Governance, Risk and Best Value Committee

10.00am, Tuesday 14 March 2023

Internal Audit: 2023/24 Internal Audit Annual Plan

Item number
Executive/routine   Executive
Wards
Council Commitments

1. Recommendations

1.1 The Governance, Risk and Best Value Committee is requested to review and approve 2023/24 Internal Audit Annual Plan.

Laura Calder

Head of Internal Audit

Internal Audit, Legal and Assurance, Corporate Services Directorate

E-mail: laura.calder@edinburgh.gov.uk | Tel: 0131 469 3077

Report

Internal Audit: 2023/24 Internal Audit Annual Plan

2. Executive Summary

2.1 The purpose of this paper is to present to the GRBV for approval the proposed Internal Audit (IA) plan which sets out how IA assurance will be delivered and developed in accordance with the Internal Audit Charter for the period 1 April 2023 to 31 March 2024.

2.2 The proposed 2023/24 plan includes a total of 42 audits (excluding follow-up days), with 32 audits to be delivered across the Council, which is aligned with IA plan coverage achieved in 2022/23.

2.3 The proposed plan aims to be risk-based, proportionate and flexible to recognise the changing risk profile of the Council and is aligned to the Council's 2023-27 Business Plan outcomes, business critical risks and emerging issues.

2.4 The number of follow-up days included in the plan has been decreased to 200 days which reflects introduction of a risk-based follow-up process in October 2022.

2.5 The IA resourcing model has confirmed that IA is currently adequately resourced to support delivery of the proposed plan, with potential to undertake further audit work during 2023/24 depending on outcomes of ongoing recruitment. Conversely, unforeseen changes to the internal IA team resources may impact proposed delivery.

3. Background

Development of the 2023/24 IA annual plan

3.1 The approach applied in developing the plan is set out in Figure 1 (page 3) of the IA plan. The IA plan is driven by Public Sector Internal Audit Standards (PSIAS) requirements, the Council's objectives and priorities as set out in the 2023 – 27 Council Business Plan, and an assessment of the risks that could prevent the Council from meeting those objectives and providing services.

3.2 In addition, where relevant, other sources of assurance from other second and third line assurance providers, and the extent to which reliance can be placed upon them has been considered.

3.3 [Audit Scotland Code of Audit Practice 2021](#) and [PSIAS](#) requirements have also been considered and an integrated approach with the Council's External Auditors and other external assurance providers/regulators has been applied in developing the plan.

3.4 Following an External Quality Assessment (EQA) undertaken by the Chartered Institute of Internal Auditors (IIA) in March 2022, the requirement to complete cyclical coverage across all areas of the Council every five years was removed from the Council's annual planning and risk assessment process.

3.5 To ensure a risk-based approach which is proportionate and aligned to business-critical risks and emerging issues, the proposed plan includes consideration of the Council's risk profile (including risk appetite) as reported to GRBV in January 2023, the outcomes of previously completed audits and requirement to ensure assurance on key financial systems.

3.6 The risk assessment process has also been supported through ongoing IA attendance at quarterly Corporate Leadership Team (CLT) and Directorate Risk Committee meetings and knowledge and awareness of new projects and initiatives undertaken by the Council.

IA capacity to support plan delivery

3.7 Adequacy and capability of Internal Audit resources has also been reviewed in line with PSIAS requirements to confirm whether sufficient resources, skills and capability are available to support delivery of the plan.

IA Follow-Up

3.8 The IA follow-up process is designed to confirm that management actions raised in previous audits have been effectively implemented. Following feedback from the IIA as part of the EQA, a risk-based approach to validating management actions in line with best practice was introduced in October 2022.

4. Main report

Plan Content

4.1 The proposed 2023/24 IA plan includes a total of 42 audits (excluding ongoing follow-up assurance), with 32 audits to be delivered across the Council, which is aligned with 2022/23 IA plan coverage.

4.2 The proposed plan also includes two recurring audits requested annually/biannually by the Department for Transport and the Scottish Government. Both organisations have confirmed the ongoing requirement for completion of these reviews.

4.3 As in previous years, 10 audits will be delivered for arm's length and external organisations: 4 for the Lothian Pension Fund, and the remaining 6 for the Lothian Valuation Joint Board (1), SEStran (1), the Edinburgh Royal Military Tattoo (1) and

the Edinburgh Integration Joint Board (3). Costs for provision of audit services to these organisations is recovered through recharging arrangements.

4.4 The proposed plan includes 7 cross directorate reviews that have been included to provide assurance on the key controls established to manage the most significant risks associated with services and processes that span across the Council.

Follow-up of previous IA management actions

4.5 The number of follow-up days included in the plan has been decreased from 500 days to 200 days for 2023/24, which reflects the reduced requirement for IA capacity in line with the revised risk-based follow-up process introduced in October 2022.

4.6 In addition, the IA plan includes a recurring annual validation audit which involves review of a sample of previously implemented agreed management actions to confirm that they have been effectively sustained.

Shared Risk Assessment

4.7 In line with the requirements of Audit Scotland's Code of Audit Practice 2021, a shared risk assessment (SRA) approach has been taken to developing the 2023/24 plan, to ensure a joined up and efficient approach to assurance and to deliver value for money by removing unnecessary duplication.

4.8 The proposed IA plan has been discussed with Audit Scotland (the Council's external auditors) and other external assurance providers/regulators including the Care Inspectorate and Scottish Housing Regulator.

4.9 A coordinated and integrated approach with Audit Scotland will be adopted (where possible) to support assurance delivery. Audit Scotland has identified six audits where they will endeavour to take account of the work performed by IA (dependent on delivery timeframes) to support their 2023/24 financial statements review.

4.10 The Care Inspectorate is currently undertaking inspection work across two areas of adult services, the outcomes of which are due to be reported in March/April 2023. Improvement plans to address the Care Inspectorate's recommendations will be developed by officers with progress in completing actions monitored by the Care Inspectorate. The Council's Quality, Governance and Regulation Service will support monitoring of improvement plan progress internally. Internal Audit will meet quarterly with the Care Inspectorate to discuss progress and any issues arising as the improvement plans progress.

