Governance, Risk and Best Value Committee

10.00am, Tuesday, 24 January 2023

Internal Audit Update Report: 1 September to 5 December 2022

Item number	
Executive/routine	**Executive**
Wards	
Council Commitments	

1. Recommendations

1.1 It is recommended that the Committee:

1.1.1. notes progress with delivery of the 2022/23 Internal Audit (IA) annual plan;

1.1.2. approves deferment of the Total Mobile audit into the 2023/24 IA plan and an extension to the number of audit days required to complete the Empowered Learning Programme audit due to commence in Quarter 4;

1.1.3. notes performance in achieving IA Key Performance Indicators (KPIs);

1.1.4. notes progress with recommendations and improvement actions arising from the 2021/22 External Quality Assessment (EQA);

1.1.5. notes outcomes and feedback from end of audit surveys;

1.1.6. notes the current IA risk profile and action being taken to mitigate risks; and

1.1.7. notes progress with delivery of IA key priorities and ongoing areas of focus.

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Report

Internal Audit Update Report: 1 September to 5 December 2022

2. Executive Summary

2.1 Good progress in delivery of the 2022/23 Internal Audit (IA) annual plan is evident, with all 41 audits included in the IA plan in progress. This includes the 32 audits to be completed across the Council.

2.2 15 audits are complete, with a summary of overall outcomes included within this update.

2.3 Updates to the 2022/23 plan are outlined in sections 4.2 to 4.5 of this report including a request to defer the audit of the Total Mobile project to the 2023/24 IA plan, and to increase the number of audit days required to complete the audit of the Empowered Learning Programme due to commence in Quarter 4.

2.4 Performance in achieving IA Key Performance Indicators as at Quarter 3 highlights that improvements are required by both services and IA to support timely completion of audits and delivery of the IA annual plan by 30 April 2023.

2.5 Progress continues with implementation of IA actions following the External Quality Assessment (EQA) completed by the Institute of Internal Auditors in March 2022.

2.6 Stakeholder surveys completed at the end of audits demonstrate further positive engagement between IA and services across the Council.

2.7 The IA risk profile continues to be managed within risk appetite, with mitigating actions in place as required.

3. Background

2022/23 Internal Audit Annual Plan

3.1 A rebased 2022/23 internal audit annual plan was approved by Committee in October 2022. The plan comprised a total of 40 audits, with 31 for the Council and 9 for ALEOs. 29 audits are being delivered by the Council's IA team, while the remaining 11 are being delivered with support from co-source partners.

3.2 All reports with either an overall red (Significant Improvement Required) outcome or which include any red (High) rated findings are presented to the Committee for scrutiny. A total of 4 reports are presented to Committee for scrutiny and an

opportunity provided to discuss findings raised with the relevant service area and IA, where relevant.

Elected Members may also request presentation of other reports that do not meet these criteria at Committee. A total of 8 further reports are available and have been provided to Members to review via the GRBV MS Teams room (see Appendix 1 for details).

Internal Audit Key Performance Indicators

3.3 IA key performance indicators are in place to support effective and timely delivery of the annual plan by both services and the IA team and prevent delays in completion of audits and finalisation of the IA annual opinion.

3.4 IA reviews progress against these KPIs and report it monthly to the Corporate Leadership Team and quarterly to the Governance, Risk and Best Value Committee.

External Quality Assessment (EQA)

3.5 An EQA of the City of Edinburgh Council's IA function was undertaken by the Chartered Institute of Internal Auditors (IIA) during 2021/22 with the final outcomes and recommendations together with IA improvement actions reported to Committee in October 2022.

Internal Audit Surveys

3.6 An audit survey is issued to key contacts following completion of audits to obtain feedback on both audit performance and the audit experience for services. This report provides a summary of audit survey outcomes from 1 September to 5 December 2022.

4. Main report

2022/23 IA annual plan

4.1 Good progress is being made with all audits started which means IA is on track to complete the audit programme no later than 30 April 2023, to enable the 2023/24 IA plan to commence in a timely manner.

Updates to the 2022/23 IA plan

4.2 Due to scopes extending across differing areas, the Essential Learning audit and Application technology audits have been changed from 2 audits to 4 audits each covering distinct areas. Separate audit reports are available setting out the findings for the areas as follows:

Essential Learning

- Induction and Ongoing Learning for Elected Members
- Role Specific Learning and Development for Council Officers

Application technology controls

- SEEMIS Application Technology Controls

- SWIFT Application Technology Controls

4.3 Due to project delivery timescales, it is requested that the audit of Total Mobile planned for Quarter 4, is now completed as part of the 2023/24 IA plan. The audit will consider project completion and lessons learned, following on from the review of project initiation completed as part of the Health and Social Care Transformation and Benefits Realisation audit completed in September 2022.

4.4 In addition, initial scoping of the Empowered Learning audit due to commence in Quarter 4 has identified a wider breadth of audit areas to be reviewed than initially planned, therefore the number of planned audit days has increased from 25 days to 40 days to enable completion of this work. The extended scope will include a review of two audit areas simultaneously - Empowered Learning Programme Governance and Operational Ongoing Learning and Teaching Technology Support.

4.5 As a result of the above changes a total of 41 audits will be delivered through the 2022/23 IA plan (32 for the Council and 9 for other organisations).

4.6 The status of the 41 audits included within the IA plan is as follows:

- 15 audits complete – this includes one audit for LPF and one for the EIJB
- 2 draft reports are currently being prepared by IA
- 16 audits are in fieldwork
- 8 audits are currently being planned

4.7 A full audit report was not provided for the Vendor Bank Mandate Process review as this was an ad hoc management request to review the processes established to verify and process requests to change vendor bank details on Oracle, the Council's financial management system. Recommendations were made on an agile basis as the work was completed and confirmed by IA as complete.

4.8 Further detail on the content; progress and completion timescales for the 2022/23 IA plan is included at Appendix 2.

2023/23 audit reports for scrutiny

4.9 The following 4 audit reports assessed as 'significant improvement required' or with 'high' rated findings have been finalised and are provided to members within this paper for scrutiny:

Audit Title	Overall Audit Assessment	Number of findings raised		
		H	M	L
1. Allocation and Management of Purchase Cards	Some Improvement Required	1	1	1
2. Port Facility Security Plan	Some Improvement Required	1	1	3

3. SWIFT Application Technology Controls	Significant Improvement Required	1	0	0
4. CGI Security Operations Centre	Significant Improvement Required	2	1	1

4.10 Due to the nature of the vulnerabilities raised, the CGI Security Operations Centre audit report is included as a B agenda item.

4.11 A further 8 audit reports assessed as either 'some improvement required' or 'effective' and have no high rated findings are also complete and have been provided to members to review via the GRBV MS Teams room.

4.12 A list of the 8 audit reports and outcomes is provided in Appendix 1. Members have requested that the following five reports are presented to Committee for scrutiny and that relevant Council officers are available to respond to any questions:

- Council Emissions Reduction Plan
- Essential & role specific learning for Council Officers
- Induction and Ongoing Learning for Elected Members
- Repairs and Maintenance Framework (Operational Properties)
- Active travel project management and delivery

IA Key Performance Indicators (KPIs)

4.13 Review of progress in achieving IA key performance indicators which aim to support timely completion of the IA annual plan as set out in Appendix 3 as at Quarter 3 highlights that:

- services have taken longer than the agreed 5-day KPI to approve 72% of the issued terms of reference (ToR), with 32% approved within 10 days and 40% taking more than 10 days
- services have taken longer than the agreed 5-day KPI to provide agreed management actions for 55% of audits following the audit workshop to discuss the draft report
- directors provided their approval within the agreed 5-day KPI for 74% of ToR and 73% of final draft reports
- IA issued 62% of draft reports within the agreed 10-day KPI and 100% of the final reports within the 5-day KPI. It should be noted that cumulative performance for the year was impacted in Q2 due to a delay while the new audit reporting format was developed.

4.14 Continued cooperation is required from directorates to ensure KPIs are achieved to support delivery of the remainder of the 2022/23 annual plan by 30 April 2023, as agreed with Committee.

4.15 KPIs will be reviewed prior to the commencement of the 2023/24 audit plan to ensure they remain appropriate, with any proposed changes presented to Committee for approval.

IA External Quality Assessment (EQA)

5.1 The EQA finalised in September 2022 concluded that the Council's IA function is generally conforming with the PSIAS. Two recommendations to address partial conformance with the standards were made by the IIA, together with a range of continuous improvement recommendations

5.2 Progress continues with implementing the management actions in response to the EQA which were reported to Committee in October 2022.

- Recommendation 1: Preparation for the 2023/24 annual plan has commenced with the intention to develop an initial annual plan aligned to business-critical risks with a quarterly review to ensure the plan continues to provide timely and relevant assurance aligned to emerging risks and priorities.
- Recommendation 2: Work has been initiated to gain understanding of other first and second line assurance processes and third line assurance sources and to establish the extent to which reliance can be placed and to avoid duplication where possible.

Internal Audit Surveys

5.3 An audit survey is issued to key contacts following completion of audits to obtain feedback on both audit performance and the audit experience for services. Key themes are reviewed, and where relevant improvements to the internal audit process have been identified.

5.4 A total of 5 audit surveys were completed by 15 stakeholders between 1 September to 5 December 2022.

5.5 From the 5 surveys returned the following positive feedback has been received:

- 100% of respondents agreed that the audit focused on the key risks associated with the service
- 100% of respondents agreed that control gaps identified and included in the final report were factually accurate
- 100% of respondents agreed that the audit recommendations addressed the risks identified and were relevant and achievable
- 80% of respondents agreed that the evidence required to support closure of findings raised was communicated and agreed, and training offered on the Internal Audit follow-up process.

5.6 Overall, feedback from services on the audit experience was positive. Highlights from feedback received across the key audit stages were:

- **Audit planning**:

- Audit objectives were discussed, negotiated, and amended to ensure that the audit really targeted the issues we wanted to address and therefore ensured the recommendations were helpful and constructive.
- More than happy with the work that the IA team have been doing recently to help coordinate the audit plan with our key risks.

- **Audit fieldwork**:
  - Any issues that emerged during the audit were addressed in real time with the team. This meant that we could effect change immediately where possible and not wait to the very end of the audit to undertake improvements. This was much more agile and impactful and felt more like a constructive partnership than abstract judgement.
  - Ongoing discussion at appropriate points were welcome.
- **Audit reporting**:
  - Control gaps were discussed and importantly, I felt listened to and adjustments were made where reasonable and an understanding on the language used was also reached.
  - Through helpful discussion we were able to share some perspectives on audit opinion and these were taken into account.
  - This was a much more engaged and positive experience of audit. the agile process is really constructive and preventative model.
  - The final report was easy to read - effective layout and format.

5.7 One comment was provided on areas for improvement:

- The audit survey is potentially too detailed – IA intends to review the survey for the 23/24 audit year.

5.8 Results from post audit surveys are incorporated into post audit briefings held between the auditor and the manager. Where relevant, performance improvements / training requirements are discussed and agreed. This is also linked to monthly performance conversations.

IA Risk Profile

5.9 The IA risk register has been reviewed with assurance that appropriate actions are currently being taken to address the risks highlighted in the October 2022 update to Committee.

5.10 Actions to mitigate the following risk continue:

- Applications and systems design – options to upgrade the current Internal Audit system software to enable system-based efficiencies which would support IA capacity challenges and efficiencies are being considered with an aim to resolve by April 2023.
- Capacity – IA capacity is currently below the FTE as set out in the team structure. Recruitment to fill vacant posts will be progressed during Quarter 3, with an aim to have the team fully resourced for the 2023/24 audit year.

Progress with Internal Audit key priorities

5.11 Progress with IA key priorities and ongoing areas of focus is detailed below:

- preparation for the 2023/24 Internal Audit Annual Plan – meetings are arranged with key stakeholders including Committee members in January and February 2023.
- implementation of recommendations and continuous improvement actions identified in the recently completed EQA.
- a risk-based approach to follow-up and validating evidence for agreed audit actions has been implemented.
- positive feedback has been received from stakeholders following implementation of a refreshed audit report template which focuses on key messages and priorities
- audit reports are now available on the IA pages on the Orb, together with details on the audit process
- Internal Audit training for Committee members has been delivered for GRBV and EIJB Audit and Assurance Committee
- controls training for employees and elected members has been developed and is available via the Council's myLearning Hub platform.

5. Next Steps

5.1 IA will continue to monitor progress with plan delivery and the other activities noted in this report.

6. Financial impacts

6.1 Costs for delivery of agreed PwC audits remain within the agreed budget. Planning for the 2023/24 internal audit plan will seek to limit PwC resource to specialist areas only.

6.2 There are no associated budget implications for completion of audits completed for other organisations as direct recharge is applied for costs incurred.

6.3 Upgrade costs for the IA system are being finalised within a detailed business case.

7. Stakeholder/Community Impact

7.1 Delivery of an audit plan which is not aligned to key risks and priorities will result in a disproportionate use of limited resources across both services and IA.

