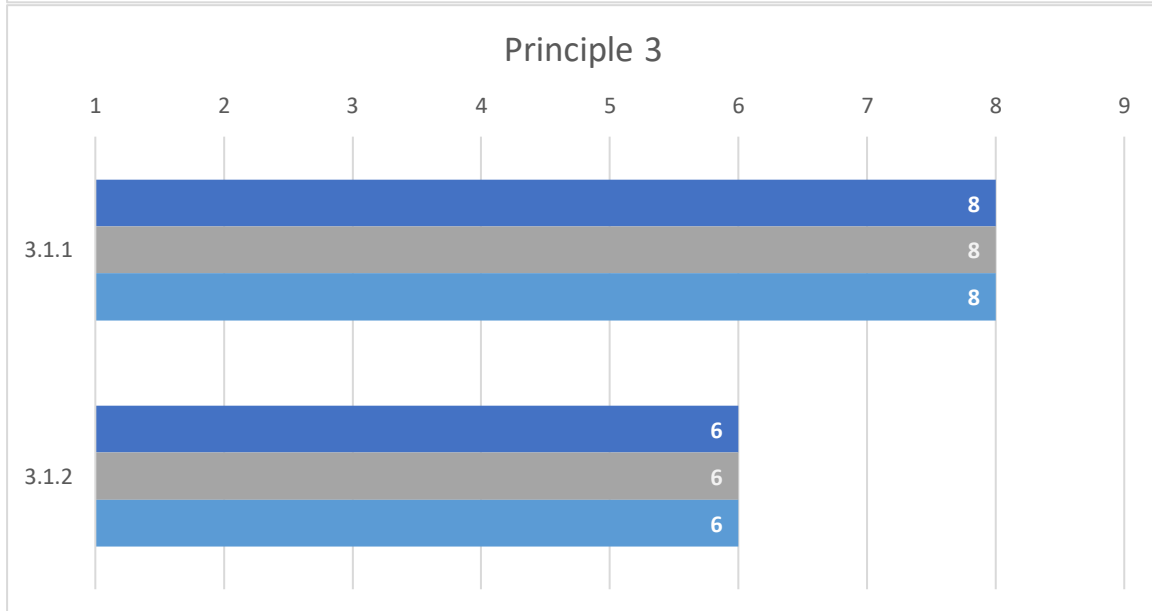
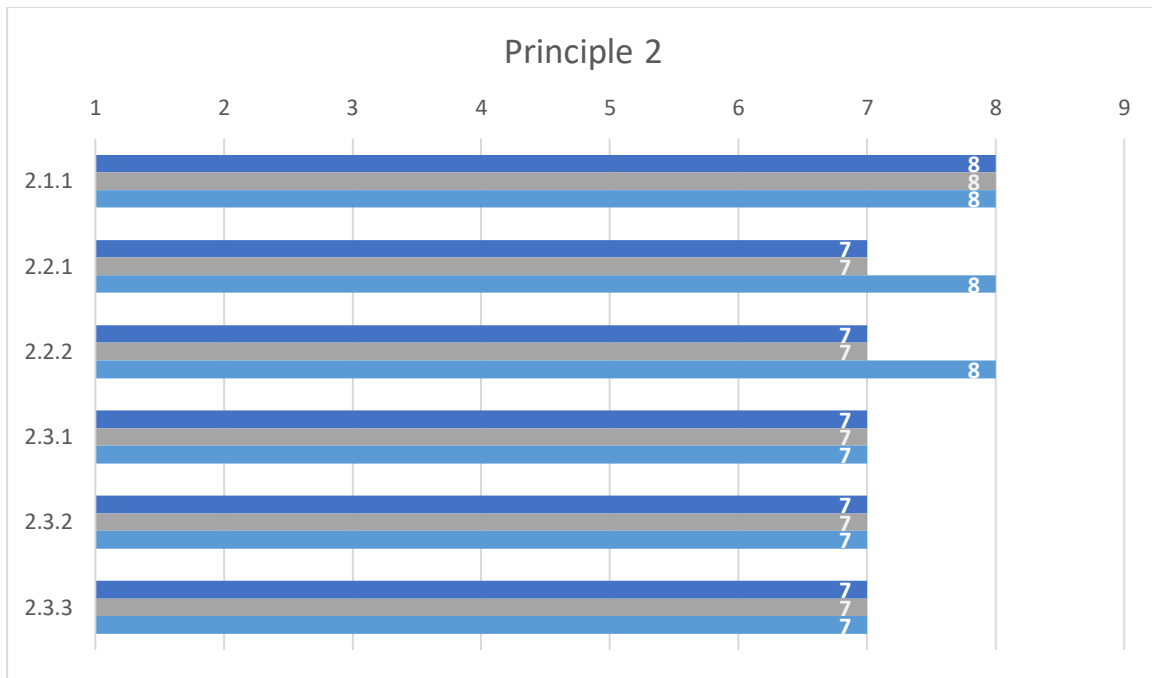
Principle 7	Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Supporting principle	7.1 Implementing good practice in transparency	
Requirement of the Council's Code	7.1.1 Writing and communicating reports to the public and other stakeholders in a transparent manner which facilitates accountability and accessibility.	Score out of 10: 8
Evidence of compliance and links	<p>The Council's reports have a strong focus on decision-making and the information required to make those decisions. The committee report template and guidance includes standard sections that provides the necessary information for elected members to take decisions with clear explanation of key considerations. Access to reports is good with a robust focus on ensuring private reports are kept to a minimum and thus most decision making is done in public.</p> <ul style="list-style-type: none"> The Council's procedural standing orders ensure compliance with requirements outlined in the Local Government (Access to Information Act) 1985. Council minutes are concise and provide all necessary information as required by the Local Government (Scotland) Act 1973. Training on the Access to Information Act is provided for key officers and elected members as part of the Governance Framework Training Session. All Council and Committee reports and decisions are recorded and are available on the CEC website (from May 2003). Webcasting of Council and major committee meetings – webcasts available for 5 years online and then by request via the Council archive. New report templates and guidance are routinely introduced, the latest of which was in November 2018. This stresses the importance of using plain English and includes standard sections including an executive summary. The Modern.Gov committee management system was implemented in late 2019. This updated the online committee paper archive system allowing for better search facilities and provided functionality which allows for the secure electronic transmission of private committee reports and information. A bespoke committee paper app has been made available to elected members and members of the public which allows for secure access, archiving and personal annotation of committee reports. 	
Supporting principle	7.2 Implementing good practices in reporting	
Requirement of the Council's Code	7.2.1 Elected member and senior management owned annual reporting on performance, best value and resource stewardship.	Score out of 10: 7
Evidence of compliance and links	<p>As part of the Council's annual performance framework, performance is submitted to Council annually. The Council has a business plan and a performance framework. Additional reporting is published on delivery of the 52 Coalition Commitments and officers produce their own analysis of the Local Government Benchmarking Framework report.</p> <p>Various governance and risk management documents are published and available to elected members and senior management. This includes CLT Risk Register, Internal Audit Plan, Internal Audit reports and the Internal Audit annual opinion.