4.11 The Care Inspectorate has also requested reports detailing the outcomes of five audits included in the 2023/24 annual plan.

4.12 The Scottish Housing Regulator has requested a copy of the report detailing the outcomes of the planned internal audit of Housing stock condition – tenant safety, damp, and mould.

4.13 Audit Scotland, the Care Inspectorate and Scottish Housing Regulator have confirmed that there is no duplication between the proposed IA plan and their assurance activities.

Governance and Assurance Model

4.14 It is recognised that the Council's [First Line Governance and Assurance Model](#) continues to develop and mature. Where possible, IA will consider other first and second line assurance processes and sources in operation when planning engagements to establish the extent to which reliance can be placed and avoid duplication.

IA capacity

4.15 The IA team remains under capacity with two vacant posts, and capacity is expected to be reduced due to parental leave absence during 2023. The proposed plan is aligned to actual capacity as at March 2023 and will be reviewed as part of the quarterly review process and changes reported to GRBV.

4.16 The IA resourcing model has confirmed that IA is currently adequately resourced to support deliver of the proposed plan. It should be noted however, that unforeseen changes to IA team resources may impact proposed delivery, which will be raised with GRBV as part of the quarterly review process.

4.17 The IA resourcing model allows for potential sickness absence, and reserves time to support team training and personal development, performance management, governance, committee reporting and attendance (circa 25% of available days).

4.18 The plan includes 80 days contingency for ad-hoc assurance and consultancy work. Use of contingency will be monitored and utilised to support emerging work requests and any scoping changes as required.

4.19 Early discussions with senior management indicate that IA may provide consultancy to support review of the processes supporting the Change Programme underpinning delivery of the medium term financial plan and the Council Business Plan during 2023.

4.20 Proposed plan changes will be reported to GRBV as part of the quarterly review process.

IA Quality Assurance, training, and service development

4.21 The plan also includes time (25 days) for the IA team to complete an internal quality (IQA) assessment as per PSIAS requirements and continue implementation of actions to address findings raised in the external quality assessment performed by the Institute of Internal Auditors in March 2022.

4.22 Time has also been included (10 days) for delivery of quarterly training open to all employees, and IA attendance at, and involvement in, new start and senior management induction training. Ongoing training will also be provided to elected members as required.

4.23 A further 60 days has been included to support an upgrade to the current IA system which will enable efficiencies within the IA team and aim to improve the customer experience throughout the audit cycle. Days allocated includes allowance for planning, installation, migration of data and configuration, and training for both IA and services.

Ongoing co-source support

4.24 Co-source support will be required to deliver 7 specialist audits covering Digital Services, and Lothian Pension Fund. In addition, the NHS Lothian IA team supports delivery of one audit for the Edinburgh Integration Joint Board.

4.25 The remaining 35 audits (including follow-up) will be delivered by the Council's Internal Audit team across the Council and external organisations.

Reserve List

4.26 Recognising the need to potentially revise the IA plan to reflect the Council's changing risk profile and organisational changes, a 'reserve list' of audits has also been prepared.

4.27 Where any planned audits cannot be completed (for example, where a decision has been taken that a major project will not now progress or a delay in implementing standards or legislation), the reserve list will be considered, and an alternative audit selected. All proposed changes will be reported to GRBV as part of the quarterly review process.

5. Next Steps

5.1 Once approved by GRBV, the final approved IA plan will be shared with the Corporate Leadership Team, Service Directors, and Heads of Service, with audits commencing from 1 April 2023.

5.2 The IA plan will be reviewed on a quarterly basis with any proposed changes presented to the GRBV Committee for approval.

6. Financial impact

6.1 IA will seek to complete generalist audit work in-house and limit use of external resource to areas of specialist audit work only.

6.2 There are limited associated budget implications for completion of audits completed for other organisations as a direct recharge will be applied for costs incurred. IA will review service level agreements during 2023/24 to ensure they remain appropriate.

7. Stakeholder/Community Impact

7.1 The Corporate Leadership Team, Senior Management, Trade Union colleagues, elected members including the Governance, Risk and Best Value Committee, and

other external regulators have been consulted and engaged when developing the IA annual plan.

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

8. Background reading/external references

8.1 [Public Sector Internal Audit Standards](#)

8.2 [The Chartered Institute of Internal Auditors: External Quality Assessment Report GRBV - October 2022](#)

8.3 [Council Business Plan 2023-27 – Full Council December 2022](#)

8.4 [Corporate Leadership Team Risk Report GRBV - January 2023](#)

8.5 Internal Audit Charter March 2023 (presented to this committee)

9. Appendices

9.1 Appendix 1 – 2023/24 Internal Audit Annual Plan

Governance, Risk, and Best Value Committee- Tuesday 14 March 2023

Internal Audit

2023/24 Annual Plan

Contents

Introduction and approach

Introduction

In line with the Internal Audit Charter, Internal Audit aims to provide independent and objective assurance on the overall effectiveness of the City of Edinburgh Council's (the Council) governance, risk, and control frameworks.

The Council continues to face the impact of financial uncertainty and resource constraints which will require the Council to explore options for prioritising and deliver services differently.

The Council's Business Plan for 2023-27 sets out three strategic priorities which will be the focus of all Council teams over the next phase of the city's development and service reform:

- **create good places to live and work**
- **end poverty in Edinburgh**
- **become a net zero city by 2030.**