7.2 Responses to audit surveys are reviewed and appropriate action is taken, where relevant.

8. Background reading/external references

8.1 Public Sector Internal Audit Standards

8.2 Approved rebased IA 2022/23 annual plan GRBV October 2022 - item 8.3

8.3 The Chartered Institute of Internal Auditors: External Quality Assessment Report GRBV October 2022 - item 8.1

9. Appendices

9.1 Appendix 1- 2022/23 Audits assessed as either ‘some improvement required’ or ‘effective’ with no high rated findings

9.2 Appendix 2 - 2022/23 IA Plan progress, outcomes and expected completion dates

9.3 Appendix 3: Performance in achieving IA key performance indicators as at Q3 2022/23

Appendix 1 – 2022/23 Completed audits assessed as either 'some improvement required' or 'effective' with no high rated findings

Audit Title	Overall Audit Assessment	Number of findings raised		
		H	M	L
1. Council Emissions Reduction Plan	Effective	0	1	0
2. Implementation of the New Consultation Policy	Some Improvement Required	0	2	4
3. Records Management and Statutory Requests	Effective	0	1	3
4. Induction and Ongoing Learning for Elected Members	Effective	0	0	2
5. Role Specific Learning and Development for Council Officers	Some Improvement Required	0	2	2
6. SEEMIS Application Technology Controls	Effective	0	1	1
7. Repairs and Maintenance Framework (Operational Properties)	Some Improvement Required	0	1	1
8. Active Travel Project Management and Delivery	Some Improvement Required	0	2	4

Appendix 2 –2023/24 IA Plan progress, outcomes and expected completion dates

Completed Audits			Outcome
1.	Corporate Services	**Implementation of the New Consultation Policy** Review of implementation and application of the Council's new consultation policy and supporting processes.	**Some Improvement Required**
2.		**Council Emissions Reduction Plan (CERP)** Review of the framework designed to support implementation of the Council Emissions Reduction Plan.	**Effective**
3.		**Vendor Bank Mandate Process** Review of the design and effectiveness of processes established to verify and process requests to change vendor bank details on Oracle, the Council's financial management system.	**n/a** **process review**
4.		**Security Operations Centre (PWC)** Review of the adequacy and effectiveness of contractual security services delivered through the established CGI Security Operations Centre to the Council**.**	**Significant Improvement Required**
5.		**Induction and Essential Learning for Elected Members** Review of established induction; essential learning, and ongoing training delivered to elected members.	**Effective**
6.		**Role Specific Learning and Development for Council Officers** Review of role specific learning and development for Council Officers including progress with implementing myLearning Hub.	**Some Improvement Required**
7.	Council Wide	**Records Management and Statutory Requests** Review of the design and effectiveness of processes implemented to support effective records management and compliance with statutory request requirements.	**Effective**
8.		**Allocation and Management of Purchase Cards** Review of the allocation, management, use and monitoring of purchase cards across the Council.	**Some Improvement Required**
9.	Education and Children's Services	**Application technology controls - SEEMiS** Review of the general (change management and access) and application (transaction processing) controls for SEEMiS - education management system used by all Edinburgh schools and Early Years settings.	**Effective**
10.	Education and Children's Services / Health and Social Care Partnership	**Application technology controls - SWIFT** Review of the general (change management and access) and application (transaction processing) controls for the Swift system (a social care case management system used to support delivery of adult and children's social care and criminal justice services).	**Significant Improvement Required**

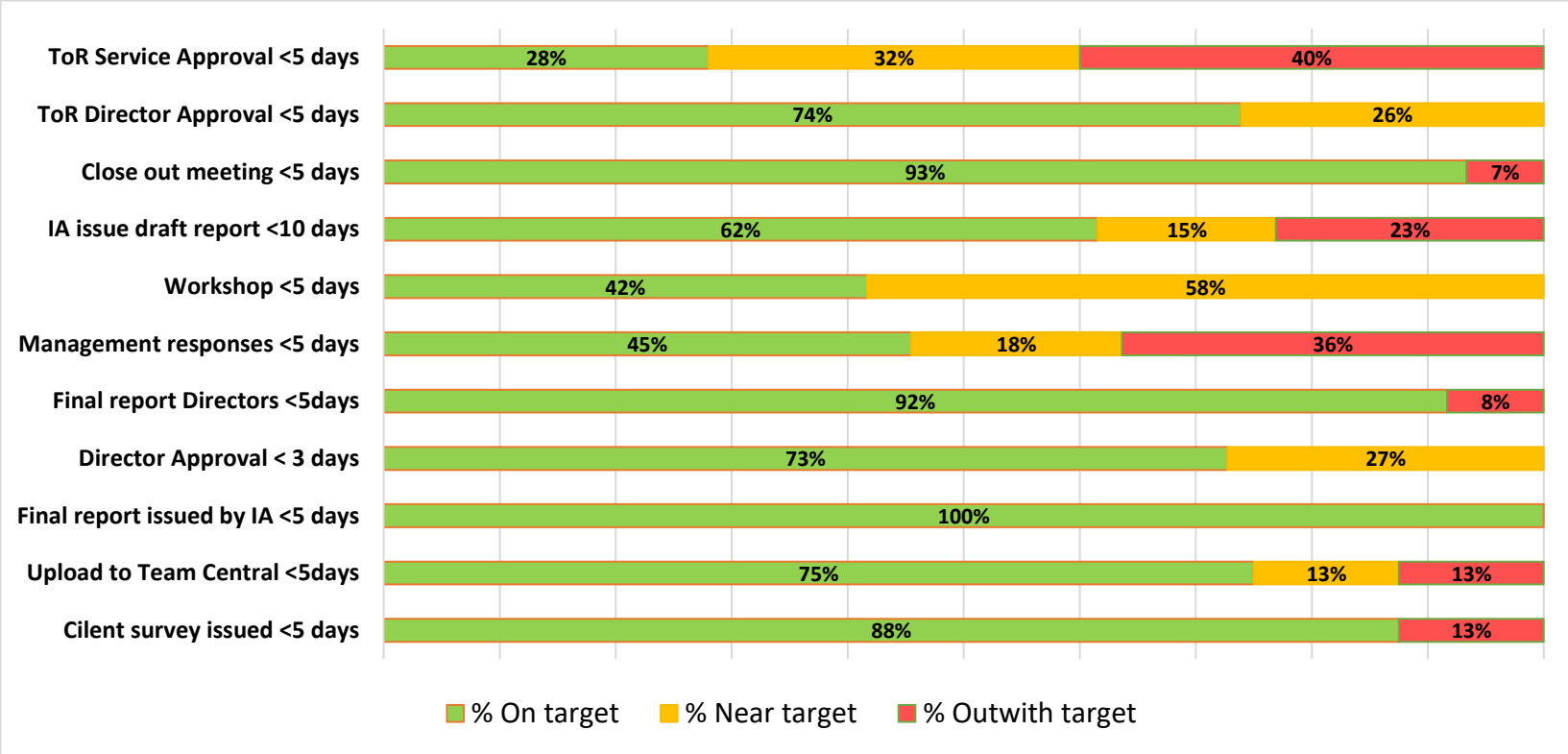
11.	Place	**Port Facility Security Plan** Annual review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	**Some Improvement Required**
12.		**Active Travel Project Management and Delivery** Review of the design and operating effectiveness of the key controls supporting management; governance; and delivery of the Active Travel programme.	**Some Improvement Required**
13.		**Repairs and Maintenance Framework (Operational Properties)** Review of the design and effectiveness of the new repairs and maintenance framework for Council operational properties prior to implementation.	**Some Improvement Required**
14.	Edinburgh Integration Joint Board (EIJB)	**Governance of Directions** Review of governance arrangements for directions to ensure they are associated with EIJB decisions; are revised in response to transformation, service redesign, and financial developments; and partner implementation and performance is monitored.	**Effective**
15.	Lothian Pension Fund (LPF)	**Project Forth – Programme Assurance (PwC)** Review of programme assurance and governance arrangements for Project Forth.	**Some Improvement Required**
Total audits completed			**15**
Audits in reporting			**Expected Completion**
16.	Education and Children's Services	**Early Years Education Expansion Programme** Review of the project governance to support expansion of the early years education programme including delivery of new infrastructure.	January 2023
17.	Corporate Services	**Enterprise Architecture Arrangements (PwC)** Review of established Council and CGI enterprise architecture arrangements to support change implementation in line with the Council's Digital and Smart City Strategy and support consistent alignment and use of technology across the Council.	
Total audits in reporting			**2**
Audits in progress (fieldwork)			**Expected Completion**
18.	Corporate Services	**Enterprise Resource Planning (ERP)** Ongoing agile review of the project management and governance arrangements supporting implementation of the enterprise resource planning system.	Ongoing agile audit
19.	Place	**Tram to Newhaven** Ongoing agile review of project governance; procurement; and gateway decisioning and payments. The audit will include ongoing assessment of the ongoing controls supporting the funding model.	

20.	Other Organisations	**Tattoo** – Budget Management	January 2023
21.	Corporate Services	**Risk Management – CGI and Digital Services (PwC)** Review of CGI and Digital services process supporting identification; assessment; recording; management; and escalation of relevant technology risks	
22.		**Insurance Services (PwC)** Review of the adequacy of insurance arrangements across the Council, including the process applied to address any questions received from insurers, and implement any insurance provider recommendations and requirements.	
23.	Corporate Services / Place	**Management of the Housing Revenue Account (Capital and Revenue)** Review of the processes established to support both the capital and revenue elements of the Housing Revenue Account (HRA), and management and allocation of HRA reserves	
24.		**Preparation for IFRS 16 – Lease Accounting** Review of the Council's preparation for implementation of the new single lessee accounting model that recognises assets and liabilities for all material leases longer than 12 months, and proposed processes for accounting for any low value leases.	February 2023
25.	Place	**Health and Safety of Outdoor Infrastructure (PwC)** Review of processes established to ensure the health and safety of outdoor infrastructure – specifically: playparks, gravestones and community art/statues.	
26.	Education and Children's Services / Health and Social Care Partnership	**Day Care to Adult Social Care Transition Arrangements** Review of processes established to support the transition of services for young adults with a disability or complex needs to adult social care.	
27.	Health and Social Care Partnership	**Sensory Support** Review of the commissioning and partnership / supplier management arrangements for provision of sensory support services to adults aged 16 and over.	
28.	Place	**Granton Waterfront – Levelling-up** Assurance required by the UK Government Department of Levelling Up, Housing, and Communities in relation to the conditions attached to the Granton Gas Holder LUF Grant Determination.	March 2023
29.		**City Deal Integrated Employer Engagement** Service request as part of required audit programme to support grant funding requirements.	
30.	Other Organisations	**Lothian Valuation Joint Board (LVJB)** - Non-Domestic Business Rate Appeals	March 2023
31.	^Lothian Pension Fund (LPF)	**LPF - Third Party Supplier Management (PWC)**	
32.	Council wide	**Validation of Implementation of Previously Closed Management Actions**	

		Review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	
33.	Education and Children's Services	**Review of Historic Complaints (Project Apple requirement)** Review of historic complaints to confirm whether any handled by for employees noted in Project Apple outcomes had been appropriately investigated and reported.	
Total reviews in fieldwork			**16**
Audits at planning stage			**Expected Completion**
34.	^Lothian Pension Fund (LPF)	**LPF - Information Governance (PWC)**	March 2023
35.		**LPF - Adequacy of technology security assurance arrangements (PwC)**	
36.	^Other Organisations	**SEStran** - Thistle Assistance Project	
37.	Education and Children's Services	**Children's Social Work Practice Review Teams** Review of processes and procedures established to support review of children's social work practices across social work practice teams to confirm that the levels of support provided remain appropriate to meet the child's needs, and that all changes in circumstances have been considered.	
38.		**Schools Admissions Appeals – Follow-up** Service request to complete focused review of schools admissions appeals in line with the recommendations made in the schools admissions audit completed in 2020.	
39.		**Self-Directed Support – Children's Services** Review of processes established to support implementation of self-directed support across Children's Services with a focus on budgets (including use of external providers), and review and reassessment processes.	
40.	Education and Children's Services/Digital Services	**Empowered Learning Programme** Review of the project assurance and governance for the Empowered Learning programme which underpins Digital Learning across all aspects of learning and teaching.	
41.	^EIJB	**Review of set aside budget setting and monitoring processes (NHSL)** Including identification of services and their associated costs; underlying budget assumptions; and financial reporting to the IJB on ongoing set aside budget management.	
Total reviews in planning			**8**

^Audits completed for Other Organisations

Appendix 3: Performance in achieving IA key performance indicators as at Q3 2022/23



Internal Audit Report

Allocation and Management of Purchase Cards

1 November 2022

CW2207

Overall Assessment	**Some Improvement Required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Some Improvement Required

Overall opinion and summary of findings

The controls in place to support the purchase card scheme are generally satisfactory. Our review identified that while there is evidence of sound control around administration of the scheme, there are opportunities to improve the compliance with scheme guidelines within services, and to improve the process for escalating instances of persistent non-compliance. Our findings are summarised as follows:

- there is evidence of non-compliance with purchase card policy and procedure and there are no monitoring or reporting controls to identify and escalate instances of persistent non-compliance
- guidance documents require review and update to reflect recent changes in policy and procedure, and there is no process in place to periodically review them
- the leavers checklist does not have prompt for managers to check if the leaver has a purchase card, and the monthly comparison between the list of Council leavers and the list of purchase card holders has not been performed since August 2020.

Areas of good practice

Our review identified:

- the banking and payments team has recently moved elements of the process from paper-based processes to electronic, which aligns with the Council's objectives
- purchase card management software is provided by the supplier and enables control over spending limits, authorisation of transactions, audit trails, as well as reporting functionality
- good segregation of duties surrounding the issuing of new cards, as well as appropriate documentation being held
- procurement staff prepare financial management information for Directorates, which gives additional oversight to wider purchase card trends, and allows for discussions around best value to take place

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Financial processing and monitoring			Finding 1 – Review, authorisation, and compliance monitoring	High Priority
2. Scheme administration			Finding 2 – Council leavers	Medium Priority
			Finding 3 – Guidance and compliance	Low Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The City of Edinburgh Council's (the Council) Purchase Card Scheme is designed to complement banking and procurement policies and procedures, allowing authorised cardholders to make one-off purchases which cannot be supplied by the Council's approved suppliers.

Circa 400 cards have been issued across the Council. The total spend on purchase cards for the last 3 financial years is as follows:

- 2019/20 £787,963
- 2020/21 £480,258
- 2021/22 £783,301

The Council's Financial Regulations state that arrangements for procurement/purchasing, including the use of purchase cards, must comply with procedures established by the Service Director: Finance and Procurement as summarised in the Finance Rules. They also delegate responsibility for ensuring that purchasing activity is undertaken in accordance with the guidance contained in the Procurement Handbook and associated equality requirements to Executive Directors

The Purchase Card Scheme is set up between the Council and Royal Bank of Scotland Card Services (Mastercard). Applications for the scheme are authorised by managers with final approval from Finance. Once an application is approved, the Council's Banking and Payments service manage the card request process with the bank. The Banking and Payments service has an established process for managing applications including application and authorisation forms and supporting guidance.