</p> <ul style="list-style-type: none"> Annual publication of progress reports against the Council's outcome-based Performance Framework and public scrutiny by elected members. Annual publication of performance against Community Plan indicators and targets. Annual performance report on the Integration Joint Board (IJB) including 23 National Indicators and progress report of its strategic direction to IJB. Annual submission to Local Government Benchmarking Framework on various performance indicators including indicators relating to value for money and stewardship of resources. Annual submission to Scottish Public Services Ombudsman of Council complaints. Various thematic annual submissions to stakeholders e.g. Education returns, Scottish Social Housing Charter Indicators, financial submission to Scottish Government etc. Results of Edinburgh People Survey are reported and acted upon. Regular performance discussion within service areas on operational performance. Quarterly CLT performance meeting discussing service level performance. Senior Managers accountable for their area performance providing comments for indicators along with service improvements. Six monthly reporting to elected members on coalition commitments to give Council Leaders/Conveners opportunity to discuss the progress in achieving milestones and performance measures. Edinburgh by Numbers is an infographic report with collection of city facts and figures for people who do business here. Various thematic reports e.g. on Educational Attainment are available to access online. The Council publishes performance information regularly to inform our customers and stakeholders about progress towards delivery of strategic aims and outcomes. This demonstrates our ability to be transparent and accountable and our commitment to seeking continuous improvement. A "Budget Book" has been created for Elected members to give them additional information and context when making complex budget decisions. Breaking down the approved expenditure by service area and directorate to show how our money is spent in a clearer and more transparent way. 	
Requirement of the Council's Code	7.2.2 Ensuring that robust arrangements for assessing compliance with Corporate Governance Code principles, publishing results and improvement actions are in place for the Council and jointly managed services.	Score out of 10: 7
Evidence of compliance and links	<p>Assessing compliance with the Corporate Governance Code (CGC, Previously CGF) in 2016/17 highlighted many areas where improvement was required in the process for collecting the data. A review took place with input from elected members which identified weaknesses and identified improvement actions to ensure the CGC is a more effective tool in improving processes and practices across the council. Timetabling and content of both the CGC and the Annual Directorate Assurance Exercise continue to be developed to allow for both processes to inform and complement each other and the Council's Annual Governance Statement. Until the links between the improvement actions of directorates, the framework, assurance schedules and the annual governance statement are strengthened, the framework will only have a limited impact.</p> <ul style="list-style-type: none"> A Corporate Governance Code Self-Assessment Exercise, following the Cipfa/SOLACE recommended format, is undertaken annually and submitted in full to the GRBV Committee. The CG Framework Code elf-Assessment Exercise is reviewed by the Council's CLT and it seeks to apply improvements when identified. The self-assessment for the period 1 April 2018 - 31 March 2019 was reported to the GRBV Committee on 17 September 2019. The self-assessment for the period 1 April 2019 – 31 March 2020 was reported to GRBV Committee on 03 November 2020. Regular review and enhancement of the annual assurance exercise is undertaken to ensure that evidence requirements and quality of output are able to inform production of the Council's Governance Statement. 	