Internal Audit recognises these priorities and aims to support the Council by providing appropriate assurance and focus on the areas of greatest priority in in line with the Council's rapidly changing risk profile.
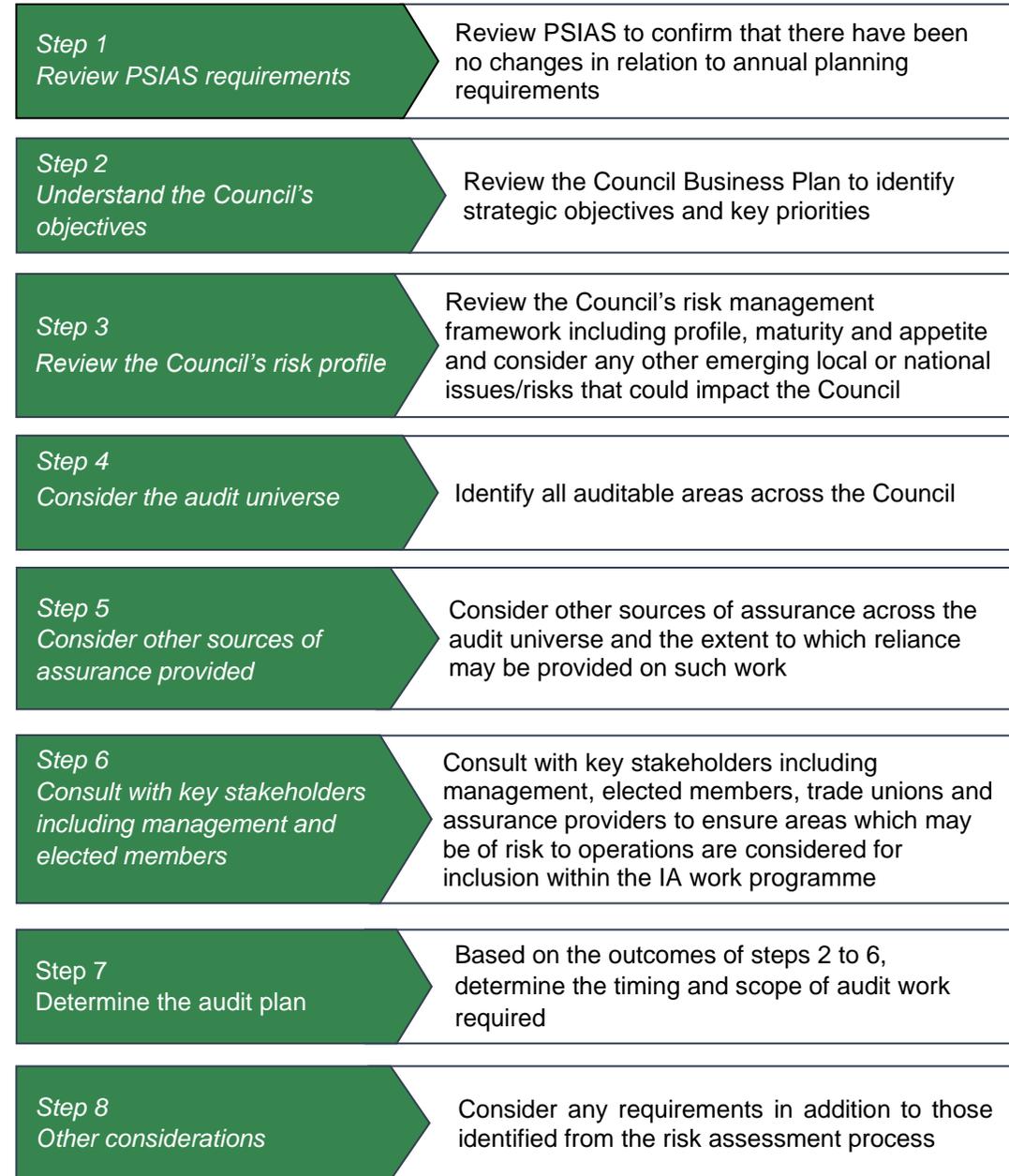
This document sets out the scope of the Internal Audit (IA) 2023/24 annual plan with the objective of delivering independent assurance on the key controls established across the Council to mitigate business critical risks.

Approach

The approach to preparing the annual plan is set out at Figure 1. The plan is driven by the requirements of Public Sector Internal Audit Standards (PSIAS), the Council's objectives and priorities, and an assessment of the risks that could prevent the Council from meeting its objectives and providing services.

Changes in organisational structures, system developments, working practices and legislative requirements create a constantly changing control environment. Taking these factors into account, the highest risk areas are covered in the IA plan.

Figure 1: Approach to developing the 2023/24 IA Annual Plan

Step	Description
Step 1 *Review PSIAS requirements*	Review PSIAS to confirm that there have been no changes in relation to annual planning requirements
Step 2 *Understand the Council's objectives*	Review the Council Business Plan to identify strategic objectives and key priorities
Step 3 *Review the Council's risk profile*	Review the Council's risk management framework including profile, maturity and appetite and consider any other emerging local or national issues/risks that could impact the Council
Step 4 *Consider the audit universe*	Identify all auditable areas across the Council
Step 5 *Consider other sources of assurance provided*	Consider other sources of assurance across the audit universe and the extent to which reliance may be provided on such work
Step 6 *Consult with key stakeholders including management and elected members*	Consult with key stakeholders including management, elected members, trade unions and assurance providers to ensure areas which may be of risk to operations are considered for inclusion within the IA work programme
Step 7 Determine the audit plan	Based on the outcomes of steps 2 to 6, determine the timing and scope of audit work required
Step 8 *Other considerations*	Consider any requirements in addition to those identified from the risk assessment process

The Three Lines Model

Assurance can come from many sources. The Three Lines Model, as set out in the diagram below, helps identify and understand the contributions of these various sources:
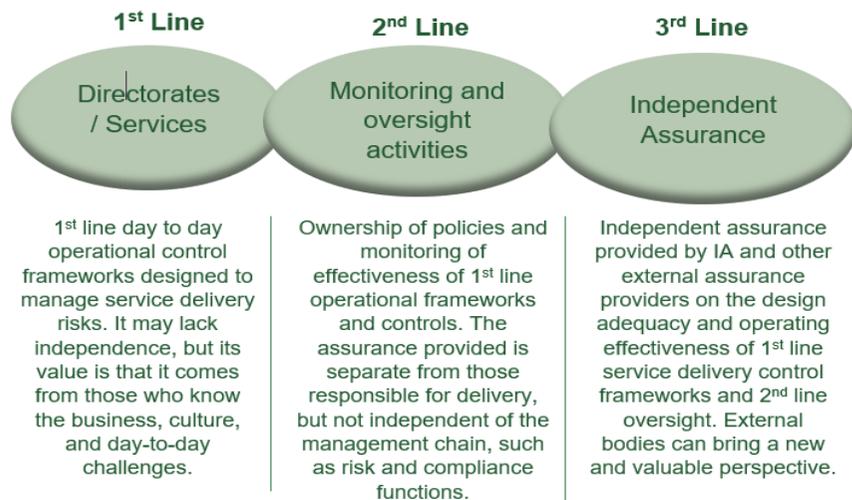
Defining the sources of assurance into the three categories helps to understand how each of them contributes to the overall level of assurance and how they can be best integrated and mutually supportive.

In developing our internal audit risk assessment and plan, where relevant, we have considered other sources of assurance and a shared risk assessment to understand the extent to which reliance can be placed upon these other sources to avoid duplication in the work they do.

The other key sources of assurance for the Council include:

- Audit Scotland as External Auditors
- various regulators and inspection bodies
- Annual Governance Statements
- National Fraud Initiative.

During 2023/24 IA will continue to work with other assurance providers to develop the shared risk assessment process to understand the scope of other assurance activities and to share knowledge of national and local issues.

Governance and assurance model

In August 2021, the Council approved development of a First line governance and assurance model structure which aims to ensure that key controls, governance, and risk management processes are consistently and effectively applied, through increasing first line capacity, and augmenting first and second line assurance across these areas.

First line activity has commenced within directorates through a focus on prioritisation and development of relevant assurance activities. Development of the second line governance and assurance reporting framework has been delayed and is now expected to complete during 2023.

In addition, specific assurance activities are performed within some services including Quality, Governance and Regulation Services which supports the Chief Social Work Officer and quality assurance across the Council and the Quality, Improvement and Curriculum teams within Education.

During 2023/24, IA will work to improve understanding of the other assurance processes and sources in operation when planning engagements to establish the extent to which reliance can be placed and avoid duplication.

Internal Audit influence and value

IA should be viewed by services as a valuable resource that can help them to achieve corporate and service objectives. IA should seek, where appropriate and without compromising its primary function and independence, to become involved in relevant emerging issues at an early stage and provide advice and guidance to prevent problems or weaknesses from arising and to ensure effective and efficient use of Council resources.

This will be achieved through delivery of a dynamic and flexible approach aligned to priorities and available resources, and an IA plan which includes a mix of engagement styles from light touch to more in-depth reviews and advisory / consultancy work.

The plan will be reviewed on a quarterly basis to ensure it maintains a clear focus on the link between the Council's priorities, business critical risks, the IA programme, and core controls. Proposed changes will be reported to the Governance, Risk and Best Value Committee (GRBV) as part of quarterly IA progress updates.

Audit Universe

The diagram below represents the high-level auditable areas within the audit universe of the Council. These areas form the basis of the internal audit plan.

In addition to the Council, IA provides audit services to several other organisations on an annual recurring basis. Costs for provision of audit services to these other organisations is recovered through established recharging arrangements.
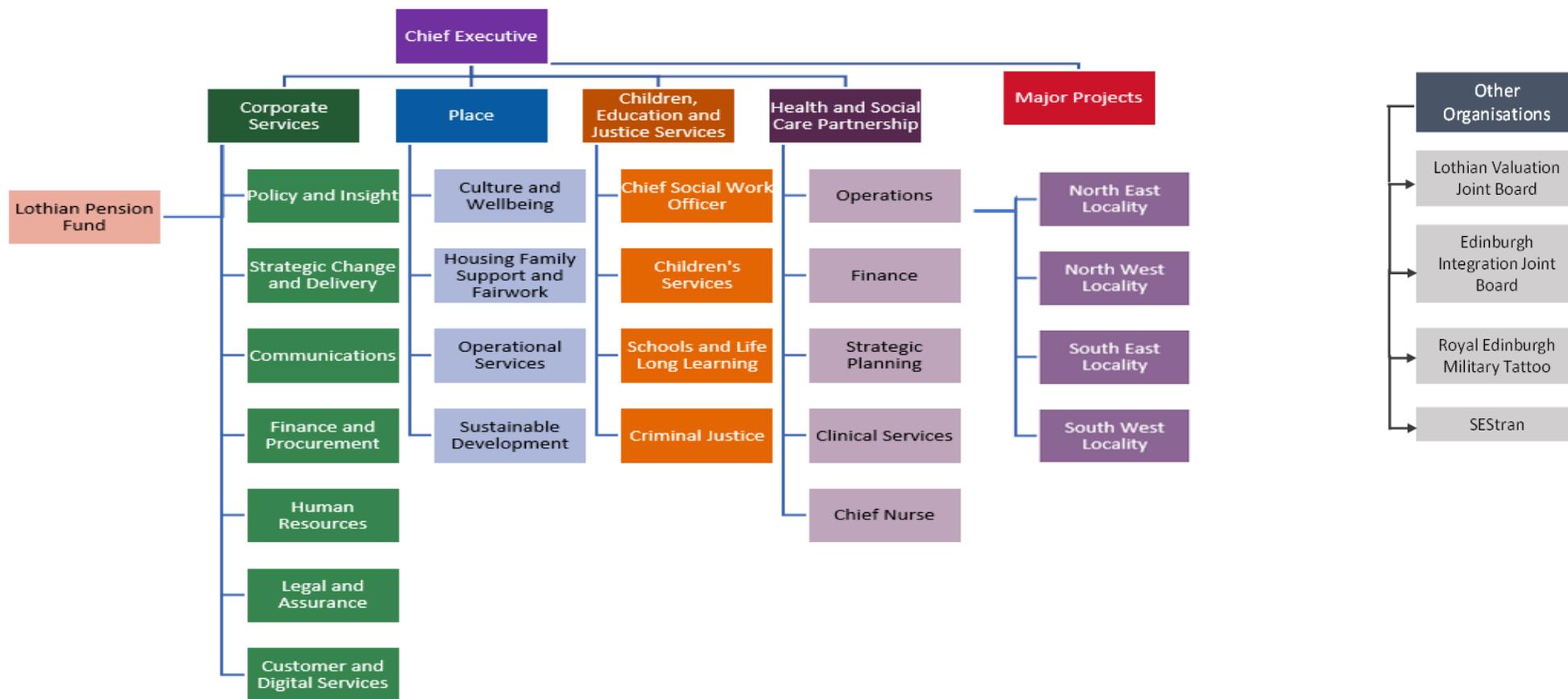
Risk Assessment

It is a requirement of the Public Sector Internal Audit Standards that the Internal Audit plan is based on a risk assessment. This is often done by defining the whole audit universe and applying a score against each component for various criteria including the inherent risk in the system, and the quality of management and mitigating controls in place. Whilst the audit universe has been identified, based on previous work undertaken by IA in the Council and discussions with other Councils' Heads of Audit, to apply scores against various criteria is considered to be too subjective and to add little value to the process given the changing risk profile of Councils.

The Council's risk profile and audit coverage

Following an External Quality Assessment undertaken by the Chartered Institute of Internal Auditors in March 2022, the requirement to complete cyclical coverage across all areas of the Council every five years was removed from the Council's annual planning and risk assessment process.

To ensure a risk-based and proportionate approach to the IA annual plan which supports the PSIAS requirement to produce an annual Internal Audit opinion, consideration was given to the Council's priorities as detailed in the Council Business Plan 2023-27 and the Council's risk profile (see Figure 2), as reported to GRBV in January 2023. The risk profile sets out the assessment for each of the Council's 13 enterprise risks based on management's view of the internal and external operating environments with subsequent actions in line with the Council's agreed risk appetite. The outcome of previously completed audits, emerging issues (see Appendix 1) and requirements to ensure assurance on key financial systems was also considered.

Key stakeholders including the Chief Executive, Directors, senior management, elected members, trade unions and external assurance bodies have been invited to provide input into the IA annual plan to help ensure that the relevant areas are targeted for review.

Dynamic risk review and audit scoping

While the audit plan includes a short summary of the area proposed for review, IA will meet with key officers prior to commencing each audit to further understand the key risks and to develop and refine the scope of each review.

It should be noted, that if areas are identified during testing that are outwith scope but impact the risk and control framework, findings and recommendations will still be raised and reported on, where appropriate.

Figure 2: Q3 2022/23 City of Edinburgh Council risk profile

City of Edinburgh Council Risk Profile	Q3 2022	Maximum risk appetite
01 Strategic Delivery	Red	Moderate
02 Financial and Budget Management	Red	Moderate
03 Programme and Project Delivery	Moderate	High
04 Health & Safety	Moderate	Low
05 Resilience	Moderate	Moderate
06 Supplier, Contractor, and Partnerships Management	Moderate	High
07 Technology and Information	Red	Moderate
08 Governance and Decision Making	Moderate	Low
09 Service Delivery	Red	High
10 Workforce	Red	Moderate
11 Regulatory and Legislative Compliance	Moderate	Low
12 Reputational Risk	Moderate	Moderate
13 Fraud and Serious Organised Crime	Moderate	Moderate

Critical	High	Moderate	Low

2023/24 Internal Audit Annual Work Programme

The table below sets out the proposed internal audit work programme for the period 1 April 2023 to 31 March 2024 with links to relevant Business Plan Delivery Outcomes and Corporate Leadership Team risks as at December 2022.

Audits have been categorised as **'Priority'**, **'Indicative'** and '**Recurring'**. Priority audits are those aligned to the Council's highest risks, which IA will aim to complete within the first six months. Indicative audits will be completed later in the year and will be flexible to enable IA capacity to react to any changes in the Council's risk profile. Recurring audits reflect audits that IA is committed to undertake annually or bi-annually as part of legislative obligations, or where ongoing assurance is being provided for a Council project.

Priority Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Cross Directorate	(1) Procurement – Contract Standing Orders Focussed assessment of compliance with the Council's Contract Standing Orders – specifically tender documentation, evaluation of tenders and quotes and award. Will be limited to a sample of contracts cross directorate. Will not include procurement of consultants as this will be subject to a separate future review.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Financial and Budget Management Supplier, Contractor, and Partnership Management Resilience Fraud and Serious Organised Crime	40	High
	(2) Supplier and Contract Management Assessment of application of the Contract Handover, and Contract Review Meeting guidance as set out in the Council's Contract Management Manual and toolkit to ensure effective performance management of contracts, resolution of issues and provision of best value. Will be limited to a sample of contracts cross directorate.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Financial and Budget Management Supplier, Contractor, and Partnership Management Health and Safety Resilience Fraud and Serious Organised Crime	40	High
	(3) Cyber - Incident response Review of directorates and service level approach to cyber incident management in line with the readiness, response, and recovery model. This will include review of a sample of departmental business impact analysis, business continuity plans and training/awareness.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Technology and Information Resilience Service Delivery Fraud and Serious Organised Crime	30	High

Priority Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Place – Housing, homelessness, and fair work	Housing Property Services In line with Committee request will consider three distinct reviews of the following, reporting separately: (4) Management of mixed tenure works and funding/recharging (5) Repairs Right First Time – timescales/recall and use of systems/repairs diagnostics (6) Management of scaffolding for housing property repairs	People have decent, energy efficient, climate proofed homes they can afford to live in	Service Delivery Regulatory and Legislative Compliance Financial and Budget Management Supplier, Contractor, and Partnership Management Health and Safety	20 20 20	Medium
	(7) Housing stock condition – tenant safety, damp, and mould Review of the Council's initial approach to the Scottish Housing Regulator's January 2023 request that landlords ensure that they have appropriate, proactive systems to identify and deal with any reported cases of mould and damp timeously and effectively.	People have decent, energy efficient, climate proofed homes they can afford to live in	Regulatory and Legislative Compliance Health and Safety Service Delivery	20	Medium
	(8) Housing void management Review of the design and operation of controls established to ensure that empty council housing properties (voids) are managed effectively including review of programmed voids.	People have decent, energy efficient, climate proofed homes they can afford to live in	Regulatory and Legislative Compliance Health and Safety Service Delivery Fraud and Serious Organised Crime	30	Medium
Place - Sustainable Development	(9) Edinburgh Employer Recruitment Incentive (EERI) Review of the design and effectiveness of processes established for managing EERI fund applications from employers including eligibility, assessment, payments, and verification.	People can access fair work and the support they need to prevent and stay out of poverty and homelessness	Financial and Budget Management Regulatory and Legislative Compliance Fraud and Serious Organised Crime	25	High

Priority Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Corporate Services – Finance and Directorates	(10) Key Financial Systems – Debtors Review of the design and operation of key controls established to ensure timely creation of debtor invoices, prompt processing of payments and effective control of write-offs, cancellations, credit notes and recovery. Review areas to be split over 23/24 and 24/25 and will be limited to a sample of high value/high volume areas.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Regulatory and Legislative Compliance Supplier, Contractor, and Partnership Management Financial and Budget Management Service Delivery Fraud and Serious Organised Crime	30	High
Corporate Services –Digital Services	(11) Contract Management – CGI Review of compliance with established contract management arrangements for CGI including delivery of key contractual requirements including incident resolution and service level agreements.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Regulatory and Legislative Compliance Supplier, Contractor, and Partnership Management Financial and Budget Management Service Delivery Fraud and Serious Organised Crime	25	Medium
	(12) CGI - IT Currency Management, Obsolescence and Innovation Review Review of CGI's established approach to currency management and obsolescence of hardware and software including reviewing, consolidating, and replacing applications including implementation of new, and maintenance of existing solutions.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Regulatory and Legislative Compliance Supplier, Contractor, and Partnership Management Financial and Budget Management Service Delivery	25	Medium
Children, Education and Justice Services - Schools and Lifelong Learning and Children's Services	(13) Review of Historic Complaints (Project Beech) Review of handling of historic complaints to confirm whether any handled by named actors have followed due process. IA will not reinvestigate the historic complaints but will highlight any anomalies for further review.	Core services for people in need of care and support are improved	Governance and Decision Making Regulatory and Legislative Compliance Health and Safety Workforce	30	Medium
Health and Social Care Partnership	(14) Financial Sustainability Review of the processes applied to confirm the ongoing financial sustainability of the partnership,	We have the capacity, skills, and resources to deliver	Regulatory and Legislative Compliance	30	High

Priority Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
	and the design and appropriateness of actions to address any significant gaps identified.	our priorities efficiently, effectively and at lower cost	Workforce Financial and Budget Management Service Delivery Strategic Delivery		

Indicative Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Cross Directorate	(15) Overtime and expense payments Review of compliance with controls established to ensure that overtime and expense payments are made in line with the council's Pay Policy and Overtime guidance. Will focus on a high-level review of a sample of areas with high overtime and expenses volumes /values.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Financial and Budget Management Regulatory and Legislative Compliance Health and Safety Service Delivery Fraud and Serious Organised Crime	30	High
	(16) Workforce Capacity to Support Service Delivery Review of the initial design of service delivery and capacity planning arrangements in line with the 2023-27 Business Plan Priorities and Medium-Term Financial Plan. Review will consider initial workforce capacity approach in 23/24 and then service delivery in 24/25.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Workforce Financial and Budget Management Service Delivery Strategic Delivery Regulatory and Legislative Compliance	30	Medium
	(17) Partnership Working Review of the design of the overarching strategy and approach to ensure that the Council realises proposed partnership working benefits, efficiencies and improved outcomes as set out in the 2023-27 Business Plan. Review will focus on a sample of areas and will span 23/24 and 24/25 considering initial approach and then delivery of outcomes.	All	Workforce Financial and Budget Management Service Delivery Strategic Delivery Regulatory and Legislative Compliance	30	Medium

Indicative Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Cross Directorate	(18) Recruitment and Selection Review of compliance with the Council's Recruitment and Selection Policy including pre-advertisement requirements such as approval, supporting documentation, recruitment panels, training, advertisement, screening, and pre-employment checks.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Regulatory and Legislative Compliance Workforce Financial and Budget Management Service Delivery	30	Medium
Place – Culture and wellbeing	(19) Community Centres – Assurance Framework Review of established oversight arrangements to confirm that community centres are safely and effectively managed in line with established community centre management arrangements agreed with the Council.	People can access public services locally and digitally in ways that meet their needs and expectations and contribute to a greener net zero city	Regulatory and Legislative Compliance Health and Safety Service Delivery	30	Medium
Place – Operational Services	(20) Fleet – Mission Zero for Transport Review the Council's readiness to ensure all its fleet is renewed to a standard that meets the targets laid out by the Scottish Government's Mission Zero for Transport (legally binding target of net-zero by 2045) and the Council's target to be net zero by 2030	Edinburgh is a cleaner, better maintained city that we can all be proud of	Strategic Delivery Financial and Budget Management Regulatory and Legislative Compliance Health and Safety Service Delivery Workforce	30	Medium
Place – City Region Deal	(21) City Region Deal Review of a focused area aligned to the Council's role as Accountable Body for the City Region Deal which commenced in 2018 and will provide circa £1.3bn investment into the city region over a 15 year period.	Edinburgh has a stronger, greener, fairer economy and remains a world leading cultural capital	Strategic Delivery Financial and Budget Management Regulatory and Legislative Compliance	25	Medium

Indicative Audits					
Auditable Area	**Audit**	**Business Plan Outcome**	**CLT Risks**	**Allocated Days**	**Fraud Risk**
Corporate Services – Finance and Procurement	(22) Key Financial Systems – VAT recovery Review of design and operation of controls established to ensure adequate arrangements are in place to maximise the recovery of VAT and ensure recovery is in line with requirements. Will be limited to sample of high value/high volume areas	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Financial and Budget Management Regulatory and Legislative Compliance Service Delivery	30	High
Corporate Services – Customer and Digital Services	(23) CGI – Complex Change Management Agile review of the change journey for a sample of complex change requests to identify areas for improvement and highlight good practice.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Supplier, Contractor, and Partnership Management Financial and Budget Management Service Delivery	30	Medium
Health and Social Care Partnership	(24) Implementation of Total Mobile Review of implementation of Total Mobile project to identify lessons learned and improvement actions to support implementation of similar projects in future.	Core services for people in need of care and support are improved	Technology and Information Programme and Project Delivery Service Delivery Workforce	25	Medium
	(25) Mental Health and Wellbeing Services (Thrive Edinburgh) Review of arrangements to support delivery of outcomes for provision of mental health and wellbeing services across Edinburgh.	Core services for people in need of care and support are improved	Governance and Decision Making Regulatory and Legislative Compliance Workforce Financial and Budget Management Service Delivery	30	Medium
Children, Education and Justice Services – Quality Governance and Regulation	(26) Refugee and Migration Services Review of approach to supporting refugees and adults with no recourse to public funds and alignment with the Scottish Government New Scot Refugee Integration Strategy.	Core services for people in need of care and support are improved	Service Delivery Regulatory and Legislative Compliance Health and Safety Financial and Budget Management	30	High

Indicative Audits

Auditable Area	Audit	Business Plan Outcome	CLT Risks	Allocated Days	Fraud Risk
Children, Education and Justice Services– Schools and Lifelong Learning	(27) Devolved School Management Review of processes established to ensure compliance with the Scottish Government devolved school management guidance which set out how local authorities fund schools and the accountability and responsibility for financial decisions. Will include review of processes for a sample of schools.	We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost	Financial and Budget Management Strategic Delivery Service Delivery Regulatory and Legislative Compliance	40	Medium

Recurring Audits

Auditable Area	Audit	Business Plan Outcome	CLT Risks	Allocated Days	Fraud Risk
Cross Directorate	(28) 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.	All	All	25	Medium
Place – Operational Services	(29) Port Facility Security Plan Annual light touch review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	Edinburgh has a stronger, greener, fairer economy and remains a world leading cultural capital	Regulatory and Legislative Compliance Supplier, Contractor, and Partnership Management	20	Medium
Place – Housing, Homelessness and Fair Work	(30) Transfer of the Management Development Funds Grant (TMDF) Bi-annual light touch review of the key controls supporting TMDF from the Council to registered social landlords in line with Scottish Government requirements.	People have decent, energy efficient, climate proofed homes they can afford to live in	Regulatory and Legislative Compliance Financial and Budget Management Fraud and Serious Organised Crime	20	High
Place – Major Projects	(31) Trams to Newhaven	People use decarbonised public transport and active	Programme and Project Delivery Financial and Budget Management	40	High

Recurring Audits

Auditable Area	Audit	Business Plan Outcome	CLT Risks	Allocated Days	Fraud Risk
	Ongoing agile review during the final stage of construction. Reviewing ongoing governance and financial management, stakeholder management and readiness for operations.	travel as the first choice as a way to get around the city	Supplier, Contractor, and Partnership Management Fraud and Serious Organised Crime		
Corporate Services	(32) Enterprise Resource Planning System Implementation Ongoing agile review of project management and governance supporting the R12 upgrade of the Oracle financial systems and implementation of the new sundry debt management solution (Apex).	The Council has the capacity, skills, and resources to deliver its priorities efficiently, effectively and at lower cost	Programme and Project Delivery Financial and Budget Management Supplier, Contractor, and Partnership Management Service Delivery	40	High

Other Organisations	Audit Service	Allocated Days
Lothian Pension Fund	(33-36) Preparation of annual audit plan, attendance at committee and delivery of four audits for Lothian Pension Fund (LPF). Delivery of these audits will be supported as part of co-source arrangements with PwC.	85
Edinburgh Integration Joint Board	(37-39) Preparation of annual audit plan, attendance at committee and delivery of three audits for the EIJB. Two audits will be delivered by the Council's IA team, and one delivered with support from NHS Lothian's IA team.	65
SEStran	(40) One audit delivered for South-East of Scotland Transport Network (SEStran) as part of established audit service arrangement.	20
Royal Edinburgh Military Tattoo	(41) One audit delivered for Royal Edinburgh Military Tattoo (REMT) as part of established audit service arrangement.	20
Lothian Valuation Joint Board	(42) One audit delivered for Lothian Valuation Joint Board (LVJB) as part of established audit service arrangement.	25

Other IA Activities	Allocated Days
Follow up to confirm that agreed management actions have been effectively implemented	200
Facilitation of GRBV Committee self-evaluation and skills assessment in line with CIPFA guidance	20
IA Quality Assurance including annual PSIAS self-assessment	25
Training (officer induction, leadership, TeamMate+ and general controls)	10
Implementation of IA system upgrade	60
Contingency – including extended scope, ad-hoc consultancy, and advisory work	80

Area	Allocated Days
Priority Audits	385
Indicative Audits	385
Recurring Audits	145
Other Orgs Audits	215
Total audit days	**1130**
Other IA Activities	315
Contingency	80
Total	**1525**

Appendix 1 - Previously completed audits

The table below provides details of audit work completed over the last five years across the Council's auditable areas. Audits in **bold** have outstanding audit actions which will be followed up in 2023/24.

Directorate	2018/19	2019/20	2020/21	2021/22	2022/23
Cross Directorate	• **Resilience and Business Continuity** • Payments and Charges • Organisational Change • Emergency Prioritisation and Complaints • GDPR • **Homelessness Services** • Financial Systems Access Controls • Carbon Reduction Commitment Scheme • Garden Waste	• Change Initiation • Assurance actions and Annual Governance Statements • Brexit Risks and Supply Chain Management • **Life Safety** • Driver Licence Checks • **Unsupported Technology (Shadow IT)**	• Covid-19 Shielding and vulnerable people • Covid-19 Procurement and allocation of PPE • Covid-19 Workforce Management • Covid-19 Employee Testing • Covid-19 Lessons Learned • Covid-19 Physical Distancing and Employee Protection	• **Fraud and Serious Organised Crime** • **Complaints Management** • **Implementation of Historic Whistleblowing Recommendations** • Management and allocation of Covid-19 grant funding • **Employee Wellbeing**	• **Records Management and Statutory Requests** • **Application Technology Controls – Swift** • **Application Technology Controls – SEEMiS** • **Housing Revenue Account (Capital and Revenue)** • **Purchase Cards** • **Role Specific Learning and Development for Council Officers** • **Ongoing Learning and Teaching ICT support**
Major Projects	• New Build Schools • Customer Transformation • Enterprise Resource Planning • Trams to Newhaven	• Meadowbank Redevelopment • First line project governance • Enterprise Resource Planning • Trams to Newhaven	• Enterprise Resource Planning • Trams to Newhaven	• Enterprise Resource Planning • Trams to Newhaven	• Enterprise Resource Planning • Trams to Newhaven • **Empowered Learning**
Recurring Audits	• TMDF • Port Facility Security Plan • Employee Lifecycle and Payroll	• TMDF • Port Facility Security Plan • Employee Lifecycle and Payroll	• Employee Lifecycle and Payroll	• TMDF • Employee Lifecycle and Payroll	• **Port Facility Security Plan**

Directorate	2018/19	2019/20	2020/21	2021/22	2022/23
Place	• Structures and Flood Prevention • Developer Contributions • HMO Licensing • Waste and Cleansing Performance Management • **Road Services Improvement Plan** • Street Lighting and Traffic Signals • Fleet Review • **Asset Management Strategy** • New Facilities Management SLAs	• City Region Deal Funding Processes • Strategic Housing Improvement Programme • Building Standards • **Tree Management**	• **Edinburgh Tram Network Supplier Management Arrangements** • Covid-19 Spaces for People • PPP/DBFM Schools supplier management • **Registrations and Bereavement Services**	• **Implementation of Asbestos Recommendations** • Parking and Traffic Regulations • **Householder Planning Applications and use of IDOX** • **Housing Property Repairs Management during Covid-19**	• **Levelling-up - Granton Gasholder** • **City Deal – Integrated Employer Engagement** • **Repairs and Maintenance - Operational Properties** • **Health and Safety – Community Art, Gravestones and Playparks** • **Active Travel Project Management and Delivery**
Corporate Services	• IR35 and Right to Work • Software Licensing and Cert Management • Public Services Network Accreditation • Public Sector Cyber Action Plan • Contract Management and Construction Industry Scheme Payment Deductions • Change Portfolio Governance	• Social Media • Policy Management Framework • CGI Sub-contract management • **Revenue budget setting and management** • Digital Services Incident reporting and problem management • Model and Intelligent Automation Risks • **Risk Management**	• Covid-19 Newly self-employed grants • Covid-19 Supplier Relief • Covid-19 Scottish Government and COSLA returns • **ALEOs** • **GRBV Committee Effectiveness** • **Corporate Network Management** • **Change Implementation** • **Technology Resilience** • Salary overpayments	• Elections in a Covid-19 environment • SG Living Wage • **Vulnerability Management** • **CGI Performance Reporting** • Verint CRM system • **Capital budget setting and management** • **Payment Card Industry Governance** • **Planning and Performance Framework**	• Vendor Bank Mandates • **Induction and Ongoing Learning for Elected Members** • **Council Emissions Reduction Plan** • **IFRS 16 – Lease Accounting** • **Insurance Services** • **New Consultations Policy** • **CGI Security Operations Centre** • **CGI Enterprise Architecture** • **CGI Risk Management**

Directorate	2018/19	2019/20	2020/21	2021/22	2022/23
			• **Mobile Device Management**	• **Digital and Smart City Strategy** • **Council Tax and Non-Domestic Rates**	
Children, Education and Justice Services	• Quality Governance and Regulation • Communities and Families Self-Assurance Review	• Schools admissions, capacity planning and appeals • PVG Scheme • Retention of Social Work Records	• Covid-19 SQA allocation of grades • Chief Social Work Officer Assurance and annual report • **Managing behaviours of concern**	• Implementation of Child Protection Recommendations • **Criminal Justice Community Payback Orders**	• **Self-Directed Support – Children's Services** • Schools Admissions Appeals • Review of Historic Complaints • **Early Years 1140 hours project management**
Health and Social Care Partnership	• Telecare – emergency prioritisation	• **Localities Working Model** • **Lone Working**	• Covid-19 Command Centre	• **Transformation Programme and Benefits Realisation** • Volunteer Support Arrangements	• **Sensory Support** • **Transitions from Children's Services to Adult Social Care**

Appendix 2 - Reserve audit list

The table below includes a list of reserve audits for consideration where changes to the proposed 2023/24 programme may be required.

Directorate	23/24 reserve audits
Cross Directorate	• Procurement of Consultants Review of procurement of consultants to provide assurance of compliance with Contract Standing Order requirements including appointment, approvals monitoring spend and maximising transfer of skills to Council staff. • People management Review of design and operating effectiveness of established People management processes including performance management, in line with the new People Management goals and measures introduced in 2022.
Place	• Flooding and surface water management Recognising that adaptation to climate change and the impact of changing climate on CEC infrastructure is a high risk, the audit will review the Council's strategic approach to surface water management and ongoing work to mitigate the risks presented by surface water flooding. • Major Capital Projects Review of governance and oversight of a sample of major projects to ensure effective processes established to manage changing risk profile including lessons learned, third party supplier management and effective cost modelling. • Licensing Income Review of the design and operating effectiveness of controls established for controlling income from licensing applications including processing and matching of payments and regular reconciliation, as well as debt recovery and write-offs.
Corporate Services	• Diversity and Inclusion Review of the Council's overall approach to diversity and inclusion including overall strategy and supporting policies. Scope could consider specific areas such as pay gap reporting, recruitment, and retention, and creating an inclusive culture.
Children, Education and Justice Services	• Out of Authority Placements Review of the design and operation of the system for commencing and reviewing out of authority placements to ensure it is adequate, effective, and consistently applied.

Directorate	23/24 reserve audits
Health and Social Care Partnership	• <u>Waiting lists and assessments</u> Review of the adequacy of design and operating effectiveness of the key controls established to ensure that the Partnership effectively prioritises adult social care assessments and manages waiting lists effectively and in line with applicable legislation and guidance