Line managers are responsible for setting monetary limits to be applied to cards, and the cost centre for coding new purchases. Line managers are also responsible for retrospectively reviewing and authorising purchase card transactions on a monthly basis.

The Banking and Payments service reconciles transactions with the Council's purchase card statement, checks that all transactions have required codes and processes relevant journal entries. Banking and Payments also manage cancellation of purchase cards in line with the Council's leavers process.

Commercial and Procurement Services issue quarterly management information on purchase card spends split by vendor and value to directorates.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to allocate and manage purchase cards across the Council.

There were no limitations stipulated on the scope of this review.

Risks

- Financial and budget management
- Fraud and serious organised crime
- Compliance with relevant accounting and financial regulations
- Reputation.

Reporting Date

Testing was undertaken for the period 1 April 2021 to 31 March 2022.

Our audit work concluded on 22 September 2022 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Review, authorisation, and compliance

Finding Rating	High Priority

Following receipt of monthly statements from RBS, purchase card holders are required to log in to the RBS portal to input a description, VAT details, and nominal ledger details for each transaction. Authorising Officers should then review purchases and authorise the transactions. Purchase card transactions by nature are therefore retrospectively approved, i.e., the authorisation of the transaction occurs after the purchase has taken place.

Our review identified many transactions across the financial year 2021/22 which had not been reviewed or authorised. A large number of instances were identified where transactions:

- did not have a sufficient description to determine the nature of the goods or services received
- did not have full nominal ledger coding details. While purchase card expenses are assigned to an appropriate cost centre, full coding details are required to ensure they are allocated to the correct account code, which determines what the spend relates to.
- had 'nil' VAT claimed, suggesting by the types of purchases that VAT details had not been recorded resulting in the Council being unable to reclaim the VAT on these transactions. This was the case for more than 90% of the transactions in the sampled months.

Automated controls were designed in collaboration with Procurement Services to capture some of these infringements, including missing descriptions and unauthorised transaction reminders. These controls have not been operating since September 2021 due to process design and system issues.

It is also not currently known if receipts/invoices are held for all transactions, as these are sent in paper format to Waverley Court with no further checks performed. The new RBS system has functionality to upload receipts/invoices for retention, however this functionality is not currently used.

Risks

- **Financial and budget management** – budgets may be inaccurate, or the Council may be obligated to pay for goods and services that have not been subject to procurement protocols. If VAT payable is not reclaimed, the Council is not receiving best value
- **Fraud and serious organised crime** – fraudulent and/or erroneous transactions may go undetected
- **Compliance with relevant accounting and financial regulations** – the Council may be non-compliant with statutory financial requirements.
- **Reputation** – if the Council is not receiving best value or safely spending public funds, it could be damaging to its reputation.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	Controls relating to the review and approval of transactions should be revised to ensure that the process and related roles and responsibilities are complete and remain appropriate. These	After meeting with RBS (System Supplier), new functionality are contained within the SDOL upgrade portal to produce email reminders to card holders and authorisers to approve their monthly spend and code	Richard Carr - Interim Executive Director of	Catherine Smith Transactions Team Manager -	30/05/2023

	controls should include processes to capture infringements and escalate these as appropriate.	related transactions. Staff within BPS will send monthly reports to BPS manager advising of non-compliance for further escalation to service.	Corporate Services	Banking & Payment Services	
1.2	Processes for retaining receipts/invoices for transactions should be reviewed in line with relevant legislation and VAT requirements.	New functionality within SDOL allows all cardholders to upload receipts. New guidance will be issued to users and authorisers with instructions on this change.		Radoslaw Szlendak - Senior Transactions Officer	31/03/2023
1.3	Levels of compliance with the guidance should be monitored and reported to Directorates by Banking and Payments (to allow monitoring and decision making), as well as the Service Director of Customer and Digital Services (to enable the decision to continue or withdraw card facilities where the misuse of a card or non-compliance with the scheme guidelines is suspected).	BPS manager will issue monthly reports of non-compliance to service directors. Directorates will take the decision on action against noncompliance. This includes suspension of card usage for users who continue to infringe procedures. BPS Manager will report noncompliance to Head of Customer Services for oversight and compliance at directorate level.			31/05/2023
1.4	If all controls have been exhausted, cards which continue to be non-compliant with financial rules, financial regulations, and purchase card policy or guidance should be suspended or cancelled.	BPS manager will issue monthly reports of non-compliance to service directors. Directorates will take the decision on action against noncompliance. This includes suspension of card usage for users who continue to infringe procedures. BPS Manager will report noncompliance to Head of Customer Services for oversight and compliance at directorate level.			31/05/2023

Finding 2 – Council Leavers

Finding Rating	Medium Priority

Preventative controls in place to identify instances where cardholders leave employment of the Council rely heavily on line managers informing the purchase card administration team of required cancellations. There is no prompt on the Council's Leavers Checklist document for managers relating to purchase cards.

Purchase Card Admin Officers previously received the Council's Leavers Lists circulated by Business Intelligence. These would be reviewed against active purchase cards to detect any leavers not captured by line managers. This procedure has not been performed since August 2020.

Risks

- **Fraud and serious organised crime** – the Council may be liable to pay for fraudulent or erroneous transactions if cards are not cancelled for leavers.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	A prompt should be added to the Council's leavers checklist to direct line managers of purchase card holders to take appropriate steps to review and authorise any remaining transactions before cancelling the leaving officer's card. Any changes should be supported by comms to relevant Officers.	BPS manger will contact HR and request them to include a process in the leavers check list to notify BPS of Staff leaving who have a purchase card to allow us to deactivate their access from SDOL system and their card. will be cancelled on the system.	Richard Carr - Interim Executive Director of Corporate Services	Catherine Smith Transactions Team Manager - Banking & Payment Services Radoslaw Szlendak - Senior Transactions Officer	31/03/2023
2.2	It would be prudent to undertake a full review of active purchase cards to confirm that all leavers since August 2020 with a purchase card have been captured.	BPS will undertake this task as a one-off housekeeping and fraud prevention opportunity. Current security protocols dictate where a card is not used over a period of 6 months it is automatically deactivated.			31/05/2023
2.3	Regular reconciliation of the Leavers List to active purchase cards should be reinstated to confirm all instances of leavers of the Council are captured and cards cancelled in a timely manner.	BPS manger will contact HR and request to be included in the leavers list to allow us to cancel cards on SDOL, and remove access to SDOL system, as above unused cards are deactivated automatically if not used after 6 months in the system.			31/03/2023

Finding 3 – Guidance and compliance

Finding Rating	Low Priority

Significant changes to the processes and procedures surrounding purchase cards have been necessary because of the COVID-19 pandemic working from home arrangements, and a new system imposed by the supplier of purchase cards (RBS). The guidance document used to inform staff of their roles and responsibilities has not been updated to reflect these new processes.

Risks

- **Financial and budget management** – transactions not processed in line with policy and procedure
- **Fraud and serious organised crime** – fraud and serious organised crime could go undetected
- **Compliance with relevant accounting and financial regulations –** relevant accounting and public sector legislation may not be compliant
- **Reputation –** if the Council does not strive for best value.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	The Purchase Cards Guidance Document should be reviewed and updated periodically to reflect current processes and best practice. Appropriate comms should be issued explaining changes to relevant Officers.	BPS are reviewing guidance which will be issued, with the inclusion of new functionality upgrades referenced at point 1.2.	Richard Carr - Interim Executive Director of Corporate Services	Catherine Smith - Transactions Team Manager - Banking & Payment Services Radoslaw Szlendak - Senior Transactions Officer	31/05/2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report
Port Facility Security Plan

18 November 2022

PL2204

Overall Assessment	**Some Improvement Required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Some Improvement Required

Overall opinion and summary of findings

The design and operation of the controls in place to ensure public and staff safety at the Hawes Pier are generally satisfactory. However, the following improvement actions related to the operation of controls are noted:

- there is a key-person dependency resulting in limited contingency arrangements to provide cover if the PFSO (Port Facility Security Officer) is unable to work
- a minor deviation from the documented PFSP (Port Facility Security Plan), relating to the issuing of a pass to the street sweeper driver was observed
- risk assessments for pier operations should be carried out, and the results of major incident exercises circulated to all participants
- management should manage relevant security contracts in line with the Council's Contract management manual and toolkit on the Orb.

Areas of good practice

Our review identified:

- the G4S security team are aware of the procedures in the PFSP
- during an onsite visit, the auditor observed the security team carrying out checks in line with the Department for Transport (DfT)
- the PFSO is an experienced officer who holds relevant qualifications and understands their responsibility to ensure pier operations are compliant with DfT inspection requirements
- previous Internal Audit recommendations in relation to communication equipment have been addressed under the new contract, by provision of radios to port security team, PFSO, and Ship Security Officer (SSO)
- DfT audit recommendations raised in 30 May 2022 have also been addressed.

Audit Assessment

Audit Area	Design	Operation	Findings	Priority Rating
1. Port Facility Security Plan			Finding 1 – PFSO: Key-person dependency	High
2. Security Operations			Finding 2 – Operational practice: deviation from PFSP requirements	Low
3. Third party security – contract management			Finding 3 – Contract Management	Low
4. Communication and Information			Finding 4 – Records management and communication	Low
5. Major incidents and evacuations			Finding 5 – Risk assessments, incident reviews, and emergency contacts	Medium
6. DfT review recommendations			No findings	N/A

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The City of Edinburgh Council (the Council) owns, manages, and maintains the Hawes Pier (the Pier) port facility in South Queensferry.

Security at port facilities in the UK is governed by legislation and guidance including the Ship and Port Facility Security Regulations (2004) and is subject to oversight by the Maritime Security & Resilience Division of the UK government Department for Transport (DfT).

As owner of the Pier, the Council is responsible for ensuring an appropriate Port Facility Security Plan (PFSP) is prepared and maintained, and that security arrangements are consistently and effectively applied in line with DfT requirements.

The PFSP outlines the range of security measures and requirements which the DfT expect to apply at the Pier when cruise ships visit. Aspects of port security are outsourced to a third-party supplier, G4S. G4S are a new supplier that were procured as part of a Council-wide procurement in 2020.

One of the key PFSP requirements is a designated Port Facility Security Officer (PFSO) – a Council employee who has responsibility for managing and overseeing security arrangements at the Pier, principally on the days when cruise ships are visiting.

The presence of a cruise ship in the Firth of Forth presents an increased risk of a security incident. Consequently, the Pier is designated by the DfT as a Temporary Restricted Area (TRA) during such visits.

The cruise ship season is principally from May to September, and typically consists of 22 cruise ship visits generating circa £350K net income (after direct costs). Visits usually last one day but occasionally involve anchoring overnight.

The pier was closed during 2020 and 2021 as there were no cruise ship visits to the Forth because of Covid-19. The PFSP is normally subject to annual review and approval by the DfT, with exception of during the Covid-19 pandemic.

Scope

This review assessed the adequacy of design and operating effectiveness of the key controls to ensure the PFSP content remains compliant with DfT requirements, and that the security controls detailed in the plan are consistently and effectively applied.

Risks

- Health and safety
- Supplier, contractor, and partnership management
- Regulatory and legislative compliance
- Reputational risk

Reporting Date

Testing was undertaken between 30 August and 9 September 2022. This included an onsite visit to the pier on 9 September 2022 during a cruise ship visit.

Our audit work concluded on 23 September 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – PFSO: Key-person dependency

Finding Rating	High Priority

Key-person dependencies were noted with no deputy Port Facility Security Officer (PFSO) available for Hawes Pier, and no formally documented contingency arrangements if the PFSO is unable to work.

The need to improve succession planning for the PFSO, and to have a trained PFSO were included on November 2019 pier risk register as medium actions. The PFSO has also escalated the lack of cover arrangements line managers during 2020 and 2021.

Whilst it is noted that the G4S security supervisor at Hawes Pier holds a PFSO qualification, DfT rules state that the PFSO must be employed by the City of Edinburgh Council. Therefore, the Council currently only has the one PFSO to provide guidance to the security team and perform the key operational functions of the pier.

The current PFSO has also advised that:

- lack of a PFSO present on duty could mean no passengers can legally land on the pier
- the DfT have been made aware of the lack of deputies currently available
- the PFSO has had to attend work whilst unwell, and often works extensive hours due to having no cover arrangements in place.

Risks

- **Health and safety –** lack of adequate contingency arrangements for the PFSO resulting in an over-reliance on an individual.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	Develop and document contingency arrangements in event that PFSO is unavailable to ensure compliance with Department for Transport (DfT) requirements, which could include relevant training and certification of staff or provision of deputy PFSOs.	The phased implementation approach will be utilised for the closure of this action due to the ongoing Organisational Review which impacts the PFSO and responsibilities. On conclusion of the organisational review this will be revisited to determine what action will be taken to address the identified risk.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Gavin Brown, Alison Coburn, Ross Murray	28/02/2023

Finding 2 – Operational practice: deviation from PFSP requirements

Finding Rating	Low Priority

When the Temporary Restricted Area (TRA) is opened, a street sweeper clears debris from the pier in advance of cruise ship passenger arrivals. The PFSP requires the issue of a temporary ID for the street sweeper driver and vehicle.

During an onsite visit, the auditor observed that the driver of the vehicle was verified in person by the PFSO and allowed to proceed without issuing a temporary pass to driver or vehicle.

Risks

- **Regulatory and legislative compliance** – non-compliance with DfT reviewed plan.
- **Health and safety** – not all personnel on site are recorded and can be accounted for in the event of an incident on the pier.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
2.1	The PFSO should review the adequacy of current practice and consider whether updates are required to the PFSP. Any proposed revisions should be approved by the Department for Transport (DfT).	PFSO to liaise with DfT re current practice re the issuing of temporary ID passes and determine if a wording change to the PFSP is required.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	30/04/2023

Finding 3 – Contract management

Finding Rating	Low Priority

A copy of the contract management discussion between the Council and G4S that took place in August 2022 was reviewed by Internal Audit. It was noted this meeting did not utilise the Council's contract management meeting template which is available via the Orb and assists in the effective management of contract review meetings, such as ensuring there is discussion of Key Performance Indicators as set out in the contract.

Management have advised they were unaware of the template being in existence.

Risks

- **Supplier, contractor, and partnership management** – non-compliance with council contract management framework and limited opportunities to identify and resolve performance issues.
- **Regulatory and legislative compliance** – inadequate provision of security operatives will lead to non-compliance with the PFSP.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
3.1	Management responsible for managing contracts related to the pier should review and familiarise themselves with the Contract Management guidance available via the Orb and apply the relevant conditions to ensure the G4S contract is managed in line with requirements, including the use of the Contract Management meeting template.	Management meetings for the G4S contract will be held according to contract management guidance and the Contract Management Meeting Template will be utilised going forward.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Rew Ferguson, Alison Coburn, Ross Murray	30/04/2023
3.2	Commercial and Procurement Services should issue regular communications reminding all contract managers to review and utilise the contract management manual and toolkit for contracts they are responsible for managing.	Commercial and Procurement Services will issue regular (twice yearly) communications to contract managers as a reminder of the toolkit/guidance and their availability.	**Owner:** Richard Carr, Interim Executive Director of Corporate Services **Contributors:** Hugh Dunn, Lynette Robertson, Ronnie Swain	31/12/2022

Finding 4 – Records management and communication

Finding Rating	Low Priority

During audit discussions, management advised that the paper copies of the passenger manifests were retained off site by the PFSO for a short period until they could be securely destroyed, as there are no secure storage or destruction facilities currently in place at Hawes Pier, and office reorganisations have meant the original safe storage location at Waverley Court has been moved and is no longer accessible to the PFSO.

In addition, during an onsite visit, the auditor observed that the PFSO added a comment to the Declaration of Security (DoS) document stating that the pier did not have an X-ray machine or bag search policy. This comment passes responsibility for bag searches to the Ship Security Officer (SSO) – the individual responsible for security on board the ship and at the boarding/unloading area of the pier). However, it was noted the SSO was not verbally advised of this addition to the DoS during the security meeting.

Risks

- **Regulatory and legislative compliance** – confidential passenger information could be lost or misplaced, breaching data protection regulations.
- **Reputational risk** – if there is a security incident on board a cruise vessel, reputational damage to the Council could occur where the Council is viewed to have taken insufficient action to ensure the SSO was aware of policies in force at Hawes Pier.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
4.1	A process should be implemented to ensure that paper copies of passenger lists are dealt with in line with records retention schedule requirements including destruction or secure retention at appropriate periods.	To implement a secure document retention area for individual ship search sheets in a Council building.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Derek Shade, Ross Murray	31/03/2023
4.2	The PFSO should ensure there is verbal communication of the lack of an X-ray machine and bag search policy to CSO/SSO at Hawes Pier.	Recommendation accepted	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	31/12/2022

Finding 5 – Risk assessments, incident reviews, and emergency contacts

Finding Rating	Medium Priority

1. Through discussion with management, it is evident that management are aware of the Health and Safety implications of operations at Hawes Pier, however management advised that no risk assessments have been carried out during 2022 at Hawes Pier, excepting the DfT threat risk assessments. It was also noted there are no documented public Health and Safety assessments held within the PFSP folder.

2. Whilst notes for this year's tabletop major incident exercise (where emergency services, the Council, and the PFSO discuss simulated emergency scenarios in a meeting) provide sufficient information to understand the context of the exercise and actions to be taken to address issues, it is understood that these were informal notes taken by the PFSO. Management have advised that there are no formal meeting notes taken and shared between all participants in the exercise.

In addition, a review of the emergency contacts in the PFSP folder noted that the date on the print-out was from 2016, with manual written updates to the contacts in 2019.

Risks

- **Regulatory and legislative compliance -** non-compliance with HSE and Council requirements to complete H&S risk assessments
- **Health and Safety**
  - lack of risk assessments may result in failure to identify health and safety risks
  - out of date contact details could result in delays in contacting relevant Council personnel as required
  - failure to share meeting notes may lead to differing interpretations of what was agreed at the major incident exercise.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
5.1	Management should liaise with Council Corporate Health and Safety Team to understand HSE and Council requirements for carrying out and documenting risk assessments.	To liaise with Council Corporate Health and Safety to understand HSE and Council requirements for carrying out and documenting risk assessments.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	30/04/2023
5.2	In line with the above HSE and Council requirements, management should carry out and document risk assessments (including public Health and Safety) for Hawes Pier. This may involve escalation to risk register where significant risks have been identified and require additional management intervention.	Recommendation accepted.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	30/04/2023

5.3	Management should update Council emergency contacts in the PFSP folder to reflect current arrangements and ensure contacts are reviewed and updated on a regular basis. Management should also consider reviewing contacts with the Resilience Team to ensure they are kept up to date.	Emergency contacts will be reviewed and updated where necessary.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	31/03/2023
5.4	Management should consider formally documenting and circulating the action notes from DfT incident exercises and drills amongst participants.	Risk Accepted. Current process is compliant with DfT requirements with the output of the exercises being to develop the PFSO plan. This does not tend to lead to other actions for other stakeholders. The date for the next drill is not yet set (expected during 2023).	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	N/A

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
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Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
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Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Swift Application Technology Controls

30 November 2022

CW2202

Overall Assessment	**Significant improvement required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Significant improvement required

Overall opinion and summary of findings

The design and operating effectiveness of the controls in place to manage system security, data quality, and data loss prevention for the Swift system require significant improvement.

A briefing note on Swift provided to the Corporate Leadership Team (CLT) in June 2022 noted the following key areas of weakness:

- Swift is an end-of-life system which is no longer being developed by the supplier
- training materials are not comprehensive and, in particular, do not cover the basics of data capture
- induction training is provided locally and not centrally, and may therefore be inadequate
- procedure documents are not comprehensive and, specifically, do not fully cover data entry and recording
- data quality has diminished due to a reduction in assurance reviews
- reports produced by the system are not trusted by managers due to poor data quality
- data is not deleted from the system in a timely manner, meaning that data protection standards are not being adhered to
- the system is difficult to use because it is not intuitive, slow, and has performance issues
- the system does not allow for effective reporting to other organisations, e.g. the Scottish Government.

The findings of our review are largely aligned with the issues highlighted in the CLT paper, and we have summarised them at Appendix 1.

A result we have raised one High-rated finding, which has two recommendations: a business case should be created to evaluate the options for replacing the system, and an interim plan should be put in place to manage system risks prior to the implementation of a new system.

Areas of good practice

Our review identified:

- there are robust controls surrounding adding new users, changing user access, and removing leavers access for Council staff. This includes a reconciliation to the Council's leavers lists which are circulated by Business Intelligence.

Background and Scope

Swift is a social care case management system provided by OLM Systems, which the Council has used to support delivery of adult and children's social care and criminal justice services since 2006.

The Council's ICT service provider CGI manages the relationship with OLM systems for the Council. The Swift system is 'end of life', and the Council has limited control over the future of Swift and its use within the organisation.

Due to the age of the Swift system and lack of support and development, the Swift system has a number of functional weaknesses (as noted in the June 2022 CLT paper) which we understand would require replacing the system to ensure that the various services who rely on Swift have a modern solution that will fit their needs.

A Business Case to replace the Swift system was presented to the Council's Corporate Leadership Team (CLT) in October 2019; however despite significant time invested by staff, and engagement with external consultants, the request to invest up to a total of £5.674m over a 2-year implementation period in 2020/21 and 2021/22, was not approved.

The Scottish Government have agreed plans to move to a 'National Care Service' model of health and social care by 2026. This, coupled with increasing demands for services and increased budgetary pressures means the appetite for capital investment in this area is uncertain.

Scope

The objective of this review was to assess the adequacy of the design and operating effectiveness of the key Swift technology controls established to manage system security; data quality; and data loss prevention, and the processes and controls applied by services to ensure that personal sensitive records maintained on the Council's network are appropriately protected.

Risks

- Strategic delivery
- Financial and budget management
- Health and safety
- Supplier, contractor, and partnership management
- Technology and information
- Governance and decision making
- Regulatory and legislative compliance.

Limitations of Scope

The scope of our review was limited to understanding the assurance that the Council receives from third parties (CGI and OLM) in relation to relevant system and supplier management controls, with no direct engagement with these third parties.

Reporting Date

Testing was undertaken across the period April 2021 to March 2022.

Our audit work concluded on 17 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Swift Strategy

Finding Rating	High Priority

In June 2022 a briefing note was presented to the Corporate Leadership Team (CLT) highlighting the significant risks the Council is exposed to by the Swift application, including data quality and compliance with data protection legislation, system usability, and reporting functionality. The briefing note recommended that:

- a Swift/AIS data quality recovery plan was agreed to
- CLT considered the future role of Swift/AIS and plan for its replacement.

The briefing note to CLT stated that the work to improve data quality would take approximately 12 months to complete and would involve significant staff time. However, our review notes that a data quality recovery plan has not yet been created.

Management have advised that the purchase of a new system has recently been agreed in principle. However, given that it has been three years since the last business case was developed, costs and options will likely need to be updated.

The risks associated with the use of the current system have been recorded in both the CLT and Health and Social Care Partnership's risk registers, stating that the system is end-of-life and has maintenance issues.

The findings of our audit were largely aligned with the issues highlighted in the CLT briefing note, and we have summarised these findings at Appendix 1.

Risks

- **Strategic Delivery** – Council objectives may not be achieved
- **Financial and Budget Management** – best value may not be achieved
- **Health and Safety** – increased risk of unreliable data, and increased staff stress
- **Supplier, Contractor, and Partnership Management** – roles and responsibilities, timescales, and services provided are not defined
- **Technology and Information** – inefficient use of data and technology
- **Governance and Decision Making** - inability to make appropriate decisions
- **Regulatory and Legislative Compliance** – non-compliance with relevant data protection legislation.

Recommendations and Management Action Plan: Swift Strategy

Ref.	Recommendation	Agreed Action	Action Owner	Contributors	Timeframe
1.1	A system management plan should be created and approved by CLT, which aligns with the Council's Data Strategy, and which will be used to manage Swift risks in the interim during the move to	1. a system management plan will be created, aligned with Council's Data Strategy, and with the Practice Standards	Amanda Hatton, Executive Director of Education and Children's Services	Rose Howley, Children's Services Senior Manager Carey Fuller, Head of Criminal Justice	31 August 2023

	the new system. Specifically, these risks should be noted in a risk register, with any risk acceptances, mitigating actions, and responsible staff clearly stated. The plan should include actions relating to data management and cleansing, and the process to ensure that there is complete and accurate transfer of data to the new system. In addition, the plan should set out how the other issues noted in the CLT briefing note, and the issues noted in Appendix 1 of this report, will be managed.	2. risks will be stated in a risk register, with risk acceptances, mitigating actions, and responsible staff clearly stated 3. the plan will include actions relating to data management and cleansing, and the process to ensure that there is complete and accurate transfer of data to the new system 4. in addition, the plan will set out how the other issues noted in the CLT briefing note, and the issues noted in Appendix 1 of this report, will be managed.	Judith Proctor, Chief Officer, Edinburgh Health and Social Care Partnership	Jon Ferrer, Senior Manager Quality, Governance, and Regulation Andrew McWhirter, Acting Senior Manager Children's Practice Teams Anna Duff, Interim North-West Locality Manager Nikki Conway, South-East Locality Manager Deborah Mackle, South-West Locality Manager Angela Lindsay, North-East Locality Manager	
1.2	A refreshed business case for the replacement of the current Swift system should be prepared and then approved by CLT. It should give consideration to the scale of resources required to implement the new system, involve liaison with the Council's projects team, and should be aligned with the Council's major projects programme.	A business case is currently being created, with the aim to have it completed by January 2023. The costs for purchasing a new system will need to be approved as part of the Council's budget setting work for financial year 2023-24. With regard to implementation of the new system, there will be liaison with the Council's projects team, and alignment with the Council's major projects programme.	Amanda Hatton, Executive Director of Education and Children's Services Judith Proctor, Chief Officer, Edinburgh Health and Social Care Partnership Richard Carr, Interim Executive Director of Corporate Services	Richard Williams, Programme Director Nicola Harvey, Service Director, Customer and Digital Services Anna Duff, Interim North-West Locality Manager Nikki Conway, South-East Locality Manager Deborah Mackle, South-West Locality Manager Angela Lindsay, North-East Locality Manager	28 February 2023

Appendix 1 – Summary of Findings

Audit Area	Control Objectives	Audit Findings
System strategies	1. System owners have a clear understanding of the lifetime of the systems and supplier timeframes for providing ongoing support.	Our review identified that the Swift system is no longer being developed by the supplier and is therefore 'end of life'.
	2. Clear strategies are in place to support replacement of the systems before they are no longer supported by the suppliers.	Previous proposals to replace Swift have not been approved. The last Business Case was prepared in 2019 and is therefore outdated. It is estimated that replacing the system will take 4 years including recovering Swift data to an acceptable level and fully completing a replacement project.
System Data Quality Controls	1. Data quality controls are included within the Swift system that include (but are not limited to): • specified data and value input formats (e.g., dd/mm/yyyy or £0,000.00) • limited numbers of 'free text' fields • inability to leave certain fields blank • data validation checks (e.g., is less than 0 or greater than 100 years old).	While validation controls exist on Swift, the extent of these is not known, and therefore we cannot confirm that the needs of the Council are being met. Furthermore, the Council has limited control to implement new controls given the lack of development on the system identified above.
	2. There are established data quality checking procedures that include the requirement to perform regular checks on the quality of system, including use of system exception reports (where available).	Data quality checking procedures have been designed by Business Support, though they are not tasked with inputting the data. The quality of data in the Swift system varies across services, but has deteriorated in general in recent years, making the task of quality improvement a challenge. Management highlighted that data quality work is often side-lined due to competing priorities, difficulties navigating and using the system, and there are no central checks performed to confirm that data quality work is effective and has been completed.
	3. Data quality checking procedures are consistently applied.	
	4. There is an effective process in place for the creation and adjustment of system generated reports.	While our review found that there was a robust process in place for the creation and adjustment of system generated reports, some Swift-specific reports (such as Mail Merge and Oracle integration) are more complex in nature and there is a potential key-person dependency around the ongoing

		functionality of these elements of the system. Management have advised that, due to the lack of effective reporting functionality, there is difficulty in tracking drift and delay in case work, and that there is the requirement to develop a more effective performance culture.
	5. Process and procedure notes supporting the ongoing use of the systems been prepared and are available to all system users.	Our review identified 118 policy, procedure, and guidance documents on the Orb relating to the use of Swift. We found that most of these documents were either no longer available or had not been subject to review for up to 9 years. Discussions with officers confirmed that Swift processes have been localised, and therefore the extent of guidance documents and processes is not known. This might suggest that the approach to Swift is inconsistent across teams and directorates. Management have advised that a team was in place which provided centralised training to staff, and which maintained policies and procedures, but that the team was disbanded in 2016.
Information governance and system security	1. There are records management procedures in place which outline the requirements for holding, archiving, and deleting data, and which have been approved by IGU and comply with the Council's data protection standards.	As highlighted above, records management procedures are localised and therefore we could not confirm that procedures have been designed appropriately or that they are operating effectively. We noted that the Swift system has limited functionality in relation to archiving and deleting data. As a result, the Council is non-compliant with elements of GDPR legislation and its own data protection standards.
	2. Records management procedures are consistently applied.	
	3. Access to personal sensitive data held on Council network drives is appropriately restricted and regularly reviewed.	Although the Swift system has document retention functionality, the Council did not elect to procure this. As a result, documents which are supplementary to Swift case records are stored on individual network drives. Officers noted that user access for such folders is not aligned with Swift user access privileges, and in some instances, there are no processes to periodically review user access rights to confirm access to sensitive data is restricted.
	4. Controls have been established to prevent unauthorised data extraction and transfer.	Swift has controls in place to prevent the unauthorised extraction and transfer of data through its user security functionality. In addition, the Council also relies on confidentiality agreements and the Councils ICT Acceptable Use Policy.

	5. There are controls in place to manage the secure provision of information to third parties.	No data sharing agreements with third parties were provided to Internal Audit, and therefore we were unable to confirm that controls are adequate. Furthermore, user access controls only cover Council employees and, therefore, the Council is reliant on third parties notifying any changes (e.g. leavers), otherwise access will continue until RSA tokens expire (after 3 months).
	6. Known records management weaknesses have been recorded in relevant risk registers and escalated to the Council's Information Governance Unit.	While we noted that the risks associated with Swift have been discussed and added to some risk registers, we were unable to confirm that all relevant service risk registers detail the issues with the Swift system.
System Access	1. Established system user profiles have been mapped to and are aligned with employee roles and responsibilities to ensure that access to records is appropriately segregated and restricted.	Swift user access rights are not clearly and directly aligned to current operational roles. As a result, it is necessary to copy an existing user's access. This is not considered best practice as any errors will be compounded.
	2. There are controls in place to manage system access rights, including assigning the appropriate user profiles for new starts; allocation and management of RSA tokens for Swift access; employees changing roles; and removing access for leavers.	Our review identified robust controls surrounding adding new users, changing user access, and removing leavers access for Council staff. This includes a reconciliation to the Council's leavers lists which are circulated by Business Intelligence.
	3. Regular reviews are performed to ensure that access rights remain appropriate.	Discussions with officers highlighted that a new process is currently being designed to perform a full review of user access rights on a six-monthly basis. No details of this new process were available and therefore we were unable to test operational effectiveness. As previously highlighted, this task may be made more difficult because user rights are not aligned to operational roles and responsibilities.
Ongoing Supplier Management	1. Council owners have been established for both systems.	No issues were noted regarding the ownership of the system.
	2. An appropriate escalation route has been established to highlight any emergency system issues to the suppliers.	We identified that the relationship with OLM is managed by the Council's ICT supplier CGI, and therefore escalation of emergency system issues, assurance over system security, data protection, and change management

	3. The Council receives appropriate assurance from suppliers in relation to their system security, data protection, and change management controls.	controls, as well as system security issues, is done via the Council's normal ICT procedures.
	4. Any significant system security issues or data protection challenges are communicated to the Council.	

Appendix 2 – Assurance and Priority Definitions

Overall Assurance Ratings	
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.
Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environme4nt and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.
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.
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.

Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Council Emissions Reduction Plan
Design review

28 September 2022

CS2201

Overall Assessment	**Effective**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Effective

Overall opinion and summary of findings

The controls in place to support the governance and delivery of the Council's Emissions Reduction Plan (CERP), and achievement of the Council Business Plan objective to 'becoming a net zero organisation that can contribute to a sustainable and net zero city', are generally satisfactory.

We noted the following areas for improvement:

- There are capacity and key-person dependency issues within the Corporate Sustainability team that should be addressed to ensure the effective management of the CERP.
- The CERP notes that an All-Party Oversight Group (APOG) will act as a political sounding board for key decisions, but this group has not met since the May 2022 elections.

In addition, advice provided by Internal Audit in relation to the CERP board terms of reference, and the need to update the next version of the CERP to reflect the new governance arrangements, have been acknowledged by management.

Areas of good practice

- Good governance arrangements are in place to ensure ongoing accountability and oversight of delivery of the CERP.
- Regular CERP board meetings take place, and additional meetings are held when required.
- Templates are used for monitoring reports to ensure consistency and compliance.
- A draft CERP risk register has been prepared, and the Sustainability team are currently working with the Corporate Risk team to develop this further.
- Carbon workshops and carbon literacy training sessions are run to encourage services to change the way in which services are delivered in order to achieve emissions reductions.

Audit Assessment

Audit Area	Control Design	Control Operation*	Findings	Priority Rating
1. CERP maintenance and implementation		N/A	No reportable findings – IA advice during the audit was actioned by management.	**N/A**
2. Oversight and governance by the Council		N/A	Finding 1 – Key Dependency and Capacity Issues	**Medium Priority**
			Finding 2 – Governance Arrangements	**Advisory**

**Design only audit, no testing of operation of controls.*

See Appendix 1 for Control Assessment and Assurance Definitions

Background and Scope

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest. The City of Edinburgh Council (the Council) is committed to working towards a politically agreed target of net zero emissions by 2030 for both city and corporate emissions.

The Council's carbon emissions footprint is equivalent to 3% of the city net zero target. The Council Emissions Reduction Plan (CERP) sets out the initial interventions the Council will undertake to support delivery of net-zero by 2030, by targeting the Council's major emissions sources: energy (buildings and lighting), waste, fleet, and transport.

In approving the CERP in November 2021, Policy and Sustainability (P&S) Committee recognised there are significant emissions in sectors of council activity where actions to achieve reductions are yet to be identified, and also that the CERP (and the budgets supporting it) is a rolling plan which needs to be continually updated and revised until 2030, as more clarity is obtained from operational projects and as future low-carbon technologies evolve.

The CERP introduced carbon budgets to measure progress. Each emissions source is addressed through a dedicated chapter, including the thematic strategic approach to achieving net zero emissions, a phased plan with key milestones and the associated resources required (where known). Each chapter also includes key projects and programmes and their estimated carbon savings. Potential projects have also been quantified to show how they would contribute to the net-zero target.

The Council reports its organisational emissions annually to the Scottish Government through Public Bodies Climate Change Duties Reporting (PBCCD). The P&S Committee provides political oversight and scrutiny of progress of the CERP and receives annual reports on both the CERP and the PBCCD, prior to submission of the PBCCD to the Scottish Government. A CERP board was set up in April 2022 to provide strategic leadership and operational accountability for delivery of the Council's organisational emissions target.

The Corporate Sustainability Team provides policy co-ordination and support for the CERP and works with the relevant service area leads responsible for ensuring the plan's delivery. The team also lead and co-ordinate the annual committee and quarterly board progress reporting

Scope

The objective of this agile review was to assess the adequacy of design of the key controls established to support governance and delivery of the Council's Emissions Reduction Plan (CERP). This included an assessment on whether the design of the controls supported achievement of the Council Business Plan objective to 'becoming a net zero organisation that can contribute to a sustainable and net zero city'.

Risks

- Programme, Project and Strategic Delivery.
- Regulatory and Legislative Compliance.
- Reputational Risk.

Limitations of Scope

- Testing of the effectiveness of the governance and implementation controls supporting CERP delivery.
- Progress with delivery of city net-zero emissions targets.

Reporting Date

Testing was undertaken between 24 May and 17 August 2022. Our audit work concluded on 17 August 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Key Dependency and Capacity Issues

Finding Rating	Medium Priority

There are current key dependency issues in relation to the support provided by the Corporate Sustainability team in managing the CERP including:

- A vacant key leadership post due to the departure of the Strategy Manager in June 2022.
- Only one Council Carbon Manager is in post and, while their work can be undertaken by another colleague, there would be a significant gap if both the Carbon Manager and the other team member were to leave.

The Head of Service escalated these risks to the Corporate Services Risk & Assurance Committee in August 2022. However, although there is a draft CERP board risk register, these risks are not stated in it.

Risks

- **Programme and project delivery -** failure to effectively manage projects due to capacity issues may result in significant overspends, delays and reputational damage to the Council
- **Reputational risk -** reduced capacity within sustainability team structure resulting in slowed delivery
- **Strategic delivery -** insufficient capacity and skills to support the delivery infrastructure for the Climate Strategy and the CERP
- **Regulatory and legislative compliance –** the Council does not achieve the national emissions reduction targets.

Recommendations and Management Action Plan: Key Dependency and Capacity Issues

Ref	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	The Corporate Sustainability team's resourcing requirements in relation to CERP should be determined, with recruitment or the sharing of resources with other organisations then being undertaken as required. In addition, resourcing key dependencies should be identified, and appropriate mitigating controls put in place.	Recruitment for the Strategy manager (grade 10) is on-going. A new sustainability team structure is being designed and will be proposed as part of the budget discussions. This structure will take into account CERP resourcing requirements as well as better knowledge transfer.	Richard Carr, Interim Executive Director of Corporate Services	Paula McLeay, Head of Policy & Insight	31/10/2022 for recruitment of new Strategy Manager. 28/02/2023 for approval of new sustainability team structure.
1.2	The Sustainability Team capacity risks should be reflected in the CERP board risk register for discussion, action, and escalation as required.	The Sustainability Team capacity risks have now been reflected in the CERP board risk register (as critical) and were also highlighted at the last board meeting on 05/09/2022. These risks will also be escalated to the next Sustainability Board meeting.	Paul Lawrence, Executive Director - Place	Peter Watton, CERP Senior Responsible Officer	15/09/2022 Escalation of risks at next Sustainability Board meeting by 31/10/2022.

Finding 2 – Governance Arrangements

Finding Rating	Advisory

1. The governance organisation chart detailed in the November 2021 CERP does not reflect new CERP board arrangements that were put in place during 2022.
2. The CERP notes that a Sustainability and Climate Emergency All-Party Oversight Group (APOG) will act as a political sounding board for key decisions, but this group has not met since the May 2022 elections. The purpose of this working group is to focus on thematic aspects of the plan and explore challenges relating to delivery in collaboration with relevant officers.

In addition, it is noted that the APOG which was in place prior to the May 2022 elections had not received any CERP progress reports.

Risks

- **Governance and decision making –** without an APOG in place, there is limited opportunity for elected members to support, champion and provide additional political governance, scrutiny, and oversight of the CERP.

Recommendations and Management Action Plan: Governance Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	The next revision of the CERP (due in late 2022) should reflect the current governance arrangements.	The revision of the CERP due in November 2022 will highlight new governance arrangements (establishment of new CERP board in 2022). The full governance diagram that was presented in the initial CERP published in November 2021 will be updated in the next version of the plan (November 2023) once new political management arrangements are approved.	Richard Carr, Interim Executive Director of Corporate Services	Claire Marion, Lead Change and Delivery Officer (Carbon Management)	30/11/2023
2.2	It should be decided whether the Sustainability and Climate Emergency All-Party Oversight Group (APOG) should be reinstated. If it is, then CERP progress reports should be provided to it on a regular basis.	Political management arrangements (PMAs) will be determined in the Autumn 2022 following elections from May 2022. It is not possible to update the CERP Governance diagram or clarify the role and remit of the APOG until that work is undertaken. Following confirmation of the PMAs the governance of the CERP and Sustainability Board, including the role of the APOG will be updated to the Boards and embedded into the CERP documents in 2023.	Richard Carr, Interim Executive Director of Corporate Services	Paula McLeay, Head of Policy & Insight	31/12/2022

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for-purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design-only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Role Specific Learning and Development for Council Officers

10 November 2022

CW2208

Overall Assessment	**Some improvement required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Some improvement required

Overall opinion and summary of findings

The design of controls in place to support the effective learning and development of Council Officers to ensure they possess the necessary skills, knowledge and behaviours needed to deliver the Council's priorities are generally satisfactory. Some areas for improvement have been identified:

- there is not a formal process for regular review of learning and development guidance, checklists and learning materials
- service areas should be reminded of the requirement to regularly review and update role specific templates and ensure that versions on the Orb reflect current practice. L&D have advised that they have a plan in place to address this
- completion and monitoring of role specific induction and refresher learning topics could be improved in some service areas
- it is recognised that improved completion rates for digital learning and effective monitoring of learning in some services is required, however this is dependent on the hosting of all learning requirements within, and access for all colleagues to, the new myLearning Hub system.

Areas of good practice

Our review identified that:

- comprehensive Council wide guidance and checklists have been developed for managers and colleagues covering management and completion of induction and ongoing learning, with links to key activities, learning options, resources and systems on the Learning and Development (L&D) Orb pages
- clear and regular Council wide communications are issued to support new and revised learning and policies, for example, the roll out of myLearning Hub and ongoing reminders to encourage and support increased uptake
- good working relationships between the L&D team, subject matter experts and the services that they support were highlighted during the review. The good engagement by the L&D team, and the service areas reviewed during the audit process is also recognised and was appreciated.
- accessibility to learning systems by hard-to-reach colleagues is a recognised issue, with ongoing campaigns to implement a Council wide solution to digital accessibility for all colleagues
- frontline / remote areas reviewed were working to improve digital access to learning for non-desk-based colleagues, e.g., via standalone PCs and kiosks
- evaluation of post course / learning feedback forms and reflections were business as usual processes in most service areas reviewed and were subject to dashboard reporting for L&D led learning.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Role Specific Learning and Development for Council Officers			Finding 1 – Learning Guidance and Materials – Content and Review	Low Priority
			Finding 2 – Role Specific Learning Templates	Medium Priority
			Finding 3 – Completion, Review and Monitoring of Learning	Medium Priority
			Finding 4 – myLearning Hub Roadmap	Low Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Council's People Strategy for 2021-2024 sets out what colleagues should expect from the Council as their employer and what the Council expects from their workforce. The 'maximising our capability and performance' theme commits to ensuring that everyone is clear about what's expected of them in their role, giving everyone the opportunity to develop the skills they need to do their job well; and making sure there is sufficient learning and development to keep colleagues safe but also to support their career development.

The Strategic Workforce Plan describes specific actions the Council will take to address the gaps between the current and future workforce needed to deliver the Business Plan. Ongoing and annual actions to support this workstream include:

- implementation of new digital learning platform
- annual supply/ demand exercise for role specific learning
- guidance and/or learning for all (appropriate) employment policies.

As agreed by the Corporate Leadership Team, there is currently no Council-wide reporting on learning completion; however, there are plans for learning data to be included in the workforce report to Finance and Resources Committee in January 2023 under the people strategy theme 'maximising capacity and performance'. Learning data from L&D monthly internal dashboards will be included in this report.

A new digital learning system myLearning Hub replaced CECil, learnPro and Thrive in August 2021, and is used to complete essential learning for each Council role, in addition to face-to-face learning. The system is accessible to all colleagues; colleagues who do not have a Council email address can sign-up using their personal email address. Accessibility to learning for all Council colleagues is recognised as a key risk by Human Resources (HR).

A range of learning and development guidance and toolkits is included on the Orb (the Council's Intranet) to support colleagues and managers to complete high quality induction processes and ongoing learning.

The L&D team work with service area managers and subject matter experts across the Council to articulate essential learning for each role, captured on role specific templates on the Orb. Templates are reviewed with the service areas to ensure that role specific learning is current and relevant. A full review of all templates commenced in July 2021.

The roll out of new and revised policies is supported by learning campaigns, which are communicated to colleagues through News Beat, Managers' News, and on the Orb. During the Covid-19 pandemic essential learning was condensed for some key roles, mainly for new home care and care home colleagues, with face-to-face learning replaced by online learning.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established for role specific learning and development for Council Officers.

Risks

- Governance & Decision Making
- Service Delivery
- Workforce
- Regulatory and Legislative Compliance.

Limitations of Scope

Verification checks of colleagues' professional accreditation and certificates was specifically excluded from this review.

Reporting Date

Testing was undertaken between 21 July and 10 October 2022. Our audit work concluded on 10 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Learning guidance and materials – content and review

Finding Rating	Low Priority

While good quality Council wide guidance and checklists have been designed, with induction guidance including a reminder to managers to ensure that new starts 'complete all of the other essential learning', there are no clear statements within the performance and leadership frameworks stating the need for managers to monitor completion of mandatory elements of induction and ongoing learning in their service areas. Feedback from service areas indicated that further guidance and support would be welcomed in this area.

The respective roles and responsibilities of the L&D team and Service Area Managers for essential learning are communicated on an ongoing basis in line with process changes, however, they are not outlined in the L&D Orb pages for reference.

Guidance and learning materials prepared by L&D are reviewed on an ongoing basis, but there is no formal process in place to ensure regular review of all learning related Orb / document content, and no version control included in key induction guidance and checklists. Subject matter experts are also not reminded to ensure they undertake regular checks of role specific templates and learning materials. L&D have advised that there is a plan in place to do this.

In three service areas sampled, review schedules were not in place for local guidance and learning materials to ensure these remain relevant and up to date.

While review processes would benefit from a more formal framework, it is recognised that updates on key topics are regularly communicated when relevant, for example, updated policy, guidance and learning on domestic abuse awareness in July 2022.

Several examples were noted on the Orb of out-of-date content: reference to obsolete learning systems or HR system processes. The L&D team were pro-active in rectifying all issues highlighted during the audit.

In two service areas reviewed, instances were also noted where obsolete induction checklists and summary guidance were used. These documents referenced induction processes and timescales no longer applicable.

Risks

- **Governance & decision making** – Council Officers may not be provided with effective learning for their role and duties
- **Regulatory and legislative compliance** – if guidance and materials are not regularly reviewed, they may no longer align with organisational changes or any changes in national guidance or changes required in response to external assurance reviews.

Recommendations and Management Action Plan: Learning guidance & materials – content and review

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	Consideration should be given to reviewing the performance and leadership frameworks to include guidance on how services can effectively monitor	1. Information on this will be included in the Managers' Guidance which will be published on the Orb.	**Owner:** Richard Carr, Interim Executive Director of Corporate Services	31/03/2024

	mandatory induction and ongoing role specific learning.	2. Consider adding information to the Managers' Essentials Resource. 3. Consider inclusion within the Leadership and Performance Frameworks when these are next updated.	**Contributors:** Katy Miller, Service Director - Human Resources Margaret-Ann Love, Head of HR, Consultancy & Policy	
1.2	Respective roles and responsibilities for both L&D and service managers should be clearly outlined on the L&D Orb pages.	1. Draft and publish roles and responsibilities of L&D and managers in relation to induction and role-specific learning on to the Orb pages.	Caroline Bayne, Lead HR Consultant, L&D	31/03/2023
1.3	A review process and schedule should be put in place to ensure that all induction and learning guidance and learning materials are subject to regular review and update, to ensure that they remain relevant and in line with organisational and external changes, for example, every 3 years or in line with operational/ legislative changes. All documents should include version control, clearly stating the date of last review, and the date of the next scheduled review. The process should include the issue of reminders: • to subject matter experts and services to undertake regular reviews of learning materials that they are responsible for, both in myLearning Hub and locally held • to service areas to use the most up to date induction and learning templates and checklists.	1. Annual communication to all managers and Directorates to remind colleagues providing learning that materials are updated and archived with version control and dates every three years or in line with operational or legislative changes. 2. L and D draft and publish guidance on Orb. 3. Annual communication planned for managers to ensure that managers use most -up-to-date checklists and templates for role-specific learning. 4. Explore use of myLearning Hub functionality to assign role specific templates to service areas and subject matter experts to enable an alert to be set up to prompt checking content on digital learning resources and role-specific templates.		30/06/2023

Finding 2 – Role specific learning templates

Finding Rating	Medium Priority

Discussions with Service Area Managers on their role specific templates, and review of specific topics within these templates highlighted that:

- some templates on the Orb are out of date as local changes to role specific topics, job roles or frequency of refreshers have not been advised to L&D to ensure the master version on the Orb is updated. Examples were noted in four of five areas reviewed
- one service area use their own learning template (not the template on the Orb) however they confirmed they would engage with L&D in respect of the current review. Two service areas made a distinction between learning topics in their templates that they considered critical / essential, such as H&S training, noting that some other topics were deemed less essential
- for some topics reviewed, there was a lack of clarity within services whether role specific induction and refresher learning applied to all colleagues with the same job title, for example, adult protection in customer contact roles and child protection in sport and outdoor learning roles.

L&D have advised that following completion of the current revision of all templates, an annual communications process will be implemented which will include asking service managers for any required template changes and include encouraging them to review role specific learning completion as part of annual conversations.

L&D have also advised managers who lead organisational change to ensure that they update role specific templates where appropriate; this is detailed within in the Council's Managing Change user guide.

Risks

- **Governance & decision making**– Council Officers may not be provided with effective learning for their role and duties
- **Workforce / Service delivery** – Council Officers may not complete all the required role specific learning for their role.

Recommendations and Management Action Plan: Role specific learning templates

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
2.1	As part of the planned annual communications process, service areas should be reminded to only use the versions of the role specific templates on the Orb to manage and monitor completion of learning. Service areas should be encouraged to notify L&D of any required changes to the master version, such as: • any new job roles that should be added so L&D, subject matter experts and the service can agree role specific learning applicable	1. Planned annual communications to all managers every February to ask for any changes to role-specific learning templates to be communicated to L&D. 2. Manging Change Guidance has been updated to include advice for managers to work with L&D to update any role-specific learning templates after a service re-design.	**Owner:** Richard Carr, Interim Executive Director of Corporate Services **Contributors:** Katy Miller, Service Director - Human Resources Margaret-Ann Love, Head of HR, Consultancy & Policy	31/03/2023

	• any required changes in the role specific topics, frequency and staff groupings • updates to address any omissions from the current templates in place (which should be captured in the current roll out of revised templates). Management have advised that there is already a plan in place for this.		Caroline Bayne, Lead HR Consultant, L&D	

Finding 3 – Completion, review and monitoring of learning

Finding Rating	Medium Priority

Discussions with Service Area Managers on induction learning, and review of a sample of induction programmes highlighted:

- Only 3 of 5 new starts reviewed had access to myLearning Hub, where they are required to complete six induction modules. Only one of the new starts reviewed had completed the two induction modules sampled. This pattern mirrors the Council wide position; 40% of new starts had completed the ICT Acceptable Use Policy module from 2 August 2021 to 31 May 2022, with 47% completion rates by new starts for the Keeping You Safe module in the same period.
- In one area reviewed, two new starts had not undertaken the specified child protection learning on induction. Alternative learning was provided for one, and learning provided by a previous employer had been deemed sufficient by their line manager for another. L&D has confirmed that for job roles requiring this learning, the specified module should always be completed on induction.

Completion of specific refresher learning topics reviewed across 5 areas show that not all colleagues have completed their required learning. Examples include:

- Counter terrorism (ACT) online learning had only been completed by two of five colleagues reviewed; Internal Audit has highlighted this with the Service Manager.
- For one officer required to complete Level 4 child protection learning every three years, an alternative training course had been undertaken.
- Refresher topics selected from templates for two further areas could not be reviewed. The service advised that they were either no longer applicable or delivered as an ongoing programme of toolbox talks rather than as the three-year refresher requirement noted. See recommendation 2.1.

Overall, it was noted that effective monitoring of completion of role specific learning is not performed in most areas reviewed as part of audit fieldwork, and no evidence was provided of departmental reporting on the completion of learning.

Specific issues noted include:

- In the areas reviewed there was a willingness to do more, however issues such as a lack of business support, management capacity, too many different systems and restrictive systems functionality were noted as barriers. Service managers advised they were reluctant to request reports from L&D as they did not want to overburden them.
- Services advised that current functionality in myLearning Hub could be improved. For example, one Training Officer advised they cannot allocate tasks to new starts via delegated authority as they are not a direct line manager. L&D have confirmed that this will be possible in the future.

Risks

- **Governance & decision making** – limited assurance that all necessary learning is being completed to enable all Council Officers to undertake their roles safely, competently, legally and effectively.
- **Workforce / Service delivery** – Council Officers may not be completing all the required role specific learning for their role.

Recommendations and Management Action Plan: Completion, review and monitoring of learning

Ref.	Recommendation	Agreed Management Action	Action Owner/ Contributors	Timeframe
3.1	Managers should be reminded of their responsibilities to ensure role specific induction learning is completed as required. The reminder should highlight that learning undertaken with a previous employer does not remove the need for this learning to be undertaken on induction with the City of Edinburgh Council.	1. Planned communications to all managers to remind them of their responsibilities about role-specific induction. 2. Guidance drafted and published on the Orb to highlight manager responsibilities about induction and role-specific learning.	**Owner:** Richard Carr, Interim Executive Director of Corporate Services **Contributors**: Katy Miller, Service Director - Human Resources Margaret-Ann Love, Head of HR, Consultancy & Policy Caroline Bayne, Lead HR Consultant, L&D	30/06/2023
3.2	Managers should be reminded that they have reporting functionality within myLearning Hub to monitor completion of all required induction modules, and that they should perform regular monitoring.	1. Include details about regular use of the dashboard on myLearning Hub in managers' guidance on the Orb and communicate in Managers' News.		30/06/2023

Finding 4 – myLearning Hub Roadmap

Finding Rating	Low Priority

Of the 25 colleagues included in audit testing, 4 (16%) did not have a myLearning Hub account, and 9 of 21 who did have accounts (43%) had not activated their account within four of the five service areas reviewed. This activation pattern mirrors the Council wide position as of 8 July 2022, where 41% of accounts had not yet been activated. Management have advised that from November 2022 all staff will be provided with a myLearning Hub account whether or not they have a corporate email address.

Basic literacy and numeracy issues were noted as a barrier to some colleagues in using digital learning within two services reviewed.

Not all colleagues have access to the corporate network, Orb or myLearning Hub. While myLearning Hub can be accessed from individuals' phones or other mobile device, the Council cannot mandate a requirement for employees to use their own devices. Accessibility to learning systems by hard-to-reach colleagues is a recognised issue and risk, and L&D colleagues are part of a wider team supporting a Council wide solution and campaign for digital accessibility for colleagues.

L&D have outlined the future aim, that all learning will be tracked in myLearning Hub, including functionality to assign all role specific learning within the system. Annual monitoring reports and associated reminders will also be facilitated.

Full functionality has not yet been enabled due to the team focusing on access issues first. Phase 2 will focus on how to improve functionality.

Risks

- **Governance & decision making** – limited assurance that all necessary learning is being completed to enable all Council Officers to undertake their roles safely, competently, legally and effectively.
- **Workforce / Service delivery** – Frontline colleagues may not have access to required learning.

Recommendations and Management Action Plan: myLearning Hub Roadmap

Ref	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
4.1	While it is recognised that there is a good strategy in place to host the majority of learning on a single platform, with increased access and associated functionality to permit more effective monitoring, the strategy and phases / timescales for achieving should be communicated Council wide, taking into consideration the findings from testing and feedback received from services that current arrangements for recording and monitoring require to be improved.	Work with Communications Team to plan and implement regular comms which highlight to managers the functionality of myLearning Hub and introduce colleagues to new features as appropriate.	**Owner:** Richard Carr, Interim Executive Director of Corporate Services **Contributors:** Katy Miller, Service Director - Human Resources Margaret-Ann Love, Head of HR, Consultancy & Policy Caroline Bayne, Lead HR Consultant, L&D	31/12/2024
4.2	L&D should consider running a campaign to signpost colleagues to literacy learning available.	Plan a campaign using myLearning Hub to signpost literacy resources to managers and colleagues. This will take place during the annual Learning at Work Week in May 2023.		31/05/2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Induction and Ongoing Learning for Elected Members

9 November 2022

CW2208

Overall Assessment	**Effective**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Effective

Overall opinion and summary of findings

The controls in place to support the effective induction and development of elected members with the necessary skills, knowledge and behaviours needed to deliver the Council's priorities are generally satisfactory.

We noted the following areas for improvement:

- a formal process for regular review of elected members guidance and training materials has not been established
- some members had not completed their mandatory training three months post-election, despite clear communications being issued in relation to the mandatory nature of some induction training sessions, with flexibility offered in relation to delivery methods, times and dates for completion of this training. However, escalation processes are in place to ensure attendance is maximised
- survey results were not collated into a formal lessons learned plan to improve future training provision, although member feedback was gathered in advance of induction programme planning.

Areas of good practice

Our review identified that:

- comprehensive guidance is provided to new and returning elected members to ensure that they are aware of where and how to access learning materials, with Digital Services and Learning & Development Officers attending the first day of induction to provide support
- induction session facilitators are offered guidance and training to improve their delivery of elected member sessions
- a comprehensive induction programme was developed and delivered in May and June 2022, and an ongoing programme of training is underway for autumn 2022 onwards
- the induction timetable is circulated to all candidates in advance of the election to ensure maximum uptake and awareness of mandatory and recommended topics
- the Governance team engage regularly with elected members on training, support, and continuous professional development
- there is effective partnership working between the Council's Governance team, the Improvement Service, and other local authorities to ensure that a quality induction programme is planned and delivered, and best practice shared.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Elected Members Induction and Ongoing Learning			Finding 1 – Review Schedule for Guidance and Training Materials	Low Priority
			Finding 2 – Escalation Processes for Mandatory Topics	Low Priority
			Finding 3 – Post-Survey Outcomes	Advisory

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

An Elected Member learning and induction programme was developed for the 2022 intake of new and returning Councillors, following the local government elections in May 2022. Phase 1, which commenced on 9 May 2022, was an initial 8-week period for mandatory and recommended learning including specialist learning for frontline Councillors (Conveners, Vice-Conveners, and Group Leaders), and members of specialist committees (for example, Licensing).

A second programme (phase 2) commenced in August 2022. This will be followed by an ongoing programme of learning throughout the term of the Council.

A range of learning sessions, resources and guidance was provided to support new and returning elected members induction and ongoing learning including:

- a Welcome event, a freshers' fair, a tour of City Chambers, and services for members' introductory briefing
- the Standards Commission for Scotland Councillors' Code of Conduct.
- Political management arrangements and how committees work
- Personal Safety
- the Council's Governance Framework
- Effective Scrutiny.

In-person sessions are supported by online and pre-recorded options to ensure a range of access options are available. Elected members were provided with laptops and also have access to all modules on myLearning Hub, with a tailored landing page. The learning programme is supported by day-to-day advice and guidance from the members' services support team.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established for Induction and Essential Learning for Elected Members.

Risks

- Governance & Decision Making
- Regulatory and Legislative Compliance
- Service Delivery.

Limitations of Scope

No limitations to scope were identified.

Reporting Date

Testing was undertaken between 21 July and 24 August 2022. Our audit work concluded on 6 September 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Review Schedule for Guidance and Training Materials

Finding Rating	Low Priority

A formal process to ensure regular review of all elected members guidance and training materials held on the Orb and in myLearning Hub has not been established.

Previously, learning materials were reviewed on a five-year basis aligned to the Council term. During audit planning, it was noted that a range of training documents for elected members dated 2017 were still live in the Orb at the end of May 2022, with some out-of-date content noted. However, these have since been removed, and the Governance team has stated that training materials will be subject to more regular review in future.

A lack of clear version control was also noted. A guidance booklet for elected members dated May 2022 includes no review schedule. However, the Governance Manager stated that this document is on the Governance Team's work plan for annual review and update.

While the process would merit a more formal framework, Internal Audit recognise that the Governance team do provide updates to elected members on key topics when relevant, for example, an additional session was held on changes to the code of conduct (in 2020) during the last Council term. In addition, an update from the Standards Commission in June 2022, including guidance on the Code of Conduct, was circulated.

Risks

- **Governance & Decision Making** – Elected members may not be provided with effective learning for their role and duties.
- **Regulatory and Legislative Compliance** – If guidance and training materials are not regularly reviewed, they may no longer align with organisational changes or any changes in national guidance, or changes in response to external assurance reviews.

Recommendations and Management Action Plan: Review Schedule for Guidance and Training Materials

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	A process and schedule should be established to ensure that all elected members guidance and training materials are subject to regular review and update on an ongoing basis, to ensure that they remain relevant throughout the term of the Council for reference by existing and any new members elected, and for any members changing the committees that they sit on during the Council term. The process should include the issue of reminders to subject matter experts to undertake a similar review of elected member training materials that they are responsible for (for example annually) and following any changes in internal / external processes and legislation.	The Governance team will update their workplan to include a process for reviewing guidance and training materials. This will include the issue of an annual reminder by the Governance team to subject matter experts to also review and, where relevant, update the training materials that they are responsible for.	Richard Carr, Interim Executive Director of Corporate Services	Gavin King, Head of Democracy, Governance, and Resilience Laura Callender, Governance Manager Laura Millar, Governance Officer	31 July 2023
1.2	All training documents should include clear version control, including the date of last review, and the date of the next scheduled review.	Agreed – this will be actioned.			31 July 2023

Finding 2 – Escalation Processes for Mandatory Induction Training

Finding Rating	Low Priority

The Council categorises some learning sessions as mandatory, namely the session on the Code of Conduct and the sessions on specialist committees. However, the Standards Commission do not require a mandatory approach, or set any timescales for the completion of training, but does require that Council members are familiar with the provisions of the Code and comply with the law and their council's rules, standing orders and regulations.

With regard to the training on the Code of Conduct and on specialist committees, our review noted that three months post-election:

- 25% of members had not attended either in-person or online sessions on the Code of Conduct, which were held in both May and August 2022. This was however, escalated to political group management, and political group / one-to-one sessions are being arranged
- for two specialist committees, 7 members had not attended all of the mandatory sessions held in May and June 2022, resulting in additional sessions being required. For one of these committees, two of nine members had not completed mandatory committee training as at 24 August 2022 despite the first meeting of this committee in the current session being held on 27 June 2022.

However, clear communications are issued by the Elections team, the Governance team and the Council Monitoring Officer to members in relation to the mandatory nature of some induction training sessions, and flexibility is offered in relation to delivery methods and times. In addition, the Governance team monitor attendance, and follow a set escalation in relation to non-attendance.

Risks

- **Governance & Decision Making -** Elected members may not complete all mandatory and committee-specific learning prior to undertaking committee duties, and the need to schedule additional sessions may have an impact on Officer time and resource
- **Regulatory and Legislative Compliance** – If members do not attend mandatory sessions, they may not be fully aware of their roles and responsibilities.

Recommendations and Management Action Plan: Escalation Processes for Mandatory Induction Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Any non-attendance at mandatory induction training sessions that require to be completed during the induction period and prior to commencement of Council/committee meetings should be escalated by the Governance team with political group management prior to the summer recess to ensure compliance, and minimise the time spent by Officers in monitoring, arranging and facilitating additional training sessions.	There were complicating factors this year due to the delays in final appointments to committees. The process stated in the recommendation is the established process that will be followed on future occasions.	Richard Carr, Interim Executive Director of Corporate Services	Gavin King, Head of Democracy, Governance, and Resilience Laura Callender, Governance Manager Laura Millar, Governance Officer	30 April 2023

Finding 3 – Post-Survey Outcomes

Finding Rating	Advisory

While details were provided by the Corporate Governance Manager on how the results from an elected member survey completed in February 2022 were used to inform Governance team discussions in shaping the induction programme, post survey outcomes were not recorded and tracked via an action plan.

Risks

- **Service Delivery** - If feedback results are not formally recorded, opportunities to identify ideas for new learning materials, improvements to existing content, and the means in which this is delivered and accessed, may not be captured and addressed fully and in a timely manner.

Recommendations and Management Action Plan: Post Survey Outcomes

Ref.	Advisory Recommendation *(no management action required)*
3.1	Survey results should be documented and analysed to ensure that all comments, preferences and improvements identified are recorded and used to inform future elected member learning.

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Repairs and Maintenance Framework (Operational Properties)

8 December 2022

PL2201

Overall Assessment	**Some improvement required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Some improvement required

Overall opinion and summary of findings

The controls in place to support the repairs and maintenance arrangements for Council operational properties are generally satisfactory. The following areas for improvement were identified:

- contract management arrangements are not aligned with the requirements set out in the Council's Contract Management Manual and toolkit
- contract management responsibilities for individual members of staff have not been documented
- record keeping for performance monitoring and contractor progress meetings is not comprehensive
- the Council does not receive regular assurance that PVG requirements are fully met by contractors.

Areas of good practice

Our review identified:

- the governance structure for management of the contracts is well-established, including a Repairs and Maintenance Board chaired by the Service Director
- there are a number of forums for the Council and contractors to discuss issues including progress meetings, early warning, escalation and task order meetings
- performance adjustment schedules demonstrated effective KPI monitoring and, where performance did not meet the agreed standard, penalties were applied
- electrical and gas safety is discussed as a standing item in monthly progress meetings
- contractors provide annual confirmation that their IT systems are secure.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Design and approval of the contracts			Finding 1 – Alignment with the Contract Management Manual and Toolkit	Medium
2. Oversight and governance			Finding 2 - PVG Assurance for Repairs and Maintenance Contractors	Low

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

Hard facilities management services (ongoing maintenance of physical structures) for all Council operational properties are provided by two contractors: Mitie and Skanska. The contracts came into effect on 1 October 2021, will run for 7 years, and have estimated annual value of £10m per year. The contractors provide services for specific geographical areas within the city. However, if there is an emergency, the contractors can work in other areas where required.

Repair requests are submitted to the Council's Facilities Management Helpdesk, within Customer Services, which operates standard office hours along with emergency out-of-hours availability. The Helpdesk team prioritise the repairs and, if they require advice, contact Facilities Management. Both contractors also have helpdesks to respond to queries from staff at the Council's Helpdesk.

Contract management and governance arrangements

The Council's Contract Management Manual and Toolkit was implemented in June 2018 and provides guidance on the management of contracts, and aims to provide a consistent approach across the Council.

Governance arrangements for the repair contracts include a project board and daily engagement with contractors. There are also regular meetings with records of meeting actions maintained. Contractors provide monthly reporting which includes information such as a summary of the work performed compared to planned work, and response times.

Information technology and data protection

Both contractors use their own technology systems to record work performed, with live updates provided to the Council's CAFM system. The information transferred includes relevant information including the work performed, costs, individual performing the work, location, and the time when the work was performed. During audit fieldwork, it was established that one contractor's CAFM integration had failed during updates and the Council was monitoring performance through a manual system. A performance improvement notice was issued to the contractor as a result.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the new repairs and maintenance arrangements for Council operational properties, including ongoing completion of gas and electrical safety checks, and arrangements for maintenance of fire alarms.

Risks

- Health and safety (including public safety)
- Supplier, contractor, and partnership management
- Service delivery
- Regulatory and legislative compliance.

Limitations of Scope

The following areas were excluded from scope:

- CGI's ongoing management of application programming interfaces used to transfer data into the CAFM system
- repairs and maintenance of Public and Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Schools – an audit of this area was completed in May 2021
- repairs and maintenance of operational properties performed by Council employees.

Reporting Date

Testing was undertaken between 18 August and 4 November 2022.

Our audit work concluded on 4 November 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Alignment with the Contract Management Manual and Toolkit

Finding Rating	Medium Priority

Our review confirmed there are established arrangements for managing both contracts. Due to their value, these contracts are classified as Tier 1, which means there are specific contract management activities aligned to the risk and complexity of the contracts as set out in the Councils Contract Management Manual and Toolkit. It is noted that the contracts are not fully managed and monitored in alignment with the guidance, for example a Contract Management Plan that sets out responsibilities for managing key contract requirements has not been developed.

The Council monitors contractor performance against agreed KPIs and penalties are applied in accordance with performance adjustment schedules when standards are not met. A process to issue performance improvement notices has been established and, while our review identified that this process was being followed, a log is not being maintained of issued notices, with staff relying instead on email trails for monitoring.

Additionally, a review of records of monthly progress meetings with contractors confirmed that actions are being noted at each meeting. However, there was no rolling action log in place to track actions to completion.

Discussions with management confirmed that there is currently no requirement to regularly report to committee on the performance and delivery of the contracts, other than by exception.

It is also noted that staff responsible for management of the current repairs contracts have not completed the contracts and grant management eLearning. Management has advised however that staff have received training on NEC4 Term Service contracts monitoring but these sessions have not been formally recorded.

Risks

- **Supplier, contractor and partnership management –** contract management is inconsistent with the guidance of the Council's Contract Management Manual and Toolkit.

Recommendations and Management Action Plan: Alignment with the Contract Management Manual and Toolkit

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	The Service Manager should review the Contract Management Manual and Toolkit and engage with the Contracts and Grants Management team for support in addressing any unclear elements of contract management. A mapping exercise should be completed to compare the requirements of the Contract Management Manual and Toolkit with current practice to identify areas where requirements are not being met. This should include consideration of: • development of a Contract Management Plan (using the template provided within the Contract Management Manual and Toolkit) to capture key contract requirements and roles and responsibilities of relevant staff involved in management and monitoring of the contracts • implementing a performance improvement log to ensure performance improvement notices issued to contractors are being recorded. The log should be reviewed periodically to identify themes and trends, with repeated issues fed into monthly progress meetings • maintaining a rolling action log as a standard item for monthly progress meeting agendas.	The Service Manager will review the Contract Management Manual and Toolkit and conduct a mapping exercise to identify potential (any) areas where requirements are not being met. The CAGM Team will be engaged on any elements that are unclear.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Stephen Gemmell, Service Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager	30 April 2023

1.2	All employees with contract management responsibilities for the repairs contracts should complete the relevant e-learning module on contract and grants management available on myLearning Hub. In addition, management should contact Learning and Development to request that the e-learning is added to the role specific officer learning templates available on the Orb.	Recommendation agreed.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager	31 May 2023
1.3	Consideration should also be given to the benefits of reporting on contractors' performance to committee. Management should raise this with the Repairs and Maintenance Board, with the decision recorded.	An item will be added to the agenda of a future Repairs and Maintenance Board to discuss whether reporting on contractor performance to committee would bring additional benefit.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager	31 May 2023

Finding 2 – PVG Assurance for Repairs and Maintenance Contractors

Finding Rating	Low

There is a contractual requirement for contractors to provide details of employees who are members of the PVG scheme when regulated work is carried out. Additionally, where required, the Council has established a process to ensure contractors working in Council buildings are accompanied by a Council employee for the duration of their visit.

Our review established that, while both contractors have policies that cover vetting procedures, including PVG membership, the Council does not receive ongoing assurance that PVG responsibilities are being met by contractors.

Risks

- **Regulatory and legislative compliance –** contractors may not comply with the requirements of the PVG scheme.

Recommendations and Management Action Plan: PVG Assurance for Repairs and Maintenance Contractors

Ref.	Recommendation	Agreed Management Action	Action Owner/ Contributors	Timeframe
2.1	Assurance statements should be requested from both contractors annually to confirm the PVG status for all employees who attend Council sites.	Both contractors will be approached to request annual assurance statements regarding PVG status for all employees who attend Council sites.	**Owner:** Paul Lawrence, Executive Director of Place **Contributors:** Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager	28 February 2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Active Travel Project Management and Delivery

2 December 2022

PL2203

Overall Assessment	**Some improvement required**

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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 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.

Executive Summary

Overall Assessment	Some improvement required

Overall opinion and summary of findings

Controls to support the project management and governance of the Active Travel programme are generally satisfactory. Our review confirmed there are well managed health and safety controls, however, opportunities to improve controls in the following areas were identified:

- not all consultation results are published in line with the Consultation Framework
- the Active Travel stakeholder forum has not been reinstated following the Covid-19 pandemic
- a record of essential learning and training for officers has not been developed
- Active Travel records are not being managed inline with the Council's records retention schedule, and data protection impacts may not always be considered when conducting consultations
- the authority to approve funding and grants is not defined and a record of funding and grant details is not kept centrally
- some project risk registers are not being updated regularly.

Areas of good practice

Our review identified:

- regular meetings are held with key stakeholders
- reporting is submitted to the main funding partner, Sustrans, on a regular basis
- programme and project updates are presented to committee when appropriate
- road safety audits are conducted at the relevant key stages of projects
- public consultations are performed where appropriate and results are analysed to inform decisions.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Engagement and communication with the public, stakeholders, and elected members			1 – Format and Publishing of Consultation Results	Medium
			2 – Reinstatement of Active Travel Forum	Low
2. Governance, decision making, finance and budget management			3 – Essential Learning and Training	Low
			4 – Records Retention and Data Protection	Medium
			5 – Record of Grants Awarded and Funding Agreements	Low
3. Health and safety			No Issues noted	N/A
4. Programme and project delivery			6 – Project Risk Registers	Low

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

In September 2010, the City of Edinburgh Council approved the first edition of the Active Travel Action Plan (ATAP). The plan set out a practical set of actions aimed at increasing the levels of walking and cycling in Edinburgh and was refreshed in 2016. Following the adoption of the City Mobility Plan 2021-2030, the ATAP is currently under review and an update is planned to be presented to committee in February 2023 and approval for public consultation will be sought. The new ATAP will set out a range of actions which will seek to maximise opportunities to expand and enhance the city's walking, cycling, and wheeling network.

The Council has an approximately £118m (£103m excluding George Street and 1st New Town) prioritised capital improvement programme for Active Travel projects from 2019/20 to 2025/26, which was approved at the Transport and Environment Committee in October 2021. These permanent capital projects vary in size, with approximately 80% of the costs being funded by the Scottish Government (SG), including 100% of design and development costs and 70% of construction costs. The funding from SG is administered and allocated by Sustrans.

The Active Travel Programme has established its own programme management office (PMO) and risk management and reporting arrangements, which are currently in the process of being brought in-house. This is supported by project and risk management arrangements that are applied to each Active Travel initiative.

Scope

The objective of this review was to assess the adequacy of the design and operating effectiveness of the key programme management and governance controls established to ensure that the Council effectively delivers its Active Travel programme.

Risks

- Governance and Decision Making
- Programme and Project Delivery
- Health and Safety (including public safety)
- Supplier, Contractor, and Partnership Management
- Regulatory and Legislative Compliance
- Reputational Risk.

Limitations of Scope

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

- the transfer of Travelling Safely (formerly Spaces for People) projects to the Active Travel programme.

Reporting Date

Testing was undertaken between 5 July 2022 and 18 October 2022.

Our audit work concluded on 18 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Format and Publishing of Consultation Results

Finding Rating	Medium Priority

Audit testing on a sample of Active Travel projects confirmed that formal post-consultation reports were created for 100% of the sampled projects.

However, there were three instances identified where the Consultation report was either not published on the Consultation Hub or not provided in the 'We Asked, You Said, We Did' format, as required by the Council's Consultation Framework.

Risks

- **Reputational Risk** – adverse publicity due to the public or consultees not being made aware of how their views have been considered when decisions are being made on Active Travel projects

Recommendations and Management Action Plan: Format and Publishing of Consultation Results

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	All consultation reports should be added to the Consultation Hub in a timely manner, and summarised in the Council's 'We Asked, You Said, We did' format. This should include a review to ensure all previous consultations are published and summarised as required.	The Active Travel Team will ensure that consultants engaged to carry out consultations will be required to utilise the correct format as per the Council's Consultation Policy. Officers will be made aware of the requirement to publish consultation reports on the Consultation Hub in the correct format. A Review will look at consultation reports since the current iteration of the Consultation Policy was introduced and ensure they are uploaded and summarised in the We asked, you said, we did format".	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	30 June 2023

Finding 2 – Reinstatement of Active Travel Forum

Finding Rating	Low Priority

The Active Travel Forum used to meet on a regular basis to discuss relevant active travel matters. Membership of this forum included a range of key stakeholders, such as elected members, organisational representatives, transport user representatives and neighbourhood nominees.

During the Covid-19 pandemic, the forum stopped meeting, resulting in reduced opportunities for multiple stakeholders to meet with the Council's officers and elected members.

Audit testing verified that Council officers meet monthly with key stakeholders, such as Living Streets and Spokes, and confirmed that Edinburgh Access Panel were engaged in all the projects sampled where it was reasonable to expect engagement.

Management have advised that the future of the Active Travel Forum should ultimately be decided by elected members. In August 2022, dialogue was started between Active Travel management and Transport and Environment Committee Convenor on the reinstatement the forum.

Risks

- **Governance and Decision Making** – elected members are unaware of the opinions of relevant stakeholder groups
- **Supplier, Contractor, and Partnership Management** – Active Travel stakeholders are unaware of the opinions of other groups

Recommendations and Management Action Plan: Reinstatement of Active Travel Forum

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Dialogue should continue between Active Travel Management and Elected Members on the future of the Active Travel forum, including the remit of the forum and its membership.	To determine, in consultation with the T&E Convener, whether the AT Forum is the most appropriate vehicle or whether its functions can be carried out by an alternative forum going forward.	Paul Lawrence, Executive Director of Place	Daisy Narayanan, Head of Placemaking & Mobility Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	30 April 2023

Finding 3 – Essential Learning and Training

Finding Rating	Low Priority

The Council's essential learning helps employees to feel safe, confident, and compliant when carrying out the requirements of their role. Role-specific learning requirements are held within matrices on the Orb. Discussions with management and a review of the Sustainable Development essential learning on the Orb, established that a record of essential learning and training has not yet been developed for Active Travel officers. However, management have advised that they are currently developing a training matrix.

It is also noted that the Council's Learning and Development team are currently enhancing arrangements for role-specific training and delivery via the myLearning Hub e-learning platform.

In addition, one project manager stated it would be beneficial to have training and/or guidance to help officers communicate more effectively with elected members. The Project Management Office (PMO) has also identified and recorded this as a training need for specific officer levels. It should be noted that no issues were identified during the audit regarding the quality of the information currently provided.

Risks

- **Programme and Project Delivery** – officers may not have received induction or refresher essential training for their role
- **Regulatory and Legislative compliance** – officers are unaware of regulation or legislation relevant to their role

Recommendations and Management Action Plan: Essential Learning and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	A training record should be developed that identifies and records employees essential learning requirements, professional qualifications, and training. The service should seek support from the Learning and Development team to ensure minimum essential learning requirements are captured and to request that the matrices are published on the Orb.	To develop a training record that identifies and records Active Travel Team essential learning requirements, professional qualification, and training for key Active Travel Team roles. The service will seek support from the L&D team to ensure that minimum essential learning requirements are captured and to request that matrices are published on the Orb as per Council policy. N.B Actions will be completed following the conclusion of ongoing organisational review.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	30 December 2023

3.2	The service should engage with Committee Services to discuss development of training/guidance to support Active Travel officer engagement with elected members.	To approach Committee Services/Governance to organise a training session on engagement with elected members (Member/Officer Protocol).			31 July 2023

Finding 4 – Records Retention and Data Protection

Finding Rating	Medium Priority

The Council's records retention schedule is a key element of the Council's Records Management Policy and a core requirement of the Council's Records Management Framework and sets out how long various types of information should be retained for.

Discussions held with various officers within the Active Travel team highlighted a lack of awareness of the retention schedule and confirmed there was a tendency to retain records indefinitely.

In addition, The Council's Consultation and Engagement Quality Standards state a Data Protection Impact Assessment (DPIA) should be completed as a minimum requirement when collecting or processing personal data. However, it was established that there was a lack of awareness of when a DPIA may be required in relation to collecting data for consultation activities.

Risks

- **Regulatory and Legislative Compliance** – the Council does not comply with data protection legislation and records retention requirements

Recommendations and Management Action Plan: Data Retention and Data Protection

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
4.1	Officers should review the Council's guidance on records management available via the Orb. Using the Council's records management toolkit, a review of active travel records should be undertaken and a records retention log created in line with the Council's retention schedule and records management framework.	A records retention log will be created outlining key types of active travel documents and retention timescales.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	31 August 2023
4.2	Active Travel should engage with the Council's Information Governance Unit to establish the requirements regarding the completion of Data Protection Impact Assessment (DPIA) forms for consultation activities, particularly in relation to the Consultation and Engagement Quality Standards.	To engage with the IGU to establish the requirements regarding the completion of DPIA forms for consultation activities, particularly in relation to the Consultation and Engagement Quality Standards.			31 July 2023

Finding 5 – Record of Grants Awarded and Funding Agreements

Finding Rating	Low Priority

The main funding partner for Active Travel projects is Sustrans. Audit testing confirmed that 100% of Sustrans funded projects sampled had funding agreements in place that had been approved by the Council's Legal team.

A small number of projects are awarded grants from other sources, such as South-East Scotland Transport Partnership (SEStran) and Paths for All. Audit testing highlighted that these grant awards are managed and approved in a different manner to Sustrans funded projects and are not signed-off by the Council's Legal team. It was noted there is a lack of clarity on who is responsible for signing-off smaller grant awards from other sources.

Internal Audit also identified that the Active Travel team do not maintain a central record of approvals together with the key funding agreements/grant awards details. However, the requirement to establish a funding/grants tracker has been recognised by the new PMO.

Risks

- **Supplier, Contractor, and Partnership Management** – funding agreements and awards are not approved in a timely manner by an appropriate officer.

Recommendations and Management Action Plan: Record of Grants Awarded and Funding Agreements

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
5.1	The Active Travel Team should agree and document who is responsible for approving grant awards of differing values and sources to ensure the different types of funding agreements and grant awards are approved by the correct officer or department.	To agree and document who is responsible for approving incoming grant awards of differing values and sources to ensure the different types of funding agreements and grant awards are approved by the officer at the right level.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	31 August 2023
5.2	A tracker should be established by the Project Management Office to track the progress of grant approvals and maintain a record of key contract details. This should be managed in line with the records management processes as recommended at 4.1.	A high-level summary tracker (key clauses) will be introduced for contracts and grants to track progress.			31 July 2023

Finding 6 – Project Risk Registers

Finding Rating	Low Priority

Risk registers are maintained for the overall Active Travel programme and for the individual projects. However, although project risks are discussed at monthly meetings with project managers by the PMO, audit sample testing of five live projects identified one project where the risk register has not been updated since 2020.

Risks

- **Governance and Decision Making** – project risks are not identified and managed appropriately

Recommendations and Management Action Plan: Project Risk Registers

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
6.1	Controls should be developed to ensure project risk registers are reviewed regularly. This should include regular meetings to review and record risks and ensuring discussion on risks is a standing item for project meetings.	A standing risk item to be added to all PMO/Internal Team meeting agendas.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	31 March 2023

Appendix 1 – Control Assessment and Assurance Definitions

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