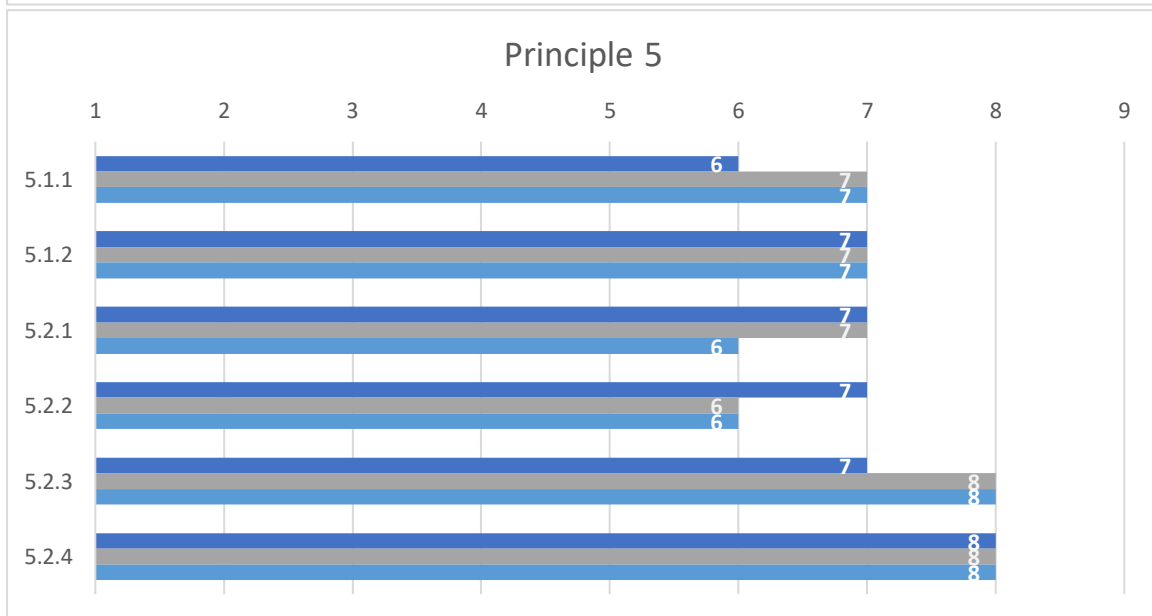
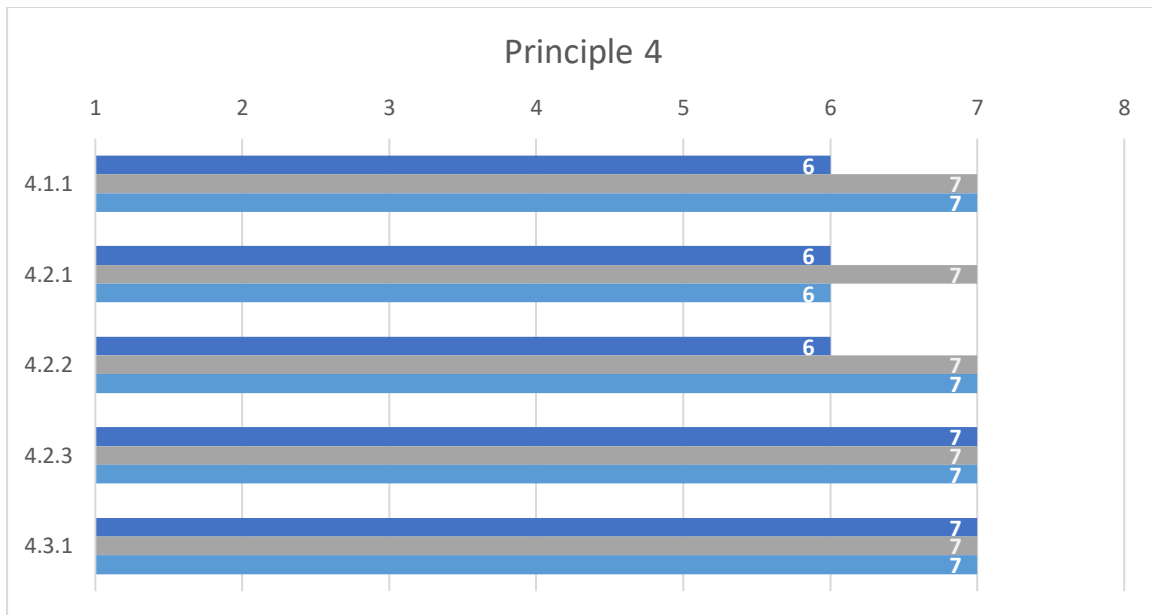
Requirement of the Council's Code	7.2.3 Ensuring that performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.	Score out of 10: 8
	<p>The Council adopts a number of means to improve the transparency of its financial affairs, including relevant commentary in its Annual Accounts, production of the annual Key Facts and Figures publication and supplementary information to accompany the issuing of Council Tax bills.</p> <ul style="list-style-type: none"> The Council's financial statements have been prepared by the statutory deadline and without subsequent qualification every year since 1997/98. The financial statements are accompanied by a management commentary that includes a range of key financial performance indicators, prepared in accordance with professional standards and with prior-year comparator and background information. A summarised version of the statements is also produced. The Council also actively participates in the Local Government Benchmarking Framework and other performance improvement networks to examine opportunities to adopt and share best practice with other local authorities and public-sector bodies. The Council additionally prepares an annual Key Facts and Figures document that provides, in an accessible format, details of its revenue and capital budgets and associated key activities. 	
Supporting principle	7.3 Assurance and effective accountability	
Requirement of the Council's Code	7.3.1 Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	Score out of 10: 5
Evidence of compliance and links	<p>Partnership working within Edinburgh is strong and the community planning partnership has strong support and commitment from all partners. However, decision making remains with individual partners so although accountability is defined it is not always clear to those observing the Partnership. Health and Social Care has different arrangements from the rest of the council through the IJB and we are working within a legislative framework. Issues raised in regard to Marketing Edinburgh indicate that improvements are needed in the Council's ALEOs arrangements regarding decision making if ALEOs are experiencing distress or have a lack of executive leadership.</p> <ul style="list-style-type: none"> Arrangements for scrutiny and accountability for services directed by the IJB were agreed in the scheme in May 2016. The Scheme will be reviewed in 2021 (delayed from 2020 due to Covid-19 pandemic). There is a need, however, to further clarify roles and responsibilities within the complex accountability arrangements of the IJB. EIJB, CEC and NHS Lothian all have duties and responsibilities out of the creation of the IJB. Council Companies' Hub established in June 2016 to improve the officer scrutiny of Council companies. It clarifies roles and responsibilities, good governance, elected members duties as councillors and the mitigation of conflicts of interest. Annual performance reporting by Council Companies to the responsible Executive Committee and GRBV has commenced, with a report template and guidance produced in November 2018.. The Council's Chief Executive holds regular one to one meetings with Chief Executives of the Council's key ALEOs. The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services. The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services. During 2018 the EP Board carried out a review and consultation of its governance arrangements and developed a Local Outcome Improvement Plan (Community Plan) in response to the legal requirements of the Community Empowerment (Scotland) Act 2015. The new plan states the ambitions to further strengthen approaches to change, challenge and effective partnership working in tackling poverty and inequality in the city. Locality Improvement Plans, also a legal requirement, were approved in November 2017 following a period of extensive consultation with communities and public and voluntary sector partners. The priorities set out in the Locality Improvement Plans were reviewed and updated in 2020 to ensure they were still relevant. A record of partners who deliver statutory services is maintained through a Service Level Agreement (SLA) register. This is regularly reviewed and input provided by all service areas. 	
Requirement of the Council's Code	7.3.2 Ensuring that internal audit arrangements provide assurance on governance arrangements and risks from 3 rd party service delivery and that this is reflected in the annual governance statement.	Score out of 10: 8
Evidence of compliance and links	<p>Third party or supplier management risk is a consistent theme that is reflected in a number of specific risks included in the CLT risk register, and has been covered by a number of recent audits. Due to Covid-19 and the subsequent delay to signing off internal audits there was not the opportunity to include as much detail in the Annual Governance Statement. This continues to be a significant risk for the Council as not all IA findings have yet been addressed, and new and significant weaknesses in supplier management controls continue to emerge.</p> <p>Additionally, supplier management risk increased significantly during Covid-19, and the 2020/21 IA annual plan was adjusted to focus on this increased risks. Completed audits that focused on supplier management risk included:</p> <ul style="list-style-type: none"> Covid-19 supplier relief arrangements; Spaces for People; and Procurement and Allocation of Personal Protective Equipment <p>An additional audit was also added to the 2020/21 IA annual plan at management's request that focused on the adequacy of the Council's supplier management arrangements in relation to a specific high risk contract.</p> <p>Management is also working through the relevant supplier management findings raised in the audits detailed below to ensure that the risks identified have been mitigated.</p> <ul style="list-style-type: none"> Contract management and Construction Scheme Industry Payment Deductions audit (July 2019); CGI Subcontract Management (November 2019); Brexit Risk and Supply Chain Management (August 2020); CGI Partnership Management and Governance (July 2020); and Unsupported Technology (Shadow IT) (August 2020). 	
Requirement of the Council's Code	7.3.3 Ensuring that recommendations from Internal Audit, External Audit, peer challenge, reviews and inspections are welcomed and acted upon.	Score out of 10: 4

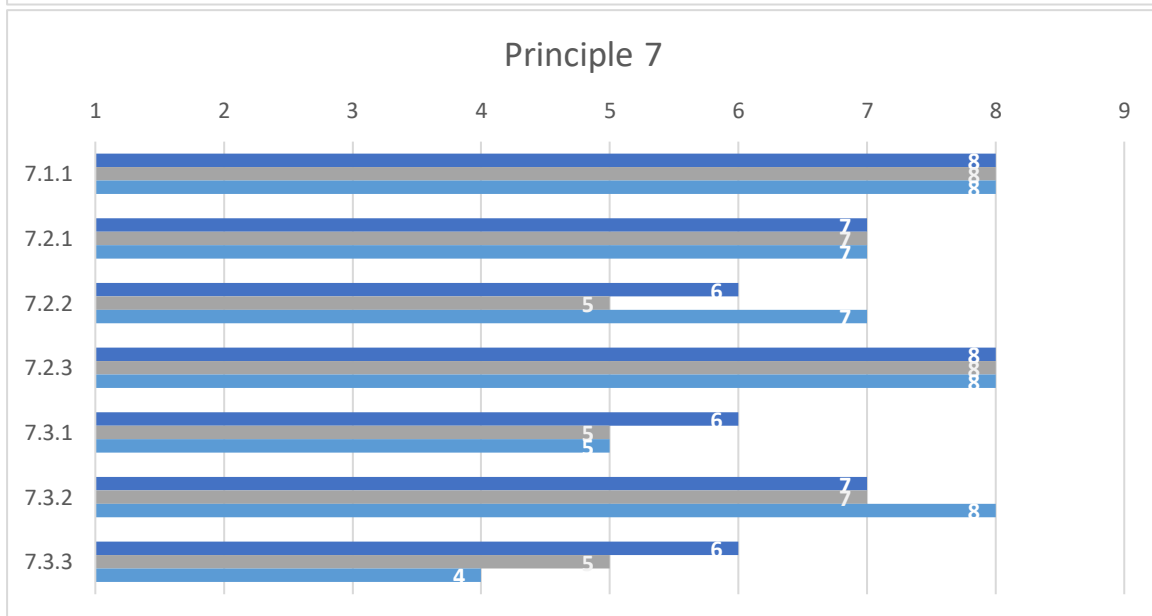
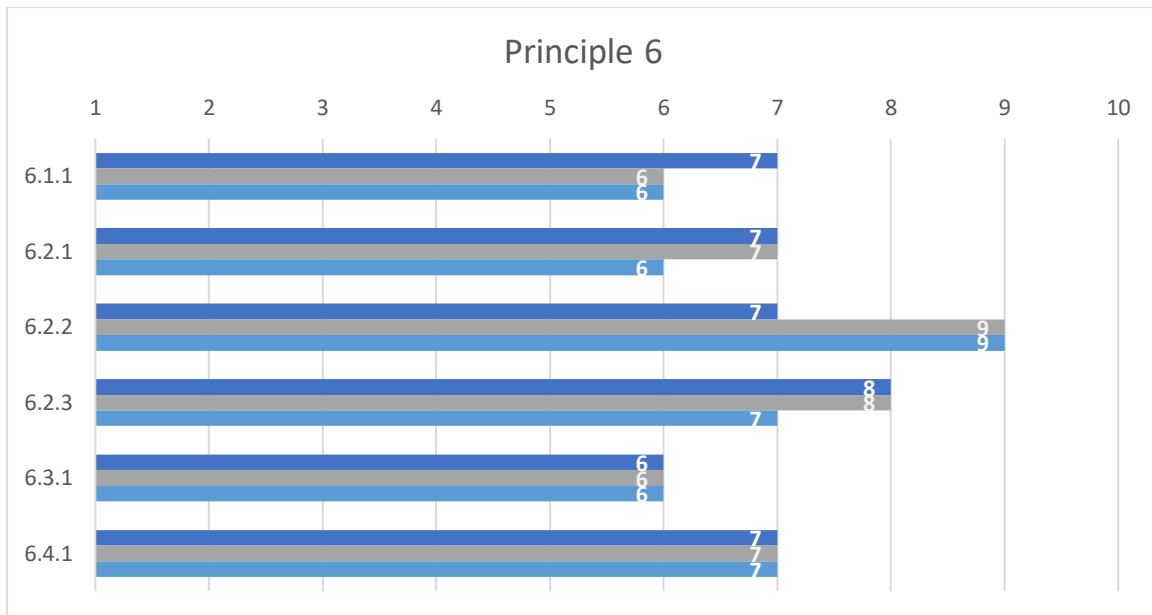
Evidence of compliance and links	<p>In June 2018 it was identified that a number of historic management actions to address Internal Audit findings had either not been implemented, or were implemented but had not been sustained, resulting in a total of 30 historic IA findings being reopened and tracked as overdue (26 for the Council and 4 for the Edinburgh Integration Joint Board). Whilst the majority of the Council’s 26 findings have now been addressed, a number of current agreed management actions continue not to achieve their agreed implementation dates. Progress towards address open IA findings is reported quarterly to the Governance, Risk, and Best Value Committee. A ‘validation’ audit is also included in the annual plan to confirm whether management actions implemented to address closed IA findings have been effectively implemented and sustained.</p> <ul style="list-style-type: none"> Implementation of agreed management actions to support closure of Internal Audit findings raised is monitored with validation performed to confirm that controls gaps have been addressed prior to closure. All overdue findings and supporting agreed management actions and findings (those that have not achieved their initial implementation date) are reported monthly to the Council’s Corporate Leadership Team and quarterly to the Governance, Risk and Best Value Committee. The latest report is located at Internal Audit - Overdue Findings and Late Management Responses Historically an annual validation audit is also included in the IA plan. This assesses whether controls to address historic controls gaps have been implemented and sustained. Coverage and assessment of these areas forms an integral part of the annual assurance exercise in preparation for the writing of the Annual Governance Statement, submitted to council with the unaudited annual accounts. The Council’s Strategy & Communication service along with Finance lead on the Annual Audit report of Council services to support statutory duties and use external scrutiny to ensure services benchmark with their peers. The Audit Report is scrutinised by the Governance, Risk and Best Value Committee and an improvement plan is developed to ensure actions identified in the report are acted upon. Following a Scottish Government Building Standards Division audit of the Council’s Building Standards Service in 2017, a number of areas for improvements were identified as a prerequisite for continued verification of the service. Customer engagement through Stakeholder panel, quarterly newsletters and a programme of strategic engagement are ongoing. A programme of continuous improvement across the operational aspects of the service ensure change is being embedded and Building Standards achieved reaccreditation for a period of 2 years in the 20/21 period (1 May 2021 – 30 April 2023). The appointment as verifier is conditional on sustained and improved performance as well as adherence to actions set out in the Building Standards Improvement Plan, this progress is reported regularly to the Planning Committee. 	
Principle 7 - Improvement plan	<ol style="list-style-type: none"> 1) To create a consolidated decision tracker for Best Value, assurance and Annual Accounts recommendations. 2) Progress the actions identified in Internal Audit’s review into council assurance and the annual governance statement. 3) Progress a review of Governance and Assurance in relation to the Council’s Arm’s Length External Organisations. 4) To action and monitor recommendations from the Best Value Assurance Audit Report. 5) Following presentation of the 2019/20 Internal Audit annual opinion to the Governance, Risk and Best Value Committee in August 2020, and agreement on amendment on the IA annual opinion, it was agreed that the Chief Executive and Executive Directors would draft a comprehensive plan detailing how the areas for improvement in the annual opinion will be addressed to ensure improvement in advance of 2020/21 annual opinion. To continue to progress and monitor this. 6) Address the findings of the GRBV external audit. 7) Implement a Governance and Assurance Team. 	<ol style="list-style-type: none"> 1) Service Director, Legal and Assurance 2) Service Director, Legal and Assurance 3) Service Director, Legal and Assurance 4) Service Director, Legal and Assurance 5) Chief Executive and Executive Directors 6) Service Director, Legal and Assurance 7) Service Director, Legal and Assurance

Appendix 2 – Comparison of 18/19, 19/20 and 20/21 Scoring









Governance, Risk and Best Value Committee

10.00am, Tuesday, 10 August 2021

Annual Assurance Schedule – Edinburgh Health and Social Care Partnership

Executive/routine
Wards
Council Commitments

1. Recommendations

It is recommended that Governance, Risk and Best Value Committee (GRBV):

- 1.1.1 Note the Edinburgh Health and Social Care Partnership (the Partnership) annual assurance schedule for 2020-21
- 1.1.2 Note that the Partnership annual assurance schedule 2021-22 would be submitted for scrutiny to GRBV in 12 months.

Judith Proctor

Chief Officer – Edinburgh Health and Social Care Partnership

Contact: Angela Ritchie, Operations Manager - Edinburgh, Health and Social Care Partnership

E-mail: angela.ritchie@edinburgh.gov.uk | Tel: 0131 529 4050

Annual Assurance Schedule – Edinburgh Health and Social Care Partnership

2. Executive Summary

- 2.1 The purpose of this report is to present the annual assurance schedule covering 2020-21 for the Edinburgh Health and Social Care Partnership (the Partnership) to Governance Risk and Best Value Committee (GRBV) for scrutiny.

3. Background

- 3.1 Every year, the Council requires all Executive Directors and the Chief Officer to review the effectiveness and appropriateness of controls within their areas of responsibility and complete a certificate of assurance. The certificate of assurance supports the drafting of the Council's annual governance statement which is a part of the Council's statement of accounts.
- 3.2 To support the Executive Directors and Chief Officer review their control environment, annual assurance statements are sent out which cover the following areas: risk and resilience, policy, governance and compliance, information governance, health and safety, performance, contract management, financial control, inspection reports and internal audit.
- 3.3 The Partnership was created by the City of Edinburgh Council and NHS Lothian as the vehicle for delivering services delegated to the Edinburgh Integration Joint Board (EIJB).
- 3.4 Although staff remain employed by the Council or NHS Lothian, they work in an integrated organisational structure. The budget allocated to the Partnership is approximately £600 million and almost 6000 staff deliver the following services:
- 3.4.1 social work services for adults, including disabilities, mental health, older people, sensory impairment, and substance misuse
 - 3.4.2 support for carers
 - 3.4.3 primary care services including GP's and community nursing

- 3.4.4 allied health professionals, such as occupational therapists, psychologists, and physiotherapists
- 3.4.5 community dental, ophthalmic, and pharmaceutical services
- 3.4.6 continence services
- 3.4.7 unplanned admissions to hospitals.

4. Main report

- 4.1 The certificate of assurance requires Heads of Service, Executive Directors and Chief Officer to confirm that:
 - 4.1.1 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.
 - 4.1.2 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
 - 4.1.3 They have identified actions that will be taken to continue improvement
- 4.2 A completed annual assurance statement was completed by each Head of Service within the Partnership.
- 4.3 This was then taken as the basis of the Chief Officer's assurance statement which is attached as appendix 1. The Chief Officer's assurance statement was returned to the Governance Team within Strategy and Insight for review and subsequently the Chief Officer is asked to sign a certificate of assurance. The Partnership's assurance statement along with the other directorate assurance statements were used to draft the Council's annual governance statement as part of the Unaudited Annual Accounts for 2021.
- 4.4 As part of the completion of the assurance statement for 2021, the Partnership felt that there was partial compliance in the following areas:
 - 4.4.1 Risk Management
- 4.5 As part of the process an improvement plan has been developed and included as appendix 2 covering the areas identified as partially compliant with responsible officer and deadlines included. Due to the significant impact of Covid19 on Partnership services, it is likely that elements of the improvement plan may need to be reassessed and delivery deadlines reviewed.

5. Next Steps

- 5.1 The Partnership continues to work to deliver those actions identified in appendix 2 to strengthen controls in key areas.
- 5.2 The annual assurance process will continue to be reviewed in line with feedback to ensure that effective assurance is provided.

- 5.3 The 2021-22 annual assurance schedule will be presented to Governance, Risk and Best Value Committee in 12 months for scrutiny.

6. Financial impact

- 6.1 The annual assurance process and development of the annual governance statement is contained within relevant service area budgets.
- 6.2 An effective control framework is key in ensuring that the Council has appropriate governance in place.

7. Stakeholder/Community Impact

- 7.1 The assurance schedule exercise acts as a prompt for service areas to think about good governance and their internal control environment. Action plans support improvements in areas where weaknesses have been identified.
- 7.2 Completed schedules are reviewed by the Democracy, Governance and Resilience Senior Manager and are provided to the Chief Internal Auditor for comment.
- 7.3 The annual assurance schedule template has been drafted using input from the Council's subject matter experts and contributions from a range of specialist areas across the Council and Partnership including resilience, health and safety and internal audit.

8. Background reading/external references

None.

9. Appendices

Appendix 1 - Partnership Annual Assurance Statement 2020 - 21

Appendix 2 - Annual Assurance Action Plan

Appendix 1 – 2020/21 Partnership Annual Assurance Schedule

Assurance Statement						
Ref	Statement	Response				
1	Internal Control Environment	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
1.1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Compliant	No	Annual Internal Audit Plan (based on most significant risks to the Council) CLT Change Board – programme/project management framework Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV Community planning – Edinburgh Partnership, Community Plan Contingency planning and business continuity arrangements EIJB – scrutiny and accountability arrangements agreed through scheme Enterprise Risk Management Policy and Risk Management Procedure External validation/review eg.	EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit focus at ET monthly going through all outstanding actions, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.	We have made significant progress in closing outstanding IA management actions however do recognise that we still have more to do to close our remaining outstanding management actions and have a clear plan to achieve this.

1.2	I have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Compliant	No	external audit, independent assurance providers GRBV quarterly scrutiny of top risks GRBV scrutiny of CLT risk register, delivery of Internal Audit Plan and of all Internal Audit reports Health and safety audits Informal and formal reviews eg. internal audit, quality assurance audits Overdue audit recommendations report monthly to CLT and quarterly to GRBV Policies that mitigate risks eg. Anti-bribery, Fraud Prevention, Whistleblowing Quarterly corporate risks scrutinised at CLT Quarterly Risk and Assurance Committees	EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit focus at ET monthly going through all outstanding actions, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.	We have made significant progress in closing outstanding IA management actions however do recognise that we still have more to do to close our remaining outstanding management actions and have a clear plan to achieve this.
1.3	My internal controls and procedures and their effectiveness are regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts.	Compliant	No	Regular 121 meetings between the Council's Chief Executive and the Chief Executives of key ALEOs Report template and guidance – section on risks Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level Risk Appetite Statement Risk Management Groups Risk management policies and strategies (eg procurement, standing orders, project	EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit focus at ET monthly going through all outstanding actions, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of	We have made significant progress in closing outstanding IA management actions however do recognise that we still have more to do to close our remaining outstanding management actions

				<p>management, health and safety, information governance)</p> <p>Risk Management Procedure</p> <p>Risk management tools</p> <p>Schools assurance programme</p> <p>Shareholder or service level agreements</p> <p>Team Central – monitoring implementation of audit recommendations</p> <p>Training, eLearning and workshops for staff and members</p> <p>Wide ranging internal and external counter fraud activity</p>	<p>conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.</p>	<p>and have a clear plan to achieve this.</p>
1.4	<p>The monitoring process applied to funding/operating agreements has not identified any problems that could have an impact on Annual or Group Accounts.</p>	Compliant	No		<p>EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit focus at ET monthly going through all outstanding actions, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.</p>	<p>We have made significant progress in closing outstanding IA management actions however do recognise that we still have more to do to close our remaining outstanding management actions and have a clear plan to achieve this.</p>

2	Risk and Resilience	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Partially compliant	No	Budget Planning CLT Change Board – programme/project management framework CLT scrutiny Contingency planning and business continuity arrangements Council Business Plan Enterprise Risk Management Policy GRBV quarterly scrutiny of top risks Health and safety audits Internal and external audits Internal Audit Plan development considers top risks	Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process for risks which tie into the risk and resilience IA management actions.
2.2	I have effective controls and procedures in place to record and manage the risks identified above to a tolerable level or actions are put in place to mitigate and manage the risk.	Partially compliant	No	Leader's induction includes Risk Management Quarterly corporate risks scrutinised at CLT Quarterly Risk and Assurance Committees Report template and guidance – section on risks Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level	Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process

				Risk Appetite Statement Risk Management Groups Risk management policies and strategies (eg procurement, standing orders, project management, health and safety, information governance) Risk Management Procedure Risk management tools Schools assurance programme Service Planning Training, eLearning and workshops for staff and members		for risks which tie into the risk and resilience IA management actions.
2.3	The robustness and effectiveness of my risk management arrangements is regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts.	Partially compliant	No		Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process for risks which tie into the risk and resilience IA management actions.
2.4	There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks, and weaknesses in risk management.	Partially compliant	No		Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process for risks which tie into the risk and

						resilience IA management actions.
2.5	I have arrangements in place to promote and support the Council's policies and procedures for staff to raise awareness of risk concerns, Council wrongdoing and officer's misconduct.	Partially compliant	No		Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process for risks which tie into the risk and resilience IA management actions.
2.6	My directorate has appropriate resilience arrangements in place and my directorate's business continuity plans and arrangements mitigate the business continuity risks facing our essential activities.	Partially compliant	No		Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. Risk Management approach agreed, and it is being rolled out across the Partnership. Risk Committee and Risk Forum is now in place, specially focussed on managing risk across the Partnership	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process

						for risks which tie into the risk and resilience IA management actions.
3	Workforce Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
3.1	I have arrangements in place to ensure compliance with payroll policies, overtime controls, absence management and performance e.g., home/remote working.	Compliant	No	360 reviews Annual Internal Audit Plan (based on most significant risks to the Council) Employee Assistance Programme Employee Engagement External validation/review eg. external audit, independent assurance providers Financial benefits (credit union, season ticket loans, car benefit scheme, pension schemes) Funding scheme for professional qualifications	Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	

3.2	I have robust controls in place to ensure that statutory workforce requirements are met, including the management of 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.	Compliant	No	<p>HR Policies (Absence Management, Stress Management, Avoidance of Bullying and Harassment, Equal Treatment)</p> <p>Informal and formal reviews eg. internal audit, quality assurance audits</p> <p>Inspiring Talent Programme</p> <p>Internal and External training opportunities</p> <p>Leader Induction and Essential Learning</p> <p>Leadership Development Programme– Future, Engage, Deliver</p> <p>Managing Attendance Training for managers</p> <p>Occupational Health service</p>	Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.3	I ensure compliance with the Council's HR policies and procedures across all of my service areas, eg. that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with vacancy approvals and controls.	Compliant	No	<p>Onboarding, induction essential learning and CPD for officers</p> <p>Open framework agreement for Learning and Development</p> <p>People Strategy</p> <p>Performance Management Framework (Performance Conversations)</p> <p>Policies that mitigate risks eg. Anti-bribery, Fraud Prevention, Whistleblowing</p> <p>Regular reporting including Health & Safety Performance, absence levels</p> <p>Staff benefits (enhanced</p>	Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	

3.4	I 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.	Compliant	No	entitlements leave entitlement, flexible working options, childcare vouchers, ride to work scheme, premium benefits scheme) Wide ranging internal and external counter fraud activity Wider Leadership Team (incl. Learning Sets) Wider Leadership Team programme	Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.5	I have arrangements in place to manage staff health and wellbeing; ensuring that sickness absence, referral to occupational health and stress risk assessments is managed in compliance with the Council's HR policies.	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.6	I ensure compliance with essential training requirements and support learning and development appropriately, including	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction,	

	professional CPD requirements.				personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.7	I have arrangements in place to support and manage staff performance e.g., regular 1:1/supervision meetings, performance/spotlight conversations.	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, Induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
4	Council Companies	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

4.1	I have arrangements in place for the oversight and monitoring of the Council companies I am responsible for, that give me adequate assurance over their operation and delivery for the Council.	Compliant		Annual Assurance Process (Directorates) Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV Regular 121 meetings between the Council's Chief Executive and the Chief Executives of key ALEOs	Not applicable	
4.2	I have an appropriate Service Level Agreement, or other appropriate legal agreement, in place for each Arm's Length External Organisation that I am responsible for.	Compliant		Service Level Agreement Register Shareholder or service level agreements	Not applicable	
5	Engagement and Consultation	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
5.1	My directorate engages effectively with institutional stakeholders, service users and individual citizens, applying the council's consultation and engagement standards with evidence that the insights gathered are used to shape my directorates activities.	Compliant	No	Budget consultation Business sector forums Community engagement activity Community engagement strategy/policy Complaints Improvement Plan Consultation framework Consultation Hub Council Change Strategy Committee Papers Online Current partnerships eg. Poverty Commission, Tourism	Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement	

				Strategy, EIJB, City Deal Edinburgh Partnership (LCCPs, Neighbourhood Networks) Edinburgh People Survey Government partnership working Have Your Say webpage multi-agency partnerships multi-channel methodology eg. social media platform development Networks/user groups – eg. Edinburgh Tenants’ Federation Partnership agreements eg. Police Scotland Partnership governance arrangements Partnership governance documentation Partnership plans eg. Edinburgh Children’s Partnership Petitions and Deputations Policies and procedures (consultation framework) Poverty Commission Public participation – deputations and petitions Public sector partnerships Publication of Council diary Report template – section on consultation Stakeholder group meetings Strategic documentation eg. vision statements, aims, etc. Strategic plans and agreements Strategy and Performance Hub Surveys eg. Edinburgh People	included in report templates, locality plans are in place	
5.2	I have arrangements in place throughout my directorate to ensure that there are effective communication methods that encourage, collect, and evaluate views and experiences (while ensuring inclusivity e.g., customer surveys, consultation procedures, social media presence, etc.) and that these insights are used to inform the work of the directorate.	Compliant	No		Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement included in report templates, locality plans are in place	
5.3	I have appropriate arrangements in place throughout my directorate for recording, monitoring, and managing customer service complaints and customer satisfaction.	Compliant	No		Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation	

				Survey, Annual Tenant Survey Third sector partnership working eg. EVOC Webcasting of Council and major committees, including subtitles	approaches across the Partnership, engagement included in report templates, locality plans are in place	
5.4	I regularly consult and engage with recognised trade unions.	Compliant	No		Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement included in report templates, locality plans are in place	
6.1	Policy	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto- populate improvement plan tab where you should add action owner and deadline)

6.1	I have arrangements in place to ensure all directorate staff are made aware of and fully understand the implications of all relevant existing and new council policies and procedures.	Compliant	No	Annual Assurance Exercise Annual Policy Assurance Statements Corporate Policy Framework and Toolkit, including consultation and engagement strategies Council Papers Online Employee policy refresher arrangements, process workshops and communications Information Governance framework Policy Register Report template and guidance (incorporating adherence to commitments and policy implications)	Annual Assurance exercise, Audit and Assurance Committee, Committee papers on-line, policy register.	
6.2	I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Compliant	No		Annual Assurance exercise, Audit and Assurance Committee, Committee papers on-line, policy register.	Embed the policy review process in the Partnership.
	Governance and Compliance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

7.1	I ensure directorate staff are aware of their responsibilities in relation to the Council's governance framework and that the authority, responsibility and accountability levels within my directorate are clearly defined, with proper officer designation delegated, recorded, monitored, revoked, and reviewed regularly to ensure ongoing compliance with the Scheme of Delegation.	Compliant	No	Codes of Conduct Committee Terms of Reference and Delegated Functions Council's Procedural Standing Orders Councillors' Code of Conduct Disclosure and PVG checks Employee Induction Employee Performance Framework Leadership Programme Legal Services provision of advice Member/Officer Protocol Policies and procedures Regulatory body reporting eg. SSSC, GTCS Scheme of Delegation to Officers	Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
7.2	I ensure my directorate's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Compliant	No	Statutory officer appointments and responsibilities Statutory/lead officers' independent reports to committee eg. Monitoring Officer, Chief Social Work Officer, Chief Internal Auditor Whistleblowing Policy	Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	

8	Responsibility and Accountability	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
8.1	My directorate ensures our officers are clear on their roles and responsibilities in terms of relationships and decision making.	Compliant	No	Annual Assurance Process (Council Companies and Joint Boards) Annual Assurance Process (Directorates) Codes of Conduct Commercial and Procurement Strategy Committee Terms of Reference and Delegated Functions Complaints Improvement Plan Consultation and engagement Contract Standing Orders Council Change Strategy Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting	Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
8.2	I ensure that the Council's ethical standards are understood and embedded across my directorate and are upheld by external providers of services.	Compliant	No	Edinburgh People Survey Employee Code of Conduct Grant Standing Orders Member/Officer Protocol Monitoring/reporting on delivery of 52 coalition commitments Onboarding and induction for officers Performance Framework Policies and procedures	Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to	

				Procurement framework Procurement Handbook Public participation – deputations and petitions Report template and guidance Scheme of Delegation to Officers Service Level Agreement template Standard Condition of Grant	employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
8.3	My directorate ensures that decisions are made on the basis of objective information, the consideration of best value, risk, stakeholder views, rigorous analysis, and consideration of future impacts. This is formalised through appropriate structures. (i.e SMT reporting)	Compliant	No		Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
8.4	I consult with elected members as appropriate and as required under the Scheme of Delegation.	Compliant	No		Code of Conduct in place for all employees, committee TORs agree with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance	

					role, whistleblowing policy to support staff to raise any concerns.	
9	Information Governance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
9.1	I ensure directorate staff are made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to relevant legislation, Council policies, procedures, and guidance around: information governance; records management; data quality; data breaches and privacy impact assessments; information rights; information compliance; information security; and ICT acceptable use.	Compliant	No	Annual communications plan, awareness raising initiatives and training events Centralised Information governance unit Council wide Record of Processing Data quality reviews and audits form part of statutory returns Established framework of management information and reporting to support operational decision making and trend analysis Information Board Information governance policies, framework, guidance, procedures and toolkit Information sharing agreements and data protection impact assessments Locking Client's Record	All FOI'S and DPA are co-ordinated centrally. Mandatory training in information governance for all staff undertaken every two years. Employee code of conduct, ICT acceptable use policy, data breaches, PIA and information security. Reinforced via team meetings	

9.2	I ensure data sharing arrangements with third parties are recorded, followed, and regularly reviewed throughout all service areas in my directorate.	Compliant	No	Guidance Mandatory training for all employees Staff responsibilities outlined in relevant policies - Employee Code of Conduct, ICT Acceptable Use Policy, Policy on Fraud Prevention Standard data related terms and conditions in all new Council contracts	All FOI'S and DPA are co-ordinated centrally. Mandatory training in information governance for all staff undertaken every two years. Employee code of conduct, ICT acceptable use policy, data breaches, PIA, and information security. Reinforced via team meetings	
10	Health and Safety	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
10.1	Directorate staff are made aware of their responsibilities under relevant Health & Safety policies and procedures, and I have appropriate arrangements in place for the identification and provision of Health & Safety training necessary for all job roles, including induction training.	Compliant	No	Contingency planning and business continuity arrangements Corporate Health and Safety Strategy and Plan Council Health and Safety Group Employee Code of Conduct Enterprise Risk Management Policy Enterprise Risk Management Policy and Risk Management Procedure External validation/review eg. external audit, independent assurance providers	Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework with HSC in place. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place. The Partnership are working to implement IA Management Actions relating to Lone Working.	

10.2	I have the necessary arrangements in place to establish, implement and maintain procedures for ongoing hazard identification, risk assessment and the determination of necessary controls to ensure all Health & Safety risks are adequately controlled.	Compliant	No	Health and safety audits Health & Safety policies and procedures Institution of Occupational Safety and Health training Mandatory Health & Safety training for staff Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level Risk Management Groups Risk management policies and strategies (eg procurement, standing orders, project management, health and safety, information governance) Risk Management Procedure	Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework with HSC in place. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place. The Partnership are working to implement IA Management Actions relating to Lone Working.	
10.3	I have competencies, processes, and controls in place to ensure that all service areas in my directorate, and other areas of responsibility, operate in compliance with all applicable Health & Safety laws and regulations.	Compliant	No	Risk management tools Scheme of Delegation Schools assurance programme Training, eLearning and workshops for staff and members	Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework with HSC in place. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place. The Partnership are working to implement IA Management Actions relating to Lone Working.	
10.4	I have a robust governance and reporting structure for Health and Safety in my directorate.	Compliant	No		Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and	

					safety framework with HSC in place. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place. The Partnership are working to implement IA Management Actions relating to Lone Working.	
11	Performance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
11.1	I have arrangements in place for reporting to CLT, Committee and/or Council and, where performance monitoring identifies inadequate service delivery or poor value for money, ensure that improvement measures to address these issues are implemented and monitored.	Compliant	No	Annual external reporting eg. Local Government Benchmarking Framework, Scottish Public Services Ombudsman, Scottish Government, etc Annual performance report to Council B agenda protocol Best Value reporting CLT Quarterly performance meeting Committee Terms of Reference and Delegated Functions	Annual performance report published, performance and delivery committee remit are performance scrutiny / assurance. Regular performance reports submitted to ET and EIJB for assurance. Reporting via CLT performance meeting as well as joint Council and NHS performance meeting.	

11.2	My directorate regularly works with relevant teams in Strategy and Communications to review and improve effectiveness by performance monitoring, benchmarking and other methods to achieve defined outcomes.	Compliant	No	Local Government Benchmarking Framework Monitoring/reporting on delivery of 52 coalition commitments Performance Framework Strategy and Performance Hub	Annual performance report published, performance and delivery committee remit are performance scrutiny / assurance. Regular performance reports go to ET and EIJB for assurance. Reporting via CLT performance meeting as well as joint Council and NHS performance meeting.	
12	Commercial and Contract Management	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
12.1	I ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Compliant	No	Annual Assurance Process (Directorates) Codes of Conduct Commercial and Procurement Strategy Committee Terms of Reference and Delegated Functions Contract and Grants Management team Contract Standing Orders Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting Grant Standing Orders Legal Services provision of advice Policies and procedures Procurement Handbook	Code of conduct and the Partnership comply with procurement strategy and contract standing orders. The Partnership currently have four systems that are deemed as Shadow IT, these systems relate to the delivery of the community alarm and telecare services and two relate to the support of Carers. All four systems are going through a procurement process supported by CGI and the digital service team.	

				Scheme of Delegation to Officers Service Level Agreement Register Standard Condition of Grant	Regular procurement board focusing on HSC contract monitoring arrangements in place, Scheme of delegation in place. Standardised HSC contract framework / documentation	
13	Change and Project Management	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
13.1	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	Compliant	No	2050 City Vision Budget Planning Capital Budget Strategy City Plan CLT Change Board Committee Terms of Reference and Delegated Functions Contract Standing Orders Council Business Plan Council Change Strategy Council's Risk Appetite Statement Enterprise Risk Management Policy External audits, reviews and validation Finance Rules Financial Regulations Procurement framework Report template and guidance Revenue Budget Framework Risk Registers	Transformation team now in place, refined work programme now established, taking account of COVID19. Programme Board and Portfolio Board established. Regular reporting to the EIJB on the transformation programme.	

				Scheme of Delegation to Officers Service Planning Sustainability Strategy process Treasury Management Strategy		
14.1	Financial Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
14.1	The operation of financial controls in my directorate is effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Compliant	No	Budget Framework Comprehensive system of revenue and capital monitoring, with SMT and CLT oversight Contract Standing Orders Corporate Debt Policy Council Business Plan Council Change Strategy Elected Member training on financial statements, financial planning and treasury management Employee Training Finance & Resources	Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB. Finance regular item on ET agenda. All reports have finance focused element.	
14.2	I am confident that the arrangements in place to monitor expenditure/budget variances would identify control problems or variances that could have an effect on the Annual Accounts.	Compliant	No	Committee and Governance, Risk & Best Value Committee oversight/scrutiny Finance Rules Financial Regulations Internal control framework Medium-term Financial Strategy Professional officer representation/support/advice on major project boards,	Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB.	

				project assurance reviews, SMTs Tiered framework of financial planning and control Treasury Management Strategy	Finance regular item on ET agenda. All reports have finance focused element.	
14.3	I 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.	Compliant	No		Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB. Finance regular item on ET agenda. All reports have finance focused element.	
14.4	I have arrangements in place to review and protect assets against theft, loss, and unauthorised use; identify any significant losses; and ensure the adequacy of insurance provision in covering the risk of loss across my directorate.	Compliant	No		Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB. Finance regular item on ET agenda. All reports have finance focused element.	

14.5	I have arrangements in place for identifying any weaknesses in my directorate's compliance with Council financial policies or statutory/regulatory requirements.	Compliant	No		Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB. Finance regular item on ET agenda. All reports have finance focused element.	
14.6	I have arrangements in place for identifying any internal control, risk management or asset valuation problems within my directorate's service areas that could affect the Annual Accounts.	Compliant	No		Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports would highlight any budget overspends and appropriate mitigation would be presented and managed by the EIJB. Finance regular item on ET agenda. All reports have finance focused element.	
15	Group Accounts (Resources only)	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

15.1	I have arrangements in place for identifying and reviewing any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts.			Annual assurance exercise (internal audit input and oversight) Annual Corporate Governance Framework self-assessment (internal audit input) Annual Governance Statement – informed by the work of IA Annual Internal Audit Plan (based on most significant risks to the Council)		
15.2	I have arrangements in place to identify and review any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.			Audit Charter Chief Internal Auditor's direct reporting line to GRBV Committee Terms of Reference and Delegated Functions - GRBV Comprehensive system of revenue and capital monitoring, with SMT and CLT oversight Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV External validation/review eg. external audit, independent assurance providers Executive Committee and Governance, Risk & Best Value Committee oversight/scrutiny Regular 121 meetings between the Council's Chief Executive and the Chief Executives of key ALEOs Shareholder or service level agreements		

16	National Agency Inspection Reports	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
16.1	I have arrangements in place to identify any reports relating to my directorate and can confirm that there were no inspection reports that could impact on the signing of the Annual Governance Statement.	Compliant	No	Committee Terms of Reference and Delegated Functions Governance, Risk and Best Value Committee – chaired by an opposition councillor and excluding executive committee conveners from its membership, with power to act on its own accord Executive Committee and GRBV oversight of external audit and inspection activity Scrutiny of directorate annual assurance schedules	Audit and Assurance and GRBV committee in place, key national reports, or those with an impact on the Partnership are discussed at ET in terms of next steps and logged	
16.2	I have arrangements in place that adequately monitor and report on the implementation of recommendations.	Compliant	No		Audit and Assurance and GRBV committee in place, key national reports, or those with an impact on the Partnership are discussed at ET in terms of next steps and logged	
17	Internal Audit, External Audit and Review Reports	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

17.1	I have arrangements in place to ensure that all recommendations from any internal audit, external audit or review report published during the year, that have highlighted high, medium or significant control deficiencies, have been (or are being) implemented and that this is monitored effectively.	Compliant		A validation audit is included in the annual Internal Audit Plan Agreed management actions arising from internal audits are recorded and monitored through Team Central Integral part of Annual Assurance Schedule Overdue management actions are reported monthly to CLT and quarterly to GRBV	Robust IA process in place to manage outstanding management actions. Regular scrutiny in place at ET on IA management actions. All IA actions have a lead officer as well as a lead officer to oversee IA implementation. Regular scrutiny at GRBV and Audit and Assurance Committee	Continue to implement agreed outstanding management actions
18	Progress	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
18.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	Compliant		Agreed management actions arising from internal audits are recorded and monitored through Team Central Overdue management actions are reported monthly to CLT and quarterly to GRBV A validation audit is included in the annual Internal Audit Plan Integral part of Annual Assurance Schedule External Audit Report is scrutinised by GRBV, and an improvement plan developed Council participates in LAN	Robust IA process in place to manage outstanding management actions. Regular scrutiny in place at ET on IA management actions. All IA actions have a lead officer as well as a lead officer to oversee IA implementation. Regular scrutiny at GRBV and Audit and Assurance Committee	

				(council scrutiny bodies) whose activity is based on shared risk assessment		
--	--	--	--	---	--	--

Appendix 2 Improvement Plan

Assurance Statement Criteria	Improvement Action	Action Owner	Planned Completion Date	Status Update
I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	<p>Develop a refreshed risk management framework for the Partnership, taking account of the risk management approaches within partner organisations.</p> <p>The risk management framework will clarify risk management arrangements, including staff training on risk management, escalation approach for risks and the best approach in terms of risk committees, and align risk management framework to any resilience risks identified.</p>	Executive Team	31 March 22	<p>A refreshed risk management framework has been developed and agreed by the Partnership Risk Committee and aligns with the Council's and NHS Lothian's approach to Risk Management.</p> <p>Risk governance arrangements are now in place with the establishment of a risk committee and risk forums which also provides a mechanism for the escalation of Partnership risks.</p> <p>Work has started to develop a full implementation, rollout and training programme for the framework and due to the size and complexity of the Partnership it is anticipated to take until 31 March 22 to achieve full rollout of the framework.</p>
I have effective controls and procedures in place to record and manage the risks identified above to a tolerable level or actions are put in place to mitigate and manage the risk.		Executive Team	31 March 22	
The robustness and effectiveness of my risk management arrangements is regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts.		Executive Team	31 March 22	
There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks, and weaknesses in risk management.		Executive Team	31 March 22	
There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of		Executive Team	31 March 22	

significant issues, risks, and weaknesses in risk management.				In terms of resilience arrangements, work is ongoing to update resilience plan, taking account of any lessons learned through COVID19 and looking to develop integrated resilience plans where practical.
I have arrangements in place to promote and support the Council's policies and procedures for staff to raise awareness of risk concerns, Council wrongdoing and officer's misconduct.		Executive Team	31 March 21	
My directorate has appropriate resilience arrangements in place and my directorate's business continuity plans and arrangements mitigate the business continuity risks facing our essential activities.		Operations Manager	December 21	

by virtue of paragraph(s) 12 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank