Governance, Risk and Best Value Committee

10.00am, Tuesday, 1 August 2023

Internal Audit Update Report: Quarter 4 2022/23

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

1. Recommendations

1.1 It is recommended that the Committee:

1.1.1. reviews the outcomes of the final 2022/23 internal audits completed in the last quarter;

1.1.2. approves a request to defer reporting on the Health and Safety – Outdoor Infrastructure audit to the October 2023 meeting; and

1.1.3. notes that the 2022/23 Internal Audit Annual Report and Opinion which will provide an assessment on the efficiency and effectiveness of the Council's overall governance, risk and internal control frameworks will be presented to Committee in September 2023 as agreed by Committee in May 2023.

Laura Calder
Head of Internal Audit
Legal and Assurance, Corporate Services Directorate
E-mail: laura.calder@edinburgh.gov.uk | Tel: 0131 469 3077

Report

Internal Audit Update Report: Quarter 4 2022/23

2. Executive Summary

2.1 Delivery of a total of 36 audits within the 2022/23 Internal Audit (IA) plan are complete, with 8 completed since the last update in May 2023. Outcomes of the audits completed in Quarter 4 are provided within this report.

3. Background

2022/23 IA Plan

3.1 The rebased 2022/23 IA plan was approved by Committee in October 2022.

3.2 All audit reports are provided to Members to review via the GRBV MS Teams room when complete. Reports assessed as either *'no assurance' or 'limited assurance'* or with high rated findings are automatically presented to Committee for review and scrutiny.

3.3 As part of the Agenda Planning Meeting process, elected members may also request presentation of other completed audit reports outwith this criteria, for review and scrutiny at Committee.

3.4 In May 2023, Committee agreed a change to the Committee work programme to enable the Internal Audit Annual Report and Opinion to be presented to the September 2023 GRBV meeting, instead of the August 2023 meeting.

4. Main report

2022/23 IA Plan

4.1 The 2022/23 IA plan includes a total of 40 audits (32 for the Council and 8 for other organisations). 36 audits are now complete and 4 ongoing audits will be completed as part of the 2023/24 IA plan.

4.2 Finalisation of the report of the audit of Health and Safety – Outdoor Infrastructure within the Place Directorate has been delayed due to leave across several key officers within the directorate, Corporate Health and Safety and Internal Audit. It is therefore requested that the audit is deferred to the 2023/24 annual plan and outcomes reported to the October 2023 Committee meeting.

4.3 Further detail on the overall outcomes for the 2022/23 IA plan is included at Appendix 2.

2022/23 final audit reports for scrutiny

City of Edinburgh Council

4.4 A total of 8 audits in the 2022/23 IA plan were completed for the Council during Quarter 4.

4.5 Two audits have been assessed as *'Limited Assurance'*:

- Sensory Loss Support Services
- Self-Directed Support

4.6 Two audits have been assessed as *'Reasonable Assurance'* and include a high rated finding:

- Granton Gasholder Levelling-up Fund Grant
- CGI Technology Risk Management

4.7 A further 4 audits have been assessed as either *'reasonable assurance or 'substantial assurance'* and have no high rated findings:

- Transitions for Young Adults with a Disability from Children's Services to Adult Social Care
- Empowered Learning Programme Governance
- Ongoing Education ICT support
- Insurance Services

4.8 Members have requested that all Council audit reports are presented to Committee for scrutiny and that relevant Council officers are available to respond to any questions.

Other organisations

4.9 The following audit was completed for Lothian Pension Fund (LPF) during the reporting period and was subject to review and scrutiny the LPF Pensions Audit Sub-Committee on 19 June:

- LPF - Information Governance – *Reasonable Assurance*

4.10 The following audit was completed for Edinburgh Integrated Joint Board (EIJB) and was presented to the EIJB Audit and Assurance Committee for review and scrutiny in June 2023. A copy of the report is included at Appendix 2.

- EIJB – Set Aside Budgets – *Reasonable Assurance*

2022/23 Internal Audit Annual Report and Opinion

4.11 In May 2023, the Committee agreed that the 2022/23 Internal Audit Annual Report and Opinion would be presented to the September 2023 GRBV meeting, to allow

Committee adequate time at the August 2023 meeting to review and scrutinise the remaining 2022/23 IA reports.

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.

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

7. Stakeholder/Community Impact

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

8. Background reading/external references

7.1 Public Sector Internal Audit Standards

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

7.3 Internal Audit Update Report – 5 December 2022 to 31 March 2023 – GRBV 2 May 2023

9. Appendices

8.1 Appendix 1 – 2022/23 Outcomes of completed internal audits

8.2 Appendix 2 – 2022/23 Internal Audit Reports for scrutiny:

- Sensory Loss Support Services
- Self-Directed Support
- Granton Gasholder Levelling-up Fund Grant
- CGI Technology Risk Management
- Transitions for Young Adults with a Disability from Children's Services to Adult Social Care
- Empowered Learning Programme Governance
- Ongoing Education ICT support
- Insurance Services
- EIJB – Set Aside Budgets

Appendix 1 – 2022/23 Outcomes of completed internal audits

Directorate		Audit title and description	Outcome
1.	Cross Directorate	**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.	Substantial Assurance
2.		**Allocation and Management of Purchase Cards** Review of the allocation, management, use and monitoring of purchase cards across the Council.	Reasonable Assurance
3.		**Annual validation review of previously implemented audit actions** Review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	Reasonable Assurance
4.	Corporate Services	**Implementation of the New Consultation Policy** Review of implementation and application of the Council's new consultation policy and supporting processes.	Reasonable Assurance
5.		**Council Emissions Reduction Plan (CERP)** Review of the framework designed to support implementation of the Council Emissions Reduction Plan.	Substantial Assurance
6.		**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 with feedback provided
7.		**CGI - Security Operations Centre** Review of the adequacy and effectiveness of contractual security services delivered through the established CGI Security Operations Centre to the Council**.**	Limited Assurance
8.		**Induction and Essential Learning for Elected Members** Review of established induction; essential learning, and ongoing training delivered to elected members.	Substantial Assurance
9.		**Role Specific Learning and Development for Council Officers** Review of role specific learning and development for Council Officers including progress with implementing MyLearningHub.	Reasonable Assurance
10.		**CGI - Enterprise Architecture Arrangements** 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.	Substantial Assurance

11.		**CGI - Technology Risk Management** Review of CGI and Digital services process supporting identification; assessment; recording; management; and escalation of relevant technology risks	Reasonable Assurance
12.		**Insurance Services** 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.	Substantial Assurance
13.	Corporate Services/ Children, Education and Justice 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.	Reasonable Assurance
14.		**Ongoing Education ICT support** Review of the delivery and stability of technology and ICT support across the learning and teaching estate.	Reasonable Assurance
15.	Children, Education and Justice 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.	Substantial Assurance
16.		**Schools Admissions Appeals – Follow-up** Service request to complete focused review of school's admissions appeals in line with the recommendations made in the schools admissions audit completed in 2020.	N/A process review with feedback provided
17.		**Early Years Education Expansion Programme** Review of the project governance to support expansion of the early years' education programme including delivery of new infrastructure.	Substantial Assurance
18.		**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.	Limited Assurance
19.	Children, Education and Justice 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).	Limited Assurance
20.		**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.	Reasonable Assurance

21.	Place	**Port Facility Security Plan** Annual review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	Reasonable Assurance
22.		**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.	Reasonable Assurance
23.		**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.	Reasonable Assurance
24.		**City Deal - Integrated Employer Engagement** Service request as part of required audit programme to support grant funding requirements.	Substantial Assurance
25.		**Granton Waterfront – Levelling-up Grant** 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.	Reasonable Assurance
26.	Corporate Services/Place	**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.	Substantial Assurance
27.		**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.	Reasonable Assurance
28.	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.	Limited Assurance
29.	Edinburgh Integration Joint Board (EIJB)	**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.	Substantial Assurance
30.		**EIJB - Set aside budgets** Including identification of set aside services and their associated costs, underlying budget assumptions, and financial reporting to the IJB on ongoing set aside budget management.	Reasonable Assurance

31.	Lothian Pension Fund (LPF)	**LPF** - Project Forth: Programme Assurance	Reasonable Assurance
32.		**LPF** - Third Party Supplier Management	Limited Assurance
33.		**LPF** - Information Governance	Reasonable Assurance
34.	Other Organisations	**Royal Edinburgh Military Tattoo** – Revenue Budget Management	Substantial Assurance
35.		**Lothian Valuation Joint Board** - Non-Domestic Business Rate Appeals	Substantial Assurance
36.		**SEStran** - Thistle Assistance Project	Reasonable Assurance
Total 2022/23 audits			**36**

Overall outcomes by rating	**No rating**	**2**	**Limited Assurance**	**5**	**Reasonable Assurance**	**17**	**Substantial Assurance**	**12**

Audits carried forward to the 2023/24 audit plan			**Expected Completion**
37.	Place	**Health and Safety - Outdoor Infrastructure** Review of processes established to ensure the health and safety of outdoor infrastructure – specifically: cemeteries, public safety and play areas.	October 2023
38.		**Trams 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.	
39.	Children, Education and Justice Services	**Review of Historic Complaints** Review of historic complaints to confirm whether any handled by for employees noted in Project Apple outcomes had been appropriately investigated and reported.	
40.	Corporate Services	**Enterprise Resource Planning (ERP)** Ongoing agile review of the project management and governance arrangements supporting implementation of the enterprise resource planning system.	March 2024
Total audits included carried forward to the 2023/24 plan			**4**

Internal Audit Report

Edinburgh Health and Social Care Partnership (EHSCP) Sensory Loss Support Services

29 June 2023

HSC2202

Overall Assessment	**Limited Assurance**

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	Limited Assurance

Overall opinion and summary of findings

Weaknesses were identified in the design and effectiveness of the control environment supporting provision of Sensory Loss Support Services including formalisation of strategic plans and associated risk management, and ongoing contract management and performance monitoring. Consequently, only limited assurance can be provided that supplier, contractor, and partnership management risks are being effectively managed and that the partnership's objectives of delivering a seamless support service achieved.

The following improvement actions were identified:

- there are capacity and key-person dependency issues within the service that should be addressed to ensure the effective management of the service.
- a formal implementation plan needs to be developed to set out the service objectives over the next strategic cycle to monitor delivery progress towards strategic outcomes, and establish the resources required to support delivery.
- standardised service provider returns should be developed which clearly set out required delivery, performance and contract information, the individual key performance indicators for each contract lot. All key supplier meetings should also be documented, and minutes circulated.
- the need for improved service quality, review, and feedback processes, such as direct user feedback, monitoring locality service provision, formal contract review meetings and development of a dispute management protocol.
- the need for service updates to be provided to management for EIJB reporting.

Areas of good practice

Our review identified:

- officers were able to clearly articulate future strategies, for example, Sensory Loss and British Sign Language (BSL) focus groups are arranged for 2023 to facilitate better collaboration and engagement, and ensure the future strategy is inclusive and person centred.
- the service are leading on proposals for future Pan-Lothian Sensory Loss Support Services, and a working group planned to develop a Pan-See Hear Strategy.
- officers attend regular cross departmental BSL Authority (Local) Plan working group meetings.
- regular meetings are held with all service providers, and update reports are received in advance of quarterly monitoring meetings for review.
- inconsistencies in contract monitoring are recognised, and standardised supplier returns are being developed.

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Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Strategic commissioning			Finding 1 – Key person dependency and capacity	Medium Priority
			Finding 2 – Strategy implementation	Medium Priority
2. Contract monitoring			Finding 3 – Ongoing Contract Management and Performance monitoring	High Priority
3. Governance and oversight			Finding 4 – Service Quality, Review, and feedback	High Priority
			Finding 5 – Sensory Loss Support Services Reporting	Medium Priority

See Appendices 1a and 1b for Control Assessment and Assurance Definitions

Background and scope

People with Sensory Loss (Blindness and Sight Loss; Deafness and Hearing Loss; and Deafblindness and Dual Sensory Loss) represent a diverse and significant group within Edinburgh, with around 4,000 people on the Sight Loss register, an estimated 400-600 British Sign Language (BSL) users, although according to the Census 2011 it shows over 1,000 use BSL at home and an estimated 25,000 to 85,000 people with acquired hearing loss living in the city.

The 2014 Scottish Government / CoSLA See Hear Strategy for Sensory Loss (formerly 'Sensory Impairment' – moving away from the medical model of disability), provides a framework for meeting the needs of people with a Sensory Loss, and is supported by annual funding to Health and Social Care Partnerships for allocation citywide. Complementary to this, the **British Sign Language (BSL) (Scotland) Act** was given royal assent in October 2015, and **the British Sign Language Plan for Edinburgh 2018-2024** was published in October 2018.

The Edinburgh Health and Social Care Partnership (EHSCP) is responsible for commissioning community and hospital based Sensory Loss Support Services for adults aged 16 and over.

The EHSCP funds or provides four (4) separate services for people with Sensory Loss:

- rehabilitation and mobility training (also Certificate of Vision Impairment Register Management) from **Sight Scotland**.
- individual patient support, signposting to other services and technology help at Princess Alexandra Eye Pavilion (PAEP) from **Visibility Scotland**.
- social work services, assessment, and care management from the EHSCP's locality teams. **Deaf Action** provides both specialist social work assessment, care management services and a specialist equipment service for deaf people on behalf of the EHSCP.

The total value of the four services over the maximum lifetime of the contract is circa £2.3M.

The **Edinburgh Integration Joint Board strategic plan for 2019-22** sets out the ongoing commitments for service provision. The **annual review of directions report** presented to the EIJB in August 2022 included an update to the direction from the EIJB to the City of Edinburgh Council to continue commissioned services contracts for Sensory Loss Support Services. For Deaf Action, contract period ends September 2023 with an optional 1 or 2-year extension; for sight loss services (Sight Scotland and Visibility Scotland), contract period ends March 2024 with an optional 1 or 2-year extension.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the adequate Sensory Loss Support Services are commissioned and provided.

Risks

The review also considered adequacy of assurance in relation to the following Corporate Leadership Team (CLT) risks:

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Governance & Decision Making
- Service Delivery

Reporting Date

Testing was undertaken between 12 December 2022 and 23 March 2023.

Our audit work concluded on 23 March 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding Rating	Medium Priority

Finding 1 – Key person dependency and capacity

Officers responsible for commissioning and monitoring delivery of Sensory Loss Support Services are committed and are working hard to deliver services to citizens, however the effectiveness of this work is impacted by workload issues and uncertainty around future Scottish Government funding for key officer roles to lead on implementation of national strategies and plans.

Currently the service consists of a Strategic Planning and Commissioning Officer and a part time See Hear Implementation Officer (vacant post). The continued provision of the part time post is currently uncertain due to funding.

A business case is in progress for the creation of a second Implementation Officer post to lead on BSL Authority (Local) Plans. The service has advised they would also like to explore other resources such as apprenticeships.

Risks

- **Strategic and Service Delivery** – insufficient capacity to support delivery of strategic plans and essential services to citizens.
- **Regulatory and Legislative compliance** – the Partnership does not achieve national strategic outcomes.

Recommendations and Management Action Plan: Key person dependency and capacity

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	Service resourcing requirements for meeting service delivery and achieving strategic plans should be determined. In addition, any resourcing key dependencies should be identified, and appropriate mitigating controls put in place.	Service resourcing requirements will be determined, this will include consideration of the core posts and additional posts such as the additional implementation officer and apprentices where possible.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	30/06/2024

1.2	Service capacity risks should be reflected in a service risk register for discussion, action and escalation as required. See recommendation 2.5.	Service capacity and resource issues will be captured in a Sensory Loss Support Services risk register as per action 2.5.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

Finding 2 – Strategy implementation

Finding Rating	Medium Priority

Review of the strategic commissioning arrangements for Sensory Loss Support Services highlighted:

- future plans for delivery of services were outlined by officers, however these have not yet been documented to align with commencement of the refreshed EIJB strategic plan which is due to be published by September 2023.
- the first mid-progress report for the '**British Sign Language (BSL) plan for Edinburgh**' was due in 2020/21, but was not prepared due to Covid-19. Work is progressing via a working group; however, no updates have been provided to Committees and the general public as set out in the plan. Officers noted that additional resources would be required to effectively progress actions within the plan.
- the 2019 EIJB strategic plan included a workstream to develop an implementation plan for the **See Hear Strategy** (the Scottish Government's strategic framework for meeting the needs of people with Sensory Loss support needs in Scotland), however no evidence has been provided that a plan was developed during the term of the 2019-22 plan.
- the draft 2023 EIJB strategic plan and Council website pages reference the term 'Sensory Impairment'. The Strategic Planning and Commissioning Officer observed that the term 'Impairment' should not be used, and that there is a need to move from a medical to a social model of disability in respect of appropriate language used. It is also noted that the strategic plan document is not easily accessible for Sensory Loss support needs.
- it is also noted that a risk register to identify, capture, assess and manage the risks associated with commissioning and delivery of Sensory Loss Support Services strategic objectives has not been developed.

Risks

- **Strategic and Service Delivery** – Sensory Loss support needs may not be met for people across the city.
- **Regulatory and Legislative compliance** – strategies may not reflect relevant guidance and legislation.

Recommendations and Management Action Plan: Strategy implementation

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Service delivery plans which detail planned service delivery priorities should be documented and communicated. Plans should include links to resourcing and funding requirements with amendments communicated where these require adaptation.	The following key national and local strategies are due to be reviewed in 2023, 2024 and 2025. - See Hear Strategy, planned for March 2025 (rescheduled twice). - BSL National Plan, planned for October 2023 and BSL Authority (Local) Plan for Edinburgh, planned for October 2024. Service delivery plans and funding requirements will be aligned to these.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/03/2025

2.2	A progress update on the current **British Sign Language (BSL) plan for Edinburgh** should be provided within an agreed timescale to the EIJB, the Council's Policy and Sustainability Committee and Scottish Government. Progress on the plan should also be communicated to the public through the Council's press and social media channels as well as ensuring national deaf bodies and associations are kept up to date as set out in the governance section of the BSL Authority (Local) Plan document.	A revised BSL Authority (Local) Plan is due to be developed for October 2024. As part of this a review of progress with the previous plan will be captured and reported to the EIJB, Committees, the Scottish Government, and the public.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Eleanor Cunningham, Lead Officer, Corporate Services, CEC Edinburgh BSL Working Group, CEC / EHSCP Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2024

2.3	Arrangements to develop implementation plans for monitoring delivery and progress towards the See Hear Strategy and BSL Plans, including alignment to available funding, should be clearly established and resources to support this allocated.	As per 2.1 implementation plans will be developed in line with the revised strategies due in 2024.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2024

2.4	The Council and EHSCP should ensure that terminology in relation to Sensory Loss support needs are appropriately referenced within strategic documents, websites, and other communications, with appropriate engagement with service representatives to support this process.	This will be raised with the newly established Health and Social Care Communications and Engagement team. A meeting to discuss Sensory Loss Support Services requirements has been arranged. Feedback has been provided directly on the EIJB strategic plan and content of the Council website.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2024

2.5	In line with the **Council's Risk Management Framework**, a risk register for the Sensory Loss Support Services should be developed and maintained on a quarterly basis, ensuring that current and emerging risks are captured, documented, assessed, with mitigating action identified and implemented, and risks escalated to the EHSCP; EIJB and the Council's Corporate Leadership Team risk committees where required.	A risk register for the Sensory Loss Support Services will be developed and processes put in place to ensure it is reviewed regularly and risks escalated where required.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh Julie Tickle, Strategic Planning Officer	31/12/2023

Finding 3 – Ongoing Contract Management and Performance monitoring

Finding Rating	High Priority

Several improvement areas for contract management and performance monitoring were noted during the audit.

Roles and responsibilities for the overall contract are not clearly established, with a previous officer named on the contract register as the contract manager, and no designated contract monitoring officer assigned to the contract.

The EIJB Direction for Adult Sensory Loss Support Services states that 'each commissioned service will have its own key performance indicators (KPIs) developed as part of the commissioning process'. A review of contract specifications confirmed that individual KPIs are in place for all contract lots, however the service noted that only one provider submits KPI data as required.

Quarterly monitoring reports are submitted by all service providers. Reports for the quarter to 31 December 2022 (Q3) were reviewed by audit. Some alignment with tier 2 contract requirements was noted, such as sections for contract performance, contracted service review and updates, complaints and resolution, however this was not consistent across all reports, and where such headings were in place, they were not always completed.

The format of these reports was also inconsistent; a mix of excel tabs and single / multiple word documents was returned by different providers. The reports reviewed for Q3 2022 did incorporate required KPI data for all suppliers in line with contract specifications, however the different formats and tabs made interpretation of data against targets difficult. Full year KPI data was also not included to demonstrate trends.

Provider monitoring meetings are held quarterly, and while actions are progressed and circulated via email, no formal minutes of these meetings were being taken at the time of the review. Officers advise that they have now started to minute meetings.

Risks

- **Strategic and Service Delivery** – service providers may not provide contracted and required levels of service.
- **Financial and Budget Management** – the Council/Partnership may not achieve best value from contracted services.
- **Regulatory and Legislative compliance** – limited assurance that service providers meet regulatory and legislative requirements.

Recommendations and Management Action Plan: Ongoing Contract Management and Performance monitoring

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	Roles and responsibilities for contract management and contract monitoring of Sensory Loss Support Services should be clearly established, agreed and communicated with training and guidance provided to support officers assigned to these roles.	Interim arrangements have been agreed, with the Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh assuming this role on a temporary basis (as this is a temporary role). Permanent arrangements to support ongoing management of the contracts will be established.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	30/09/2023

				Emma Gunter, Contracts Manager	
3.2	A review of the contract monitoring and performance monitoring arrangements for Sensory Loss Support Services should be undertaken to ensure that service providers are providing all performance data and other information required, in line with contract specifications. The review should determine if any changes to the specifications are required to ensure that the information requested remains fit for purpose, for example KPI data required. Arrangements should include alignment to the guidance set out in the Council's contract management framework including: - the requirement for regular meetings to be held.	This is currently in progress with new templates issued to providers to establish consistent arrangements. KPI information is being reviewed. Informal discussions are held monthly, and formal monitoring review meetings are held on a quarterly basis. The first submission of data on the new templates is due September 2023. Following this, the data submitted will be reviewed at a review meeting with the providers and amendments required will be agreed and minuted.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

	- communication of KPI and data reporting requirements such as full suite of KPIs, risks, incidents etc to be reported and format of reporting expected to ensure consistency and aid assessing of service delivery. - KPI data should be separated out of quarterly reports and clearly mapped to targets set. - formal record keeping and action monitoring for meetings.	Formal documentation will be issued following monitoring review meetings.			

Finding 4 – Service quality, review, and feedback

Finding Rating	High Priority

It is noted that there are limited opportunities to enable citizens to provide direct feedback to the commissioning service on their experience of Sensory Loss Support Services, however, officers advised this is currently being considered. Direct feedback is an essential element for assessing and improving delivery of services.

In addition, there are no formal processes for review of, or provision of feedback on, the quality of services provided in localities in line with the EIJB direction which states that *'outcomes for people using the service to be delivered within the locality teams (social work assessment and care management with people with a vision impairment) will be monitored'.*

Contract specifications also require providers to regularly provide information on the views of people using the service, their family and carers. It was noted that feedback had only been included by two of the three service providers in the Q3 monitoring reports reviewed. It is noted that it is challenging for some providers to obtain service feedback due to the nature of services.

Tier 2 contracts should be formally reviewed once across the lifespan of the contract (at least 12 months prior to contract expiry), however it is noted that these contracts are now in their final year and no contract review meeting has yet been held.

It is recognised that the above areas have not been developed to date due to budget limitations and also time spent managing challenges with one of the contracted services.

Discussion with officers noted that they were unaware of protocols to manage and escalate any potential contract breaches. Review of contracts specifications notes that they do not include clauses for provider underperformance. The contract handover report does include detailed guidance on dispute resolution and managing performance.

Risks

- **Strategic Delivery** – service providers may not provide contracted and required levels of service.
- **Financial and Budget Management** – the Council / Partnership may not achieve best value from contracted services.
- **Regulatory and Legislative compliance** – limited assurance that service providers meet regulatory and legislative requirements.

Recommendations and Management Action Plan: Service quality, review, and feedback

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
4.1	Set up of engagement focus groups, and other planned direct channels of communication to receive direct service user feedback, should be progressed.	The service would like to hold twice yearly face to face communication and engagement sessions to gather feedback generally and views on future Sensory Loss Support Services provision across Edinburgh. The service would like to hold an annual open day for the public across Edinburgh, engaging with Public, Third and Private sector organisations. There are resourcing and funding challenges for facilitating these sessions including costs associated with accessible venues and providing appropriate trained BSL / English Interpreters and Electronic Notetakers.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh Communications and Engagement Team, EHSCP	30/09/2023

4.2	Establishing user feedback from the provider of contract lots due to expire in September 2023 should be prioritised to ensure that any required contract improvements are identified prior to the contracts being extended or re-let.	Meetings have been arranged to initiate the contract review / extension process. As part of this, feedback will be obtained and incorporated in to contract negotiations and tendering requirements.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

4.3	Monitoring processes should be put in place for all locality teams delivering Sensory Loss Support Services to provide the commissioning service with assurance that quality services are being provided by the Partnership.	Monitoring process to be developed and implemented in partnership with the localities.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

4.4	The review of performance monitoring arrangements detailed in recommendation 3.2 should include the requirement for all service providers to provide regular information on the views of people using the service, their family and carers.	Obtaining feedback from Sensory Loss Support Services' users is known to be challenging. The service will consider ways in which effective feedback can be obtained and considered as part of contract review meetings.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

4.5	Formal contract review meetings should be scheduled during 2023 with all service providers. Minutes should be taken and circulated with action notes to all relevant parties.	As per 3.2 informal discussions are held monthly, and formal monitoring review meetings are held on a quarterly basis. Support is currently being provided by the Contract and Grants management team to review the contracts, and formal arrangements to review these once a year will be established.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

4.6	Council guidance on recording and escalating supplier underperformance and disputes should be followed, and a log of key meetings and events held, in addition to formal records of all supplier meetings. A protocol should be agreed with all suppliers to ensure that there is clarity around actions to be taken should service standards not be met.	Training is being provided to the Strategic Planning and Commissioning Officer – Sensory Loss and See Hear Lead for Edinburgh as part of their interim arrangements for managing the contracts. This will include consideration of recording and management underperformance in line with the Council's framework. A protocol for underperformance will be agreed with suppliers as part of the contract review / negotiation process.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	30/09/2023

Finding 5 – Sensory Loss Support Service reporting

Finding Rating	Medium Priority

While the Sensory Loss Support service is subject to annual review via the EIJB direction for Adult Sensory Loss Support Services in place, required service updates to provide assurance that this direction is on track are not currently provided to management, due to the inconsistent data currently submitted by service providers.

The service advised that quarterly update reports are provided to the EIJB procurement board, and that monthly updates are provided to the Acting Disability Strategy Manager.

Risks

- **Governance & Decision Making** – senior management and members may not have oversight of the delivery of the service.

Recommendations and Management Action Plan: Sensory Loss Support Services reporting

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
5.1	All necessary service information should be supplied to management as requested, on a timely basis. Where any required information cannot currently be provided, alternative means of providing assurance should be agreed until the requested data can be supplied.	The revised reporting template provided to suppliers for data submissions will support provision of consistent and accurate information to support reporting on EIJB directions.	Mike Massaro-Mallinson, Service Director Operations / Interim Chief Officer of the EIJB	Tony Duncan, Service Director Strategic Planning Emma Pemberton, Acting Disability Strategy Manager Derek Todd, Strategic Planning and Commissioning Officer – Sensory Loss | See Hear Lead for Edinburgh	31/12/2023

Appendix 1a – Control Assessment 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

Appendix 1b – Assurance and finding priority definitions

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

Self-Directed Support – Children's Services

12 June 2023

CEJ2203

Overall Assessment	Limited Assurance

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	Limited Assurance

Overall opinion and summary of findings

Review of the design and operating effectiveness of key controls established to ensure that Self-Directed Support (SDS) budgets within Children's Services are managed effectively and in compliance with the Scottish Government's Framework of Standards identified the following control weaknesses:

- although there are documented SDS procedures, there is no evidence of an effective procedure management process as procedures are not up to date, and there is no formal approval process or evidence that they have been communicated to relevant officers
- sample testing highlighted inconsistences in the processing and the recording of SDS budget support plans within the Swift system
- there is a lack of clarity over the authorisation process of individual SDS budget support plans
- there is a lack of evidence of actions taken to manage the risk of SDS overspends.

Areas of good practice:

- there is regular financial reporting on SDS budgets and meetings with Finance accountants
- all cases tested within our audit sample had evidence of an allocated worker for each SDS case.

Overall management response

Management are currently undertaking a review to improve the key processes which support Self-directed Support (SDS) for children, with several key actions currently underway. The issues identified in the audit will be used to support ongoing improvement in both the design and operating effectiveness of internal controls.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Policies, procedures, and processes			Finding 1 – SDS policies and procedures	High Priority
2. Self-Directed Support options			Finding 2 – Processing and recording of SDS work	Medium Priority
3. Allocation and review of funding			Finding 3 – Authorisation of individual SDS budget support plans	Medium Priority
4. Oversight and reporting			Finding 4 – Budget review and oversight	Medium Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Social Care (Self-Directed Support) (Scotland) Act 2013 came into effect on 1 April 2014 and is a key building block of public service reform. Self-Directed Support (SDS) is a way of providing social care support that empowers individuals to have informed choice about how support is provided to them with a focus on working together to achieve individual outcomes.

The Scottish Government published the Self-Directed Support Framework of Standards in March 2021. The Framework consists of a set of standards written specifically for local authorities to provide them with an overarching structure, aligned to legislation and statutory guidance, for further implementation of the self-directed support approach and principles.

The standards were updated in August 2022 following a period of consultation with local authorities, and now include a standard focusing on addressing the challenges of personalised budgeting. Self-Directed Support funding is available for anyone who has been assessed as eligible. This includes unpaid carers, children, families, adults, and people in later years of life. These individuals will then be given different choices to meet their care and support needs. The different options available under Self-directed Support are highlighted in Appendix 2.

Support is provided by the four Locality-based Children's practice teams, a city-wide team which works with children affected by disability, and the city-wide Young People's Service.

Budget overspends were identified as a risk within the service area and the Executive Director of Children, Education and Justice Services requested that this planned 2022/23 Internal Audit of SDS included a targeted review of the budgeting process.

Scope

The objective of this review was to assess the design and operating effectiveness of the key controls established to ensure that Self-Directed Support budgets are managed effectively and in compliance with the Scottish Governments Framework of Standards, and that there is a consistency of application across Children's Services.

Risks

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Workforce
- Service Delivery
- Regulatory and Legislative Compliance.

Limitations of Scope

The following areas were excluded from scope:

- the setting of the overall budget for Self-Directed Support.

Reporting Date

Testing was undertaken between 1 April 2022 and 31 December 2022.

Our audit work concluded on 29 March 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – SDS Policies and Procedures

Finding Rating	High priority

Policies and procedures are the foundation of an effective internal control environment. It is noted there is no overarching Self-Directed Support (SDS) policy in place within Children's Services. There are SDS procedures, but they are not up-to-date, and there is no evidence that they were approved by the Senior Management Team or communicated to colleagues.

Review of the procedures identified a lack of clarity on the following:

- the financial authorisation table lacks clarity in respect of what constitutes a manager sign-off
- the financial approval levels are not clearly stated for the different officer grades
- the type or category of case note required to record the approval of an SDS case
- the Swift system guidance definitions for SDS Options 2 and 3 are not clearly defined and lack the clarity of the definitions stated in the SDS Practitioners' Policy Guidance
- the reasons why processes differ for one-off payments were not clearly defined
- there was no evidence of a SDS Personal Budget Summary (which details the work to be performed and the cost) being completed in 11 (44%) cases.

Management also confirmed that relevant SDS Framework Standards have not been reflected in the Swift system processing templates.

Although management have advised that the weekly divisional meetings included discussion on the SDS standards with staff members, no documentation was provided to evidence these discussions.

Management have advised that there was a change in operational management of SDS prior to the start of the pandemic, and that the current management have been progressing the implementation and integration of the standards, which has involved a significant amount of work for the team.

Risks

- **Service Delivery –** the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Regulatory and Legislative Compliance** – there may not be compliance with SDS Framework Standards.

Recommendations and Management Action Plan: SDS Policies and Procedures

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	The SDS policy and procedures should be reviewed and updated, with the review specifically including coverage of the	1. SDS policy and procedures will be reviewed annually and updated and will specifically cover all the findings stated	Amanda Hatton, Executive Director of	Jen Grundy Children's Practice Team Manager	31/10/2023

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	findings stated above. Once updated, SDS policy and procedures should be approved by senior management across Children's Services and the HSCP, communicated to all relevant officers, and a process established to ensure regular review.	above. They will cover all services of the Council who implement SDS. (To be raised with Operational Director for HSCP). 2. Once the policy and procedures have been updated, they will be approved by senior management and communicated to all relevant officers and a process will be established to ensure regular review. 3. Staff will be trained in the updated policy and procedures. Updated SDS policy and procedures to link in with staff training across the Council.	Children, Education and Justice Services Mike Massaro-Mallinson, Service Director - Operations	Rose Howley Interim Chief Social Work Officer Catherine Mathieson, Cluster Manager	
1.2	The SDS Framework Standards should be reflected in the Swift system processing templates. The feasibility for adding this link to Swift (or the replacement system) should be considered and, where this is not possible, alternative controls to manage the risks will be developed.	1. The feasibility for adding this link to Swift (or the replacement system) with a focus on standard 8 of the SDS framework will be considered and where this is not possible, alternative controls to manage the risks will be developed.	Amanda Hatton, Executive Director of Children, Education and Justice Services	Jen Grundy Children's Practice Team Manager	31/08/2023

Finding 2 – Processing and Recording of SDS Work

Finding Rating	Medium priority

SDS case notes are maintained on the Swift system, and staff are expected to use this to record all work performed. However, our review of a sample of 25 case notes identified:

- 6 out of the 25 cases tested highlighted an inconsistency in coding of funding; for example, a one-off payment was recorded in one section of the case notes as SDS Option 3 but coded as Option 1 in another section. If the wrong SDS option is recorded this could affect the accuracy of the Scottish Government returns
- the level of the person's need/risk was not clearly recorded in 16 (64%) of cases
- in all cases tested there was a master assessment on file, but in some instances there was more than one version of this document on file
- there was insufficient evidence that the completed assessment form had been issued to parents in 19 (76%) cases, and there is no evidence of checking performed to ensure that the parents had received these documents
- there is no evidence of checks being performed to ensure that children's plans are held within the master assessment document.

Risks

- **Service Delivery** – the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Financial and Budget Management** – SDS plans may not be properly reviewed and approved, leading to unnecessary spending
- **Regulatory and Legislative Compliance** – there may not be compliance with SDS Framework Standards.

Recommendations and Management Action Plan: SDS quality assurance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	A quality assurance programme should be created to review the quality of data recorded by colleagues on Swift. The programme should include a clear methodology which sets out: • sample size of cases to be reviewed • how frequently quality reviews will be performed, and by which officers • what elements of the SDS process will be checked • lessons learned and remedial work to be performed • which officers and groups will receive the reporting.	A template will be created for Team Leaders to review with Social Workers which will clearly set out the suggested methodology within the IA recommendation.	Amanda Hatton Executive Director of Children, Education and Justice Services	Jen Grundy Children's Practice Team Manager Rose Howley Interim Chief Social Work Officer	31/10/2023

Finding 3 – Approval of individual SDS budget support plans

Finding Rating	Medium priority

The procedures outline the officers and panels (such as SDS panel) required to approve individual SDS budget support plans, with approval requirements varying depending on the financial value of each proposed SDS budget support plan. Sample testing of 25 cases identified:

- 1 case where there was no evidence of Team Manager sign-off
- 3 cases where there was no evidence of Senior Manager approval
- 1 case where there was no evidence of panel approval
- 2 cases where there were multiple one-off payments within a short period of time which would take the amount of SDS budget for the supported person over the £500 threshold. This should, therefore, have required Team Leader approval which was not evidenced.

Risks

- **Service Delivery** – the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Financial and Budget Management** – SDS plans may not be properly reviewed and approved, leading to unnecessary spending.

Recommendations and Management Action Plan: Approval of individual plans

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	Managers should ensure that there is an effective process of assessment, allocation, monitoring, and review, supported by management sign-off of all relevant SDS budget support plans and that this approval is clearly evidenced within Swift case notes. Mangers should ensure there is a monthly report of all activity and a review report produced quarterly. The completeness of this review and approval process should be tested as part of the quality assurance work recommended at Finding 2.	1. Authorisation level procedure will be reviewed with Children's Practice Team Managers and will be updated to reflect the findings of the audit. 2. This process will form part of the quality assurance process noted within finding 2 above.	Amanda Hatton Executive Director of Children, Education and Justice Services	Jen Grundy Children's Practice Team Manager	31/10/2023

Finding 4 – Budget review and oversight

Finding Rating	Medium priority

A budgetary report is produced each quarter for SDS, with Finance accountants meeting with the Children's Services Managers to discuss budget spend.

Although there was evidence of SDS papers being produced by management to discuss the reasons for SDS budget overspends, there are no action plans in place to manage overspends and to detail agreed actions to be taken, by which officer, and by which date.

In addition, there was no evidence to demonstrate that SDS budget expenditure and overspends have been discussed at team level to raise awareness of how overspends impact on the section's ability to provide support services.

Management have advised that overspends often cannot be fully controlled as the service is demand-led.

In addition, it was noted that action log/trackers are not used to record and manage actions arising from SDS meetings.

Risks

- **Financial and Budget Management** – there is an increased risk of overspends if they are not effectively managed.

Recommendations and Management Action Plan: Budget review and oversight

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	A quarterly report should be created setting out the actions required/taken to tackle underspends and overspends. The plan should include statements for the reasons for the overspends/underspends, what will be done to address them, and the names of responsible officers.	1. A report will be created and maintained by Children's Services which includes the actions which have been taken to tackle SDS underspends/overspends. The plan will include the reason for the over/under spends, actions taken by whom and when. 2. Any risks identified will be escalated to the Children's Services and/or the Children, Education and Criminal Justice risk registers.	Amanda Hatton Executive Director of Children, Education and Justice Services	Andrew McWhirter Senior Manager Children's Practice Teams and Disability / Jen Grundy Children's Practice Team Manager	31/09/2023
4.2	Action logs/trackers should be used to record and manage actions arising from SDS team meetings. These should include the action to	Previously before covid, there was quarterly meetings with finance where this was looked at. These finance meetings were with all CPTM's and finance colleagues where spend was discussed. This can be reinstated with the SM leading on this. This will be managed via a tracker which will	Amanda Hatton Executive Director of Children,	Andrew McWhirter Senior Manager Children's Practice Teams and Disability	31/09/2023

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	be taken, the names of the responsible officers, and implementation dates. The log should be reviewed in advance of meetings and revised dates and a rationale should be provided where actions are overdue.	include the action to be taken, the names of the responsible officers, and implementation dates. Senior Manager to liaise with Finance colleagues in respect of the implementation of this action. The tracker will be reviewed in advance of meetings and revised dates and a rationale will provide where actions are overdue.	Education and Justice Services	Jen Grundy Children's Practice Team Manager Jacqui Bogan Children's Practice Team Manager	

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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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.

Appendix 2 - Self-Directed Support Options

There are four self-directed support (SDS) options available to service users under Social Care (Self-Directed Support) (Scotland) Act 2013:

- Option 1: a direct payment by the local authority to the supported person to enable them to arrange their own support
- Option 2: the supported person chooses their support, and the local authority arranges it
- Option 3: the local authority selects and arranges support on behalf of the supported person
- Option 4: a mix of options 1, 2 and 3.

Internal Audit Report

Granton Gasholder Levelling Up Fund Grant (Design review)

24 May 2023

PL2207

Overall Assessment	**Reasonable Assurance**

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.

Overall Assessment	Reasonable Assurance

Executive Summary

Overall opinion and summary of findings

The controls in place to support the governance and management of the Granton Gasholder Levelling Up Fund grant require some improvement.

We noted the following areas for improvement:

- the reporting of issues to the Granton Waterfront (GW) Board occurs by exception only and therefore key information such as budget analysis and risks are not routinely considered by the GW Board
- additionally, meetings of the All-Party Oversight Group (APOG) oversight were paused in 2022 and so there has been no oversight or scrutiny of key information such as budget analysis, risks, supplier performance, or progress by members
- tender documentation was released to the panel prior to the appropriate forms being completed which communicate the roles and responsibilities of tender assessment panels.

Areas of good practice

Our review identified:

- the GW Board has been established to oversee the Granton Waterfront Regeneration Programme, under which the Gasholder refurbishment project sits
- the GW Board has appropriate leadership and representation from colleagues from across the Council, and roles and responsibilities are clearly defined
- there is appropriate segregation of duties between Place and Finance, as required by the grant conditions.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Grant Determination Compliance		N/A	Finding 1 – Levelling Up Fund Governance Arrangements	High Priority
			Finding 2 – Procurement Conflicts of Interest	Medium Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The UK Government has made available a Levelling Up Fund (LUF) to help improve and rebuild communities where there has previously been limited opportunity to thrive. In October 2021, the Council was successful in its bid to secure £16.482 million in funding to restore the Gas Holder Structure in Granton which in turn helps to unlock the first phase of a planned £1.3bn regeneration of Granton Waterfront.

A Memorandum of Understanding (MoU) between the Department for Levelling Up, Housing and Communities (DLUHC) and the City of Edinburgh Council (the Council) sets out the terms of the funding which the Council must comply. Section 4.11 of this document requires that the Council's Chief Executive, Section 95 Officer, and Chief Internal Auditor sign and return a declaration, no later than six months after the physical completion of the project, confirming that in their opinion the conditions attached to the Granton Gas Holder LUF Grant Determination have been complied with.

This review was scheduled to confirm that the design of the controls are robust and adequately monitor compliance of the Grant conditions. A further review will be undertaken after completion of the project to confirm the operational effectiveness.

Scope

The objective of this review was to assess the adequacy of design of the key controls established to ensure the Council meets its obligations in relation to the Granton Gasholder Grant MoU.

This includes an assessment on whether the design of the control environment supports direct achievement of the following Council Business Plan objective:

- Outcome 10: Develop key strategic sites and project to meet the needs of a diverse and growing city.

Risks

- Strategic Delivery
- Financial and Budget Management
- Programme and Project Delivery
- Supplier, Contractor, and Partnerships Management
- Regulatory and Legislative Compliance
- Fraud and Serious Organised Crime.

Limitations of Scope

The scope of this review was limited to providing assurance over the design of the controls in place, but not their operational effectiveness. Operational effectiveness will be reviewed following conclusion of the project, in line with the grant MoU.

Reporting Date

Testing was undertaken between 16 January 2023 and 3 April 2023.

Our audit work concluded on 3 April 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Levelling Up Fund Governance Arrangements

Finding Rating	High Priority

The Granton Waterfront (GW) Board has been established to provide leadership, management, and strategic direction to the Granton Waterfront regeneration programme. The Granton Gasholder restoration project is part of this programme. However, a review of GW Board meeting documents highlighted that some key information relating to the Gasholder project is not routinely presented to the GW Board for consideration, such as the project's risk register and budget analysis. We note that officers only report risks or issues arising by exception due to the volume of information presented and decisions taken; however, we consider the Gasholder restoration project to be a key element of the overarching Granton Waterfront Programme.

An All-Party Oversight Group (APOG) was established to provide cross-party political leadership, discuss significant issues, provide advice and guidance to officers, and to monitor progress of the wider Granton Waterfront programme. We noted that the APOG has not met since March 2022 and, as a result, no direct oversight or scrutiny of progress has been undertaken. However, management have stated that the APOG will resume meeting in April 2023.

Additionally, there has been no formal review of the grant documentation in order to prepare an action plan to ensure that all the requirements of the grant have been captured. However, management have advised that they are knowledgeable and understanding of the requirements and that this mitigates the need for an action plan.

Risks

- **Financial and Budget Management** – risk of project overspends if budget is not monitored to sufficient level of detail
- **Programme and Project Delivery** – risk of project failure if governance fails to adequately scrutinise key information and decisions
- **Supplier, Contractor, and Partnership Management** – risk to relationships if no appropriate oversight of progress
- **Governance and Decision Making** – decisions taken may not take into consideration all relevant information.

Recommendations and Management Action Plan: Levelling Up Fund Governance Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	A review of key grant documentation should be undertaken to capture all grant requirements. An action plan should be developed to ensure all	Accepted, this will be prepared as suggested.	Paul Lawrence, Executive	Sat Patel, Programme Director -	31/07/2023

	requirements are met, reviewed, and approved appropriately. This should include a process to verify the accuracy of submissions to the DLUHC.		Director of Place	Edinburgh Waterfront Rebecca Andrew, Principal Accountant	
1.2	All key progress monitoring documentation, such as the risk register and budget reports for the Gasholder Restoration, should be presented to and reviewed by the GW Board periodically.	The project moved to construction in January 2023 and reports have been designed to provide key information to the GW Board periodically going forward.			31/07/2023
1.3	Reporting on the Gasholder Restoration and associated levelling up fund requirements should be designed to capture all key information to periodically report to the APOG, in line with its remit and responsibility. This should include (but not be limited to): • financial analysis • risk register • supplier performance • project progress and issues.	Discussions have been ongoing to restart APOG's and the first meeting was held on 25/04/2023. Meetings will be held quarterly. The list of information in the recommendation is detailed and may not be appropriate for the level of information required by Elected Members. Therefore, discussions will be held to confirm the reporting requirements of the APOG on the Granton Gasholder restoration project.			31/08/2023

Finding 2 – Procurement Conflicts of Interest

Finding Rating	Medium Priority

The Council's procurement process requires all relevant persons involved in any stages of a procurement project from planning through to completion to complete the 'Confidentiality, Conflict of Interest and Bribery Statement', which confirms officer responsibilities in relation to openness/transparency, confidentiality, bribery, and fraud. This aligns with the Council's responsibilities in relation to The Public Contracts (Scotland) Regulations 2015.

Our testing highlighted that 2 out of 4 of the relevant officers had signed the required Gasholder project statements after the start of the tendering process (after the tender documentation had been released to the panel for consideration). We also noted that the 2 documents which were signed correctly before the start of the tendering process did not include the required statements with regards to fraud. Management have confirmed that conflicts of interest were discussed during the tender process and that there were no relevant declarations to be made.

Risks

- **Regulatory and Legislative Compliance** – non-compliance with relevant procurement legislation and guidance
- **Reputational Risk** – reputational damage if conflicts of interest are not assessed during the tender process
- **Fraud and Serious Organised Crime** – risk of fraud if conflicts of interest are not assessed during the tender process.

Recommendations and Management Action Plan: Procurement Conflicts of Interest

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Conflicts of interest for the Granton Gasholder restoration project should be independently reviewed to ensure compliance with relevant legislation and policy.	Findings of the Audit are noted. There was at the time of the evaluation a basic 'conflict of interest' statement in the document library which addressed the requirements of the Public Contracts (Scotland) Regulations 2015 – to identify and remedy conflict of interest. The older version did not include extended statements on fraud (which is not required by regulation but considered good	Deborah Smart, Executive Director of Resources	Lynette Robertson, Head of Commercial and Procurement Services	31/07/2023
2.2	A more general review of controls should be performed across Commercial and Procurement Services to ensure that confidentiality, conflicts of interest, bribery, and fraud are appropriately				

	managed and documented in line with policy and legislation.	practice) and was implemented at the end of December 2021 (after this evaluation). An immediate check has been carried out on recent contract awards and statements found to have been returned as required. The officer took steps at the outset to notify panel members of the requirement for them to sign and return the 'conflict of interest' form. Unfortunately, on this occasion only two forms were return and there was an oversight on completeness. The third panel member completed a 'retrospective' declaration on the 'new' extended form. CPS will address this 'control' in a planned meeting this week (26/4/23), reminding staff of the requirement for completion in advance of evaluation. We will also look at what additional steps can be taken to ensure full compliance in the future. Further Action: Review Procurement templates which support Tender activity and where appropriate add a further 'check' for procurement lead officer to review.			

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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

CGI Technology Risk Management

29 May 2023

CS2206

Overall Assessment	Reasonable Assurance

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	Reasonable Assurance

Overall opinion and summary of findings

Whilst control weaknesses were identified in the CGI technology risk management process, the design and effectiveness of the control environment provides reasonable assurance that risks are being managed.

The following improvement actions which should enhance the process have been identified:

- risk management framework – the end-to-end CGI technology risk management process is not contained within a single document which comprehensively details the approach taken and the process to be followed throughout.
- escalation process – the escalation process is unclear, during testing we were unable to see clear evidence of escalation of high risks to Board meetings.
- reconciliation of operational to overall risk logs: review and comparison of extracts of risks found that some of the risks were appearing in one log extract and not in the other. This was due to categorising the risk IDs to the wrong portfolios, with no reconciliations conducted to ensure accuracy.

Areas of good practice identified

- while there is a lack of an end to end documented process testing confirmed that risks are recorded, tracked, and managed in a logical manner with appropriate scrutiny
- the nature of risks considered are appropriate and includes operational technology, third party, change management, regulatory and compliance, and any other risks associated with CGI services that could potentially impact the Council
- Council risks are appropriately segregated from other client risks within the risk management system (RiskIT) operated by CGI. The RiskIT system contains comprehensive risk information which is updated on an ongoing basis by risk owners
- regular meetings are established between Digital Services and CGI to review and evaluate technology risks.

Audit Assessment

See Appendix 1 for Control Assessment and Assurance Definitions

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Risk Methodology and Governance			Finding 1 – Risk management framework	High priority
			Finding 2 – Escalation and review process	Medium priority
			Finding 3 – Reconciliation and tagging of risks	Low priority
2. Risk Identification and Evaluation			Linked to Finding 3 – Reconciliation and tagging of risks	Low priority
3. Risk Response			Linked to Finding 2 – Escalation and review process	Medium priority

Background and Scope

Technology risk management is the application of an enterprise's risk management methodology / framework to identify, assess, record, and manage its technology risks.

Technology risk is an important business risk that arises due to an organisation's adoption, ownership, use and operation of technology hardware, software or processes. For the majority of organisations, the impact of technology is pervasive as it is an enabler for growth, innovation and transformation, in addition to supporting ongoing service delivery.

Consequently, effective technology risk management is vital to ensuring that the Council can effectively deliver services and achieve its strategic objectives.

The Council's technology partner CGI manages and maintains the Council's three established technology networks (Corporate, Learning and Teaching, and Peoples Network) with support from external sub-contractors where required. CGI also supports technology change across the Council.

Schedule Part 8.1, Governance, of the contract between the Council and CGI defines CGI's responsibility to manage risks with appropriate input from the Council and to be reviewed by both parties at the Joint Risk Review Board. CGI captures and records its own IT related risks, that pertains to their own organisation and the risks they share with the Council using a bespoke tool (RiskIT), which supports extraction of any relevant Council risks (such as Security management, Business Continuity and Disaster Recovery) for discussion and review with Digital Services.

CGI also conducts a monthly Joint Risk Review Board with Digital Services to discuss technology risks impacting the Council, ensure visibility of actions to mitigate and / or manage these risks (including risk transference and risk acceptance where appropriate), and support escalation of any significant risks through the Council's established risk management structure.

Scope

The objective of this review was to assess the adequacy and effectiveness of controls established by CGI to ensure effective identification, assessment, recording, and ongoing management of technology risks that could potentially impact the Council, and their alignment with the CGI risk management responsibilities as detailed in the current contract.

This included assessment of the appropriateness of established governance and reporting mechanisms to provide the Council with oversight and assurance that these risks are being monitored and mitigated. Processes established for risk transference and risk acceptance were also considered.

Risks

- strategic delivery
- technology and information
- service delivery

Limitations of Scope

The following areas were excluded from scope:

- The Council's wider risk management framework and activities, including alignment to the Council's risk appetite statement.
- Technology risks associated with IT outwith the CGI contract including all shadow IT.

Reporting Date

Testing was undertaken between 11 October 2022 and 24 March 2023.

Our audit work concluded on 24 March 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Risk management framework

Finding Rating	High priority

As part of the audit, the following documents which relate to the risk management process were reviewed:

1. Induction Risk slides
2. Risks and Issues Management Plan (2015)
3. Slide deck - Risk and Issues Management Joint review process (22 April 2021)
4. CGI Partnership Governance Model (1 February 2023)

From this review, it was difficult to comprehend the overall approach for IT Risk Management with no comprehensive guide on how risks would be extracted from RiskIT and the absence of a methodology to be followed to ensure tracking of risks and their mitigating actions in a consistent way.

The disjointed nature of the documents highlighted the following gaps:

- the matrix for scoring the risks is used for all solutions, is not limited to projects, and is based on CGI's Risk Management Methodology. From the inspection of Appendix B of the Risks and Issues Management Plan it clearly states under one (Time) of the Impact criteria that it is Project related and therefore it is unclear, how it relates to Service risks
- timeframes for completing mitigating actions at the various RAG statuses are not included in documents (II) and (III), CGI indicated that closure dates are established for each individual risk, however, the risk reports reviewed did not contain timeframes/closure dates and we were therefore unable to determine if actions were monitored to ensure timely completion
- it was noted that some abbreviations are used on register IDs such as NI, VM, AM, WR and it was not always clear what these referred to. Digital Services colleagues advised, that while there is a guide tab for Risk ID codes within the shared RAID log, it is not consistently kept up to date.

The RiskIT *Shared RAID log* report contains a weekly process sign off sheet, in the *Risk Management Process tab* of the log spreadsheet, which was not completed in the two versions of the log we received. CGI advised that completion of this tab is no longer part of the risk management process, and the sheet should be deleted from the log in future.

Risks

Strategic Delivery / Technology and information – absence of a risk management methodology may prevent consistent and effective technology risk management.

Recommendations and Management Action Plan: Risk management framework

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
1.1	The current Risk and Issues Management plan (2015) should be updated to outline the risk management framework with the end-to-end process for managing IT risk for CEC and should be communicated to Digital Services. This should serve as a single source of	CGI will update the Risk and Issue Management plan covering all elements contained in the audit recommendation.	Deborah Smart, Executive Director of Corporate Services (CEC) Nicola Harvey, Service Director	Innes Davidson, Director of Delivery (Applications), (CGI) Heather Robb, Chief Digital Officer (CEC)	31/10/2023

	guidance for the management of risks, to be comprehensive and include: • a matrix which applies to all types of risk • indicative timeframes for completing mitigating actions • guidance on how to populate the 'Management Summary column' to include enough details in providing reasons on the various factors that may be causing a delay to mitigate that risk with indicative timeline (if possible). • the escalation process (see recommendation 2.2) • the risk categorisation reconciliation (see recommendation 3.2) • all relevant definitions		Customer and Digital Services (CEC) Mark Bulmer, Vice President Consulting Services (CGI)	Alison Roarty, Digital Services Commercial & Risk Lead (CEC) Jackie Galloway, Senior Manager – Commercial (CEC)	

Finding 2 – Escalation and review processes

Finding Rating	Medium Priority

The CGI Partnership Governance Model (1 February 2023) indicates that the monthly Partnership Board should undertake '*Review of highest rated risks and mitigations and overall joint risks'*.

Review of the Partnership Board report and minutes for January 2023 notes that whilst a set of risks (a mix of Red, Amber, and Green rated risks) were included in the report at Section 5.8 'Register detail' there is no direct reference to this section or record of a discussion within the minutes. Therefore, we are unable to conclude that the Partnership Board fulfilled is remit in relation to review of highest rated risks and mitigations.

CGI advised that escalated risks are captured and managed in the Consolidated Tracker and the monthly Partnership Board report includes a section on Risks and Issues per Service area. These sections are confirmed in the report; however, the minutes do not confirm that discussions on individual risks have taken place.

The Executive Board role includes *'Review of escalated risks from joint RAID'.* CGI advised that a classification field called 'Escalation Level within the RiskIT system was not used for the purpose of escalation to either of the Partnership, Executive Review, and Escalation Boards.

Review of the Executive Review Board meeting minutes for 15 February 2023 notes agreement to include risk management under the Audit section and that the CGI VP Account Lead will progress this. Minutes from this meeting, however, do not reference any discussion on risks, therefore we are unable to conclude if the review of escalated risks from the joint RAID log is taking place as per the remit.

The March 2023 Executive Board meeting pack includes a summary of the number of risks (sixty four service risks) by category. There is no further evidence of specific risk details being included for discussion.

Risks

Strategic Delivery / Technology and information – absence of an appropriate escalation process leading to failure to escalate to appropriate individuals or teams resulting in limited or ineffective risk response.

Recommendations and Management Action Plan: Escalation and review processes

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
2.1	The risk management framework document at recommendation 1.1 should include details relating to the risk escalation process, specifying the rationale for escalation and the forum at which each set of escalated risks is reviewed.	Escalation process will be covered in the updated Risk and Issue Management plan.	Deborah Smart, Executive Director of Corporate Services (CEC) Nicola Harvey, Service Director	Innes Davidson, Director of Delivery (Applications), (CGI) Heather Robb, Chief Digital Officer (CEC)	31/10/2023

2.2	Board packs and associated minutes should clearly note which escalated risks have been discussed and any actions taken as a consequence.	Board packs and associated minutes will include the recommendations suggested.	Customer and Digital Services (CEC) Mark Bulmer, Vice President Consulting Services (CGI)	Alison Roarty, Digital Services Commercial & Risk Lead (CEC) Jackie Galloway, Senior Manager – Commercial (CEC)	31/12/2023

Finding 3 – Reconciliation and tagging of risks

Finding Rating	Low priority

Audit fieldwork included a review of risk reports and meeting minutes for November 2022 relating to a sample of three risk categories (service, security, and project risks).

The risk report which includes all risk categories is known as the *Account RAID log*. The risk report which is presented at the fortnightly Programme Board contains project risks and is called the *Shared RAID log*.

Comparison of the project risks in the Shared RAID log dated 1 November 2022 and the Account RAID log dated 9 November 2022 confirmed that both contained a total of 64 risks, however, 9 risks (2 Red, 4 Amber, and 3 Green) were not included in both. Four were in the Account RAID log but not in the Shared RAID log. CGI advised these were inaccurately tagged as project risks when they should have been tagged as service risks. Similarly, five were in the Shared RAID log but not in the Account RAID log. CGI advised they had been inaccurately tagged as service risks when they should have been tagged as project risks, which had been caused by an overwrite of formula cells in the report spreadsheets.

Other differences noted between the two reports were accounted for by the addition of new risks and the removal of closed risks between the dates the two reports were produced.

Digital Services also advised there were often discrepancies between the risk register extracts, and that a quality assurance process performed by CGI to provide confirmation of completeness would be beneficial.

Risks

- **Strategic Delivery / Technology and information –** formulae in report spreadsheets may be overwritten causing mis-categorisation of risks and potential for risks to be overlooked at management and escalation meetings and not managed appropriately.

Recommendations and Management Action Plan: Reconciliation and tagging of risks

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
3.1	CGI and Digital Services should ensure an ongoing process of reconciliation is put in place to prevent inaccuracies in future risk categorisation, so that each risk is managed appropriately. This process should be included within the risk management framework document (recommendation 1.1). In addition, a quality assurance process to provide Digital Services with assurance on the completeness of the registers should be developed and agreed by CGI.	Updated Risk and Issue Management plan will include risk categorisation and the process to ensure that it is accurate. The process will ensure that Functional RAID logs can be easily traced back to the Account RAID log.	Deborah Smart, Executive Director of Corporate Services (CEC) Nicola Harvey, Service Director Customer and Digital Services (CEC) Mark Bulmer, Vice President Consulting Services (CGI)	Innes Davidson, Director of Delivery (Applications), (CGI) Heather Robb, Chief Digital Officer (CEC) Alison Roarty, Digital Services Commercial & Risk Lead (CEC) Jackie Galloway, Senior Manager – Commercial (CEC)	31/10/2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
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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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

Transitions for Young Adults with a Disability from Children's Services to Adult Social Care

23 May 2023

HSC2201

Overall Assessment	**Reasonable Assurance**

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	Reasonable Assurance

Overall opinion and summary of findings

Our audit work recognises that management are currently undertaking a review to improve the key processes which support transitions for young adults with a disability from Children's Services to Adult Social Care with a number of key actions currently underway. Our audit identified a number of opportunities to support this and improve both the design and operating effectiveness of internal controls:

- following approval of the overarching policy in March 2023, revised procedures and guidance should be developed, approved, communicated and scheduled for frequent review
- operational risks which may impact delivery of service objectives and overall Council objectives should be identified, documented, and managed
- a formal approach to continuous improvement and performance monitoring to identify areas for improvement and good practice should be developed
- processes should be improved to ensure practitioners' and parents' transition planning documents are accurate.

Areas of good practice

Our review identified:

- an enhanced transitions process is currently being developed collaboratively, including input from third parties
- regular meetings and training events are held between both departments
- induction material for both departments is comprehensive.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Transitions Framework			Finding 1 – Transitions policy and supporting procedure	Medium priority
2. Service Improvements and Oversight			Finding 2 – Risk management	Medium Priority
3. Transition Management			Finding 3 – Continuous improvement and performance monitoring	Medium Priority
			Finding 4 – Accuracy of cross-departmental planning document	Low Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

Transitions of young people with a disability from Children's Services and Adult Social Care is a complex issue, as the needs of these young people are wide-ranging and require varying levels of support.

There are various legislation, national frameworks, and guidelines related to transitions, including Getting It Right For Every Child (GIRFEC), which is the Scottish Government's overarching approach to supporting families "by making sure children and young people can receive the right help, at the right time, from the right people". In addition, a Disabled Children and Young People (Transitions to Adulthood) Bill is currently progressing through the Scottish Parliament which seeks to enhance the transition planning for schools, families, and key stakeholders in these young people's lives.

Requirements to improve the transition process have been recognised by officers. In August 2022, the EIJB Transformation Programme presented a report to the EIJB's Strategic Planning Group which made a number of recommendations to improve the transitions process between children and adult services. The Council also appointed a development officer to support enhancement of the process.

Scope

The objective of this review was to assess the design and operating effectiveness of the key controls established to support the transition between Children affected by Disability Practice Team and the Young Adult Disability Team, and not any other type of transition.

Fieldwork included a review of a sample of two transitions cases out of a total population of five transitions cases which occurred during 2022, in line with our sampling methodology.

Risks

- Strategic Delivery
- Health and Safety (including public safety)
- Service Delivery
- Regulatory and Legislative Compliance
- Reputational Risk.

Limitations of Scope

The following areas were excluded from scope:

- a detailed review of the process for reviewing current policy and procedures, as they were still in draft and subject to consultation and approval at the time of audit fieldwork.

Reporting Date

Testing was undertaken between 8 November 2022 and 4 April 2023.

Our audit work concluded on 4 April 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Transitions policy and supporting procedure

Finding Rating	Medium Priority

Policies and procedures are the foundation of an effective internal control environment. At the time of audit fieldwork, a combined policy and procedure titled 'Transition of Young People from Children's to Adult Services' was in place, however it was noted that it had not been reviewed since August 2015. Management recognised the requirement to update the policy to reflect joint working roles and responsibilities between Children's Services and the Health and Social Care Partnership.

A revised Policy for the Transition from Children to Adult Support was approved at Policy and Sustainability Committee in March 2023. The policy advises that a procedure and supporting guidance for Young People, parents, carers, professionals, and practitioners will be developed soon.

Risks

- **Regulatory and Legislative compliance** – policy and procedures may not reflect the most up-to-date legal requirements
- **Service Delivery** – failure to deliver services in line with the current legislation, national frameworks, guidelines, and best practice.

Recommendations and Management Action Plan: Supporting procedures and guidance

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
1.1	Operational procedures and supporting guidance to support delivery of the revised Policy for the Transition from Children to Adult Support should be developed, approved, and communicated. A timetable to ensure periodic review of the policy and supporting procedures/guidance should also be developed to ensure that procedures remain relevant, up-to-date and reflective of current operating and legislation requirements.	Operational procedure is currently being reviewed and updated. Short life working group has been established and procedure will be reviewed annually. Will be communicated to all staff and on the ORB when updated and approved by: • CEC Policy and Procedure Group • HSCP Strategic Director	Amanda Hatton, Executive Director of Children, Education, and Justice Services Mike Massaro-Mallinson, Service Director - Operations, Edinburgh Health and Social Care Partnership Rose Howley, Interim Chief Social Work Officer	Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager Emma Pemberton, Acting Disability Strategy Manager Leanne McQuade, Development Officer	31/10/2023

		• Operational Director for Children's Services.	Kathy Henwood, Service Director - Children's and Justice Services	Keith Dyer, Quality Assurance and Compliance Manager	

Finding 2 – Risk management

Finding Rating	Medium Priority

Risk management is essential to ensure that services identify, understand, and take action to manage the risks that could affect effective service delivery, and achievement of overall Council objectives. Risk registers are used to support identification of risks and to document, track and monitor these risks, internal controls, and to identify any further actions required to mitigate risks to an acceptable level.

The Transitions Service does not currently have an established risk register, and associated risk for the delivery of overall Transitions services is not captured in either of the Directorate risk registers.

Risks

- **Governance and Decision Making –** limited understanding of the risks associated with the delivery of transitions services, the Council's risk appetite and preferred options to manage and support decision making
- **Service Delivery –** failure to identify and mitigate risks impacting the effective delivery of transitions services and overall Council objectives.

Recommendations and Management Action Plan: Development and review of service risk register

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
2.1	In line with the Council's Risk Management Framework, a risk register for the Transitions service should be developed and maintained on a quarterly basis to ensure that current and emerging risks to achieving service delivery objectives are identified, documented, and assessed, with mitigating actions identified and implemented. The risk register should be reviewed quarterly by senior management, and where risks are outwith agreed risk appetite they should escalated to the Children, Education and Justice Services / Health and Social Care Directorate Risk Committees as required. Support in developing a risk register should be requested from the Council's Corporate Risk Management team as required.	Joint consultation to be held with Council's corporate risk management team to determine if transitions risks should be added on to both directorate risk registers. Additionally, liaise with Corporate Risk management team to establish if Transitions should have a service level risk register. If developed, the risk register will be reviewed quarterly.	Amanda Hatton, Executive Director of Children, Education, and Justice Services Mike Massaro-Mallinson, Service Director - Operations, Edinburgh Health and Social Care Partnership Rose Howley, Interim Chief Social Work Officer Kathy Henwood, Service Director - Children's and Justice Services	Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager Carol Wilson, Team Leader Keith Dyer, Quality Assurance and Compliance Manager	31/10/2023

Finding 3 – Continuous improvement and performance monitoring

Finding Rating	Medium Priority

At the time of the audit, an enhanced Transitions process was being developed and rolled out. The auditor did observe and obtain some of the work performed as part of this exercise, which was noted to be well-managed and collaborative in its approach to help deliver improvements to the service.

Audit fieldwork identified the following opportunities to improve the approach to continuous improvement and performance monitoring:

- there is not currently a process in place to follow up with young adults following their transitions to obtain feedback and understand what could have been done better, and to support delivery of transitions services which are creative, flexible, and with the young person at the centre
- Adult Social Care did not create an action plan for recommendations made following the internal Edinburgh Health and Social Care Partnership Transformation Programme review of Transitions in 2022, resulting in progress in this area being difficult to evidence
- The Transitions service does not currently have performance indicators or measures in place to monitor and report on service delivery and performance, and to identify good practice and areas for improvement in line with policy aims.

Risks

- **Service Delivery –** opportunities to improve service delivery are not identified and implemented in a timely basis
- **Governance and Decision Making** - absence of action tracking and performance reporting may lead to uninformed / delayed decision making.

Recommendations and Management Action Plan: Continuous Improvement and performance monitoring

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
3.1	A tracker should be established to track and monitor implementation progress of recommendations from previous and future service / improvement reviews. This should include details of the action to be taken, the responsible officers, and implementation due dates etc.	Tracker to be drawn up and identify who should lead on this which links with minutes of the bi-monthly meetings. Regular updates will be provided to Operations Managers of both directorates.	Amanda Hatton, Executive Director of Children, Education, and Justice Services Mike Massaro-Mallinson, Service Director - Operations,	Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager	31/07/2023

	The tracker should be updated and reviewed by senior management on a regular basis, and reported to relevant governance forums in line with progress reporting requirements.		Edinburgh Health and Social Care Partnership Rose Howley, Interim Chief Social Work Officer Kathy Henwood, Service Director - Children's and Justice Services	Keith Dyer, Quality Assurance and Compliance Manager	
3.2	A follow-up process should be put in place with young adults and their family following their transition to adult services to identify if improvements to the Transitions process can be made. Improvements identified should be included in a tracker, which should include the action to be taken, the responsible officers, and implementation dates. The tracker should be updated and reviewed by senior management on a regular basis.	Skills Development Scotland check in with young adults regarding positive destinations. Young Adults with Disability team currently conduct a review after 6-12 weeks following successful transition. As part of this review a question will be asked regarding the transition journey experience. This will be formally captured and discussed with Children affected by Disability team. There are no resources currently within Children's Services to conduct a separate follow-up interview.		Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager Carol Wilson, Team Leader Keith Dyer, Quality Assurance and Compliance Manager	31/08/2023
3.3	A performance management framework to monitor performance across transitions services and achievement of key policy aims and desired outcomes should be developed. The framework should include a range of measurable quantitative measures and qualitative measures. Suggested measures may include, but not be limited to: • % of transition plans completed within target timescales	Joint KPI's to be developed, in addition to a joint file audit process. Utilise information already gathered but also need to be aware of limitations of current client record system and resources. Further discussion with QA Team to discuss how best to progress and record. Also Edinburgh is participating in the Principles into Practice being trialled in 10 local authority areas over 2 years, with support from ARC Scotland's Scottish		Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager Keith Dyer, Quality Assurance and Compliance Manager	31/10/2023

	• % of annual reviews of transition plans • % of transition planning meetings held within target timescales • % of leavers passports created • referral information • self-directed support outcomes and key figures • feedback from follow-up reviews with young people in a 'you said – we did' type format. Performance measures should, where possible, be SMART and baseline and targets clearly set out.	Transitions Forum and the Scottish Government. By the end of the trial there will be a fully developed and tested framework, and evaluation resources, that will be freely available to every local authority area in Scotland. We will be using this when it's developed and this can be included into our performance management. Arrange to contact Information Governance team regarding sharing of data and consider if a Data Impact Assessment is needed. Check SLA with Business Support regarding accessing data from client records system, if possible.		Carol Wilson, Team Leader Emma Pemberton, Acting Disability Strategy Manager	

Finding 4 – Accuracy of cross-departmental planning document

Finding Rating	Low Priority

A joint planning document is maintained by Children's Services and Adult Social Care which lists all of the children who might transition to adult social care following their time at school and is used to coordinate work by both Children's Services and Adult Social Care. However, audit testing identified an individual who had been incorrectly omitted from this document. Management for the two teams, who are jointly responsible for the maintenance of the document, could not provide an explanation for the absence of this individual, and were not aware of the omission until notified by Audit. In addition, management stated that they did not know the reason for the omission, but also stated that there is regular review of the document on a quarterly basis.

Our testing did, however, evidence that the individual received care as expected.

Risks

- **Service delivery / Workforce** – if the planning document does not capture all individuals that require transitions services then the relevant resources may not be in place to deliver the services required in a timely manner.

Recommendations and Management Action Plan: Accuracy of Cross-Departmental Planning Document

Ref.	Recommendation	Agreed Management Action	Action Owners	Lead Officers	Timeframe
4.1	Management should review the processes in place to ensure that the joint planning document is maintained accurately, with the revised processes being reflected in the updated procedures (see finding 1).	At the moment, the data cannot be extracted from the client index system, so has to be done manually which is time consuming for officers. Workers will link with transitions development officer/senior schools manager to cross reference the planning document with lists from SEEMiS. The procedure as per recommendation 1.1, will be updated to reflect the reconciliation process.	Amanda Hatton, Executive Director of Children, Education, and Justice Services Mike Massaro-Mallinson, Service Director - Operations, Edinburgh Health and Social Care Partnership Rose Howley, Interim Chief Social Work Officer Kathy Henwood, Service Director - Children's and Justice Services	Jen Grundy, Children's Practice Team Manager Anne-Marie Donaldson, Local Area Coordinator Manager Leanne McQuade, Development Officer Keith Dyer, Quality Assurance and Compliance Manager	31/10/2023

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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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

Empowered Learning Programme Governance

05 June 2023

MP2201a

Overall Assessment	Reasonable Assurance

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	Reasonable Assurance

Overall opinion and summary of findings

The controls in place to support the governance and implementation of the Empowered Learning Programme are generally satisfactory. We noted the following areas for improvement which will enhance the established arrangements:

- reporting to the Empowered Learning Programme Board was not always provided on time or complete, with missing financial information and incomplete action tracking noted
- no action logs/trackers were maintained for project workstream meetings in order to note actions arising, responsible officers, and implementation dates
- there are no established processes in place to track, measure and report on benefits realisation for the programme.

Areas of good practice

Our review identified:

- the Programme Board met monthly to discuss the implementation of the project, and was attended by key stakeholders
- a comprehensive business case and project initiation documentation (PID) were developed and approved
- there were effective risk management arrangements in place, with good coordination between CGI and the Council demonstrated
- stakeholder engagement was included in the PID and supported by dedicated web and Orb pages
- a training programme supported by training materials was provided to colleagues
- the project was complex however effective cooperation and coordination between various groups (including schools, Digital Services, project management experts, and CGI) was evident with the project completing in March 2023.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Programme Governance Arrangements			Finding 1 – Programme Board Reporting and Workstream Meetings	Medium priority
2. Stakeholder Engagement			No issues noted	N/A
3. Training			No issues noted	N/A
4. Benefits Realisation		N/A	Finding 2 – Benefits Tracking, Realisation, and Reporting	Medium priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Council's Digital and Smart City Strategy 2020- 2023 was approved in October 2020 and includes a statement to support the appropriate and effective use of digital technology within education to give all City of Edinburgh learners equal opportunity to improve their educational outcomes and to develop digital skills.

The Council's Empowered Learning programme is a four-year programme which is expected to deliver £17.6m investment in the digital environment for all Edinburgh schools by early 2023. The programme is being delivered in partnership with CGI, the Council's ICT partner and aims to provide a more strategic, robust service to address the challenges of inequity and improve attainment levels across the schools and expand the Empowered Learning footprint by providing:

- circa 41,000 new and migrated iPads for pupils and education establishments
- enhanced Wi-Fi coverage for all education establishments
- improved collaboration and classroom management tools
- training for teachers and students through a 'super user community' known as Digital Learning Coordinators.

The Empowered Learning Programme Board oversees delivery and governance of the Programme, with the Service Director for Customer and Digital Services as Senior Responsible Officer (SRO). The Programme has been divided into five delivery workstreams which report to the Programme Board. Regular dashboard updates are also provided to the Council's Corporate Leadership Team (CLT) through the Change Portfolio.

The following non-financial benefits are also expected to be delivered through the programme:

- digitally skilled workforce - encouraging both educators and young people alike to enhance their skills and learning
- progressive and personalised learning outcomes for pupils
- helping to improve attainment levels at primary and secondary establishments
- allowing equity of access to learning.

A Digital Education Team is in place to support appropriate and effective use of technology within education and to act as a liaison with CGI. Information and advice are also provided to staff, learners and parents/carers via a dedicated Council Digital Education Website.

The project was completed in March 2023, a few months after the planned completion date of November 2022. The extended completion date took account of an increased scope, which included Early Years deployment, Audio Visual, and Shared iPads.

Scope

The objective of this review was to assess the design and operating effectiveness of the key controls established for the project governance and delivery of the Empowered Learning Programme.

Risks

- strategic delivery
- programme and project delivery
- technology and information
- service delivery.

Limitations of Scope

The scope of this review was limited to programme governance and delivery controls within the Council only and did not consider specific controls in operation within CGI, the Council's ICT delivery partner.

Reporting Date

Testing was undertaken between 25 January and 30 March 2023.

Our audit work concluded on 30 March 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Programme Board Reporting and Workstream Meetings

Finding Rating	Medium priority

The Empowered Learning Programme Board provided oversight of the Programme. The Board met monthly, and included attendees from all key stakeholders, including the Council, CGI, and headteachers. Reporting to the Board was in line with the Council's established approach for programme and project management and included an action tracker, overviews of the project workstreams, risks and issues arising, and financial updates.

Review of a sample of 6 Board papers noted that:

- for 5 of the meetings, some tracker actions had not been updated to ensure that the Board were aware of the status and any issues/delays impacting completion of the action
- updates on the financial position for the project were not provided in 3 instances.

Regular meetings were held for the four project workstreams, covering Network, Solution, Deployment, and Learning and Teaching. However, no action logs/trackers were maintained for these meetings in order to note actions arising, responsible officers, and implementation dates.

It is recognised that the project has now concluded, with the final Programme Board meeting being held on 22 March 2023.

Risks

Programme and Project Delivery

- Board members may not be aware of all relevant information to support and enable informed decision making, and ensure remedial actions are taken in a timely manner.

Recommendations and Management Action Plan: Programme Board Reporting and Workstream Meetings

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	A communication should be made to all officers and managers involved in change projects, to remind them that: • all updates to the project boards and committees should be provided in line with reporting timescales, and should include complete, accurate and updated information as required	All officers and managers involved in change projects will be emailed to remind of them of the elements stated in the recommendation.	Deborah Smart, Executive Director of Corporate Services	Stewart Connell, Change and Delivery Manager	31/05/2023

	• action logs/trackers should be used to record and manage actions arising from workstream meetings. These should include the action to be taken, the names of the responsible officers, and implementation dates • action logs/trackers should be reviewed in advance of meetings and revised dates and a rationale should be provided where actions are overdue.				

Finding 2 – Benefits Tracking, Realisation, and Reporting

Finding Rating	Medium priority

The Empowered Learning Programme includes the following non-financial benefits which are linked to the Council's Business Plan outcomes and objectives:

- a digitally skilled workforce - encouraging both educators and young people alike to enhance their skills and learning
- progressive and personalised learning outcomes for pupils
- helping to improve attainment levels at primary and secondary establishments
- allowing equity of access to learning.

However, a process to track, measure, and report on benefits realisation for the programme has not yet been established. The programme is in the final stages and shortly due to close, and it is good practice to track, monitor and report on achievement of perceived benefits and to determine if the programme has been successful in achieving its stated aims and, if not, to allow time to agree and take forward remedial actions as required.

The Council's project toolkit available on the Orb includes guidance on benefits tracking supported by a benefits tracker template for identifying and tracking project benefits from the start of the delivery / investment stage through to realisation of the last projected benefit (often post project closure when the project outputs to facilitate realisation are operational).

Risks

Strategic Delivery / Programme and Project Delivery

- limited information to support and demonstrate realisation and achievement of programme benefits supporting wider strategic objectives.

Recommendations and Management Action Plan: Benefits Tracking, Realisation, and Reporting

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	In line with the guidance on benefits tracking is contained on the Orb, the programme should establish processes to support tracking and monitoring of the realisation of the benefits identified with the programme.	Project benefits achieved to date will be captured in the project closure report, scheduled for 7 June 2023 with a follow up review of benefits to the Strategic Programme board on 7 June 2024.	Deborah Smart, Executive Director of Corporate Services	Nicola Harvey, Service Director - Customer & Digital Services; Stewart Connell, Change and Delivery Manager	07/06/2024
	Regular updates detailing achievement of benefits or barriers (where relevant) should be included within progress reporting including dashboard reporting to Board and Committee where relevant.	The revised Edinburgh Learns Digital Strategy will track learning and teaching benefits. The strategy covers a five year period and regular updates of progress will be provided.	Amanda Hatton, Executive Director, CEJS	Lorna French, Service Director and Chief Education Officer	05/01/2024

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Finding Priority Ratings	
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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

Education – Ongoing ICT support

7 July 2023

MP2201b

Overall Assessment	Reasonable Assurance

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.

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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.

Executive Summary

Overall Assessment	Reasonable Assurance

Overall opinion and summary of findings

There is a generally sound system of governance, risk management and control in place for managing ongoing Education ICT support across the education estate. The audit recognises that delivery of technology across a large education estate is complex and while the following areas for improvement were identified, Digital Services and CGI have worked collaboratively to seek resolution, where possible:

- development of a RACI matrix to support effective communication and ensure roles and responsibilities in relation to specific areas of support, particularly Microsoft 365, are clearly set out for both technical and for non-technical colleagues
- sharing best practice and developing a standardised process for logging and monitoring ICT issues incidents in schools.

Areas of good practice

- Education colleagues advise there is recognition that a lot of work has undertaken in recent months to improve ICT support
- KPIs are in place for monitoring CGI performance levels and are linked to helpdesk response times and other key areas of service delivery
- detailed monthly performance reports are produced by CGI and reviewed with Digital Service colleagues, with an action tracker maintained
- the Digital Education Team has developed several ways to communicate with, and provide technical support to Education colleagues including incident debriefs, onsite trouble shooting, auto-response emails, information in email signatures, periodic emails to colleagues and via intranet sites
- the Education SharePoint site is regularly updated to provide relevant and useful technical support information to colleagues.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Roles and responsibilities			Finding 1: Roles and responsibilities – Learning and Teaching Network	Medium Priority
2. Performance monitoring			No issues noted	N/A
3. Incident management processes			Finding 2: ICT issue logging in schools and resolution	Medium Priority
4. Delegated administration, asset renewal and replacement			See Finding 1: Roles and responsibilities – Learning and Teaching Network	N/A
5. Budgetary responsibilities				
6. Communication of updates, resolution, and relevant information			See Finding 2: ICT issue logging in schools and resolution	N/A

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Learning and Teaching network consists of a wired and several wireless networks which support the devices used across all educational establishments. This network is also available to centrally located support and management colleagues. CGI, the Councils technology partner, manages and supports both the wired and wireless networks.

CGI also supports all education end user devices including laptops and desktop computers, and all iPads issued as part of the Empowered Learning Programme. A number of other iPads are supported by the Digital Education Team / schools using Council-managed mobile device management software (JAMF).

Technical support for the software used across Education is provided by a combination of CGI, Digital Education Team, and by schools/vendors directly. Support for the Microsoft 365 environment remains an area to be agreed between CGI and the Council.

Within Education, the Edinburgh Learns Digital team leads the development of digital strategy, teaching, learning and assessment for schools. The team also currently provides supplementary technical advice and support for schools, to augment in-school capacity and central technical support provided by Digital Services and CGI.

A number of issues in relation to ongoing technology and ICT support across the learning and teaching estate have been noted by some education colleagues, these include:

- wired and wireless network login and connectivity issues
- issues with stability of phone systems
- issues with desktops and laptops
- budget implications to purchase and replace assets/peripherals, and
- reliability issues and delays

Digital Services and CGI colleagues have been working to remedy these issues, with several actions taken which include:

- quarterly meetings to review, escalate and resolve issues
- CGI engineers attending schools to confirm device stability and performance
- end user engagement to collate feedback
- re-configuration of anti-virus software and scanning processes
- enhancing Wi-Fi coverage with cabling and WAP installations; and
- WAP installations underway in a further 34 schools

Scope

The objective of this review was to assess the design and operating effectiveness of the key controls established for delivery of ongoing ICT support across the learning and teaching estate.

The review included a review of key documents, including the relevant CGI contract schedules and Output Based Solution (OBS) documents, review of service delivery performance across the learning and teaching estate, review of incident reporting, monitoring and resolution and communication approaches.

The audit also included a survey of a sample of schools to understand processes and issues in individual schools.

Risks

- strategic delivery
- technology and information
- service delivery
- financial and budget management

Reporting Date

Testing was undertaken between 9 January 2022 and 31 March 2023.

Our audit work concluded on 28 April 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Roles and responsibilities – Learning and Teaching Network

Finding Rating	Medium Priority

CGI roles and responsibilities are set out within contract schedules and a suite of Output Based Solution (OBS) documents. Review of the relevant OBS documents for the audit areas which included OBS 12 Learning and Teaching Services and OBS 40 School Management, notes that whilst they set out the Council's functional requirements and the supplier (CGI) solution, they do not provide comprehensive information on how this will be delivered. Digital Services have advised that the design of the OBS was not intended to provide this level of detail.

It is noted that columns for specific minimum performance criteria within the OBS 12 (Learning and Teaching Services) and Key Performance Indicators (KPIs) column within OBS 23a (Networks LAN) are blank with exception of a few areas. The structure of the OBS documents vary and it is therefore difficult to conclude completeness however a suite of comprehensive KPIs are in place and were found to be adequately monitored by Digital Service colleagues.

A lack of clarity for roles and responsibilities for asset renewal and replacement and budgetary responsibilities for ICT purchases in Schools were also noted amongst some learning and teaching colleagues, linked to issues with replacing and / or upgrading assets which have a higher specification than the standard Council specification.

In 2016, as part of the transition from the BT contract to CGI contract, CLT approved a proposal to consolidate ICT spend across the Council into a single budget. The report stated that where services require amendments to existing ICT and Digital services, or new ICT and Digital services - over and above the specifications captured in the current agreed OBS they would need to work with CGI through the agreed change process on the specification of these new ICT and Digital services, and that any associated costs would need to be budgeted for.

Digital Services and Education colleagues recognise that there have been a number of changes at a senior level within both Corporate Services and Children, Education and Justice Services, and the way in which schools use technology has changed significantly since development of the contract in 2016 and is expected to evolve further throughout the remaining period to 2029, and that a clear framework setting out roles and responsibilities would be beneficial.

Colleagues demonstrate a willingness to work together, however a need to ensure effective communication and consultation to develop solutions which will improve service delivery was noted.

Risks

- **Supplier and Contract Management / Service delivery / Financial and budget management** – lack of clarity on respective roles and responsibilities leading to misunderstanding and disagreement on service delivery and budget requirements.

Recommendations and Management Action Plan: RACI matrix for Learning and Teaching Network

Recommendation 1.1	Agreed Management Action	Action Owner / Lead Officers	Timeframe
A RACI (Responsible, Accountable, Consulted and Informed) matrix which clearly sets out the	**Digital Services** • Digital Services (DS) will identify relevant OBS	**Owners:** Deborah Smart, Executive Director – Corporate Services (Lead Owner)	31/03/2024

Recommendation 1.1	Agreed Management Action	Action Owner / Lead Officers	Timeframe
roles and responsibilities for CGI, Digital Services and Education colleagues aligned to the relevant OBS should be developed to ensure there is clarity on who is responsible, accountable, should be consulted and informed on the various elements relevant to the ongoing ICT support for the Learning and Teaching network, this should include but not be limited to, Office 365, technical support issues including wireless networks, telephony, asset renewal and replacement, and SEEMiS, as well as delegated ICT administration, and budgetary responsibilities for ICT purchases in schools. The RACI should be developed and agreed with representatives from Education colleagues, Digital Services, including the Digital Education Team, CGI, finance, communications, and ICT support colleagues in schools. Once developed, the RACI and any supporting information should be communicated effectively to relevant stakeholders to ensure awareness.	• DS will create RACI template in collaboration with Education colleagues ensuring inclusion of relevant areas not limited to those noted in recommendation • DS will meet with CGI to agree RACI against identified areas • DS will coordinate workshop with Education financial representatives to agree RACI against budgetary responsibilities • DS will coordinate workshop with Education representatives to record RACI against remaining identified areas **Education** Education agree there is a need to ensure that an appropriate model of technical support in schools. Senior management from Digital Services and Education will initiate a review which includes those who deliver technical support including the Digital Education Team, Edinburgh Learns Digital and IT Technicians in schools is required, to ensure there is clarity on roles, remits, and responsibilities, which will include leadership of, and supporting professional learning the IT Technician Service.	Amanda Hatton, Executive Director – Children, Education and Justice Services **Lead Officers:** Nicola Harvey, Service Director Customer and Digital Services Lorna French, Service Director, and Chief Education Officer Heather Robb, Chief Digital Officer Jackie Galloway, Senior Manager Commercial Richard Burgess, Digital Services Relations and Services Manager Alison Roarty, Digital Services Commercial & Risk Lead Louise Sibbald Digital Education Team Manager, Digital Services David McKee, Quality Improvement Education Officer Gillian Tracey, Operations Manager Jackie Reid, Quality Improvement Manager	

Finding 2 – Accessing ICT support and reporting issues in schools

Finding Rating	Medium Priority

Our survey of a sample of schools found that there are different ways of logging ICT issues in place across the school estate. In some schools individual colleagues raise a ticket with the CGI Helpdesk, while other schools use a single point of contact or an ICT technician to raise issues with CGI.

Issues during colleague absence, where a single point of contact raises issues, and delays due to teaching colleagues being unable to respond during lessons were also highlighted.

Issues with resolution were noted with some colleagues advising that incidents can be passed around CGI colleagues, and the initial person raising the issue sometimes experiences difficulties to track down a contact who is able to provide a full update of the resolution.

The Council's ICT portal does provide functionality to track incident updates by the user who logged the support ticket, there is also a virtual assistant 'Amelia' which can provide real time support.

In November 2022, Digital Services developed an information pack which provided comprehensive update on the digital learning estate and progress being made to resolve wider issues. This included a detailed section on Accessing Support/Reporting Issues which outlined key support routes for issues including CGI helpdesk, printers, WI-FI access, and support for moving equipment.

Education colleagues advised that colleagues who utilise the proper routes to accessing technical support were more successful in finding a resolution, and that there was room to improve this to support consistency across schools.

Risks

- **Service Delivery –** inconsistencies in accessing support and reporting issues may lead to interruptions and reduced teaching time. Additionally, Digital Services/CGI may not be aware of the full extent of issues affecting the school estate.

Recommendations and Management Action Plan: Sharing best practice - accessing support and reporting issues

Recommendations		Agreed Management Action	Action Owner / Lead Officers	Timeframe
2.1	Education colleagues should review the technical support information provided by Digital Services colleagues and consider ways to share and disseminate best practice for accessing technical support and reporting issues across schools. This could include implementing a standardised process for logging ICT issues within schools to provide consistency in the approach.	• Education will review the technical support information provided by Digital Services to ensure it is clear and comprehensive, and that it meets the needs of all schools, providing suggestions for improvements if necessary. • Education will promote greater use and understanding of agreed processes for accessing technical support and reporting issues, with key staff in all schools. • Education will discuss and consider greater standardisation of the process for logging ICT	**Owner:** Amanda Hatton, Executive Director – Children, Education and Justice Services **Lead Officers:** Lorna French, Service Director, and Chief Education Officer David McKee, Quality Improvement Education Officer Gillian Tracey, Operations Manager	31/03/2024

Recommendations		Agreed Management Action	Action Owner / Lead Officers	Timeframe
		issues by schools, with key digital representatives from schools.	Jackie Reid, Quality Improvement Manager	
2.2	Digital Services should work with the CGI Service Desk should consider ways to support Education colleagues more effectively, this could include implementing training to ensure they identify support requests from Education colleagues who may have limited time and availability due to face to face teaching and identifying ways to resolve the issues which are appropriate to working within a school environment.	• Digital Services will liaise with Education colleagues to understand their experiences and to consider ways in which the CGI Service Desk could support them more effectively. • CGI staff visits to Edinburgh to gain better understanding of customer base. • Fortnightly ticket review held between CGI Service Team and Digital Education Team to identify and review challenging ticket requests, identify the necessary next steps and document the response. CGI Service Team to then share documented responses with Service Desk staff as guidance notes to inform future requests of that nature. • Amelia is currently being piloted with schools. This should be rolled out to the wider Education Estate following the implementation of any alterations arising from the pilot.	**Owner:** Deborah Smart, Executive Director – Corporate Services **Lead Officers:** Nicola Harvey, Service Director Customer and Digital Services Heather Robb, Chief Digital Officer Jackie Galloway, Senior Manager Commercial Richard Burgess, Digital Services Relations and Services Manager Alison Roarty, Digital Services Commercial & Risk Lead Louise Sibbald Digital Education Team Manager, Digital Services	31/01/2024

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
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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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
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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.
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Internal Audit Report

Insurance Services

30 June 2023

CS2203

Overall Assessment	Substantial Assurance

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. 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	Substantial Assurance

Overall opinion and summary of findings

Our review found that there is a generally sound system of governance, risk management and control in place in relation to Insurance Services within the Council, with the foundations of an effective insurance process clearly established.

The Insurance Manager and Assistant Insurance Manager have taken proactive steps to improve the efficiency and effectiveness of the Council's insurance services in recent years. This has resulted in a well organised insurance process which addresses the key areas we expect organisations to consider in establishing an effective process.

The recommendations in this report aim to provide opportunities for the Council to build on these foundations and continue to take the insurance process to the next level of maturity.

- **Raising the profile of insurance services within the Council** – there is widespread praise for the way the current Insurance team has raised the profile of insurance and enhanced interactions across Services – this was highlighted consistently by key stakeholders. There are opportunities to build on this further through internal marketing / training initiatives or the planned updates to the Orb (intranet) pages.
- **Linkage between insurance and the corporate risk management process -** the Insurance team is keen to establish a close relationship with the Corporate Risk Team, the structure of which is currently being reviewed. Best practice examples of how the Council might further formalise the link between insurance and the wider risk management approach are provided.
- **Cyber insurance and risk:** the cyber insurance market is a challenging environment, particularly in relation to local government. Some emerging areas and developments which we recommend the Council closely monitors are outlined.

Areas of good practice

- High levels of specialist insurance, claims & public sector experience shown by the Insurance team (not always evident in teams in other organisations).
- The Insurance team is viewed as approachable and proactive helping across the Council to highlight and solve specific insurance and claims-related issues.
- The Insurance team has clear objectives for next steps, including developing further the "self-serve" insurance information on Orb, drafting an insurance strategy for the tender process which incorporates the wider risk appetite of the Council, and improving access to the claims handler's online systems.
- An insurance contracts register is held, and Long Term Agreements are tracked closely to ensure renewal on expiry.
- The Council has proactively built resilience into the Insurance team by appointing a Senior Insurance Officer and strengthening key processes.
- Key insurance decisions (e.g., cover to purchase, size of limits/deductibles) are made through a wide-ranging governance process which includes input from the Head of Finance, Corporate Leadership Team, and the Finance & Resources Committee.
- Further automated functionality has been brought into the claims management system and there is a logical approach to the restrictions placed on insurance claims data on systems.
- The Council has built a proactive and value-adding relationship with Aon, who recognise improved engagement from the Council in recent years.
- The topics of insurance discussions are evolving to reflect the latest risk profile of the Council, e.g., recent consideration of cyber insurance.
- A recent tender exercise in relation to Edinburgh Trams was well received by the insurance market and the Trams team.
- The Insurance Manager chairs ALARM Scotland - a professional membership association which supports risk and insurance professionals – which provides opportunities for networking and technical discussions.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Insurance Management Framework			Finding 2 – Linkage between insurance and the corporate risk management process	Advisory
			Finding 3 – Cyber insurance and risk	Advisory
2. Insurance Claims			No findings	N/A
3. Training and Awareness			Finding 1 – Raising the profile of insurance services within the Council	Low Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Council's insurance process and programme reflect the unique and evolving risk exposures of the organisation. The annual insurance premium now represents a significant cost and stands at over £2.5m, with significant sums also spent on retained losses (i.e., below insurance policy deductibles).

Key covers include (but are not limited to) Property, Motor, Public Liability, Employers Liability, Medical Malpractice, Professional Indemnity and Personal Accident & Travel. These are placed with a variety of insurers/managing agents (including AIG and QBE/RMP). Significant policy deductibles (up to £1m) mean that the Council retains portions of risks before they are transferred to the insurance market.

The Council's Insurance team sits within the Finance & Procurement element of the Corporate Services Directorate. The Insurance team comprises an Insurance Manager, Assistant Insurance Manager, a Senior Insurance Officer and two Insurance Officers. It is supported by the insurance brokers - Aon - and other key external parties (e.g., claims handling agents and loss adjustors). A broker tender process is planned in 2026.

The next tender for insurance is due in early 2024. The Council's key policies tend to take the form of long term agreements (LTAs) spanning several years. We highlight that the recent and ongoing hardening in insurance market premiums (which has led to premiums increasing and insurance terms becoming more onerous for certain covers) and the Covid-19 pandemic have provided a challenging backdrop for the insurance process. The capacity available in the Public Sector insurance market continues to be more restricted than its commercial counterpart.

The Council deals with a variety of insurance claims/incidents, with pothole and public liability claims being particularly prevalent. Reserve funds are held in relation to Liability and Property exposures.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council manages its insurance needs appropriately.

Risks

- Strategic Delivery
- Financial and Budget Management, Programme and Project Delivery
- Health and Safety (including public safety)
- Resilience, Reputational Risk
- Technology and Information

Limitations of Scope

The following areas were excluded from scope:

- The Council's approach to accounting for insurances and associated insurance claims (we note this is a wider finance requirement governed by LASAAC accounting guidelines).
- Assurance on whether the current insurance policies provide best value to the Council (which is determined through the Council's governance and procurement processes).
- Reviewing individual insurance claims to assess if they have been managed appropriately.

Reporting Date

Testing was undertaken between May and June 2023.

Our audit work concluded on 27 June 2023, and our findings are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Raising the profile of insurance services across the Council

Finding Rating	Low Priority

Fieldwork discussions with a range of stakeholders highlights widespread recognition for the way the insurance team has raised the profile of insurance and enhanced interactions with different Council services. Whilst some stakeholders agree these interactions and associated training activities meet their needs, some Services team members are keen that this momentum is built on.

This could be achieved through consideration of the following areas as part of future internal insurance marketing and training initiatives or as part of the planned updates to the insurance intranet / Orb contents.

It was also noted that incorporating consideration of insurance into projects earlier would be beneficial. The Insurance Manager has regular interactions with those leading larger scale projects. However, discussion with some Service Directors highlights that they are keen to understand how they can further support the Insurance team with recognition that insurance plays an important role in many projects but is not always considered sufficiently early as part of the project process (a view also shared by the insurance team).

Risks

- **Strategic Delivery –** some services may not fully understand how insurance works at the Council and/or provide inaccurate or late information to the Insurance team.

Recommendations and Management Action Plan: Raising insurance services profile

Ref.	Recommendation	Management Action	Action Owner / Lead Officer	Timeframe
1.1	The Council should consider inclusion of the following areas within future internal insurance marketing and training initiatives or as part of the planned updates to the insurance content on the Orb. • Providing an overview (at a high level) to aid understanding of what key insurance policies do (and do not) cover, including any key policy terms, exclusions, or compliance obligations relevant to specific teams. • Setting out the specific triggers for when to engage the Insurance team on specific insurance or claims matters to ensure specialist input is sought. • Getting the Insurance team's expert view on what insurance/claims-related training (either internal or external) certain individuals/teams should be doing and making this mandatory where needed (where it is not already). • Providing information to support understanding of the rationale for specific self-insurance / deductible levels and why they were chosen.	As this was in the Insurance Managers objectives for 2023/24, work has started on a review of the pages on the Orb with a view to making them more explanatory and empowering for services to access. Significant training has already been delivered over the past year across the Council in relation to contract risks.	**Owner:** Deborah Smart, Executive Director of Corporate Services **Lead:** Ruth Kydd, Insurance Manager	31/01/2024

	• Guidelines on when and how new properties/assets or exposures (or changes to existing ones) should be updated or added to policies, which should reduce the likelihood that exposures are added at a late stage (as the Insurance team is reliant on different Services communicating when things change). This could also represent a standing agenda item in the regular meetings with Property Services and other relevant teams. • Building on the established claims reporting to Corporate Leadership Team to support teams in understanding on the Council's stance on claims defensibility and its importance.			
1.2	It is recognised that the Insurance team does not have capacity or a need to get involved in all projects across the Council, however the Council should consider ways to include consideration of insurance earlier as part of projects where beneficial including: • providing clarity on the triggers which should lead to the Insurance team being involved in discussions, e.g. project size/type, stage of project, involvement of key partners (such as Network Rail), etc. • establishment of a high level "insurance principles" document for use in specific circumstances, for example a new vehicle being purchased, or a new building being purchased/built. This could include key initial insurance considerations for the relevant teams to ensure cover is considered or specialist input from the insurance team is sought.	This will form part of the Orb pages with information around each area.	**Owner:** Deborah Smart, Executive Director of Corporate Services **Lead:** Ruth Kydd, Insurance Manager Key Project Officers/Leads (to support on project-related recommendations)	31/01/2024

Finding 2 – Linkage between insurance and the corporate risk management process

Finding Rating	Advisory

The Insurance Manager is a member of various senior forums across the Council which enables the Insurance team to keep up to date with key risk developments. Insurance is also a key area of risk within the Corporate Services Risk Register and is discussed at the directorate risk committee.

The Council is currently reviewing the structure of its Corporate Risk team, which presents an opportunity to further enhance interactions between insurance and risk management in the Council. The Insurance team is keen to form a close relationship with the Corporate Risk Team once it is established.

Fieldwork discussions with the Council's broker also highlights that they would welcome the opportunity to have more targeted strategic discussions on future and emerging risks.

Some practical examples of how the Council could formalise the link between insurance and the wider risk management approach from a strategic and operational risk management perspective are provided.

Recommendations and Management Action Plan: Insurance and risk management

Ref.	Advisory Recommendations
2.1	The Council should consider ways to strengthen and formalise the link between insurance and the strategic risk management approach. This could include commentary within the Council's Enterprise Risk Management Policy (and any supporting strategic risk documents) to reflect the role of insurance within the wider risk management framework, for example as a key treatment option for risks.
2.2	The Insurance team should work with the Corporate Risk team and Services to further strengthen and formalise the links between insurance and wider operational risk management across the Council. This should include reviewing the risk registers as part of the future annual insurance tender/renewal processes, to identify which risks may be insurable in nature, to identify any recent changes to the risk register and whether they might impact on the insurance portfolio/structure. Risk registers and emerging /future risks should also be discussed with the broker as part of a pre-renewal strategic discussion, adding an external viewpoint on key risks.

Finding 3 – Cyber risk and insurance

Finding Rating	Advisory

Cyber insurance (and the wider financing of cyber risk) has become a key challenge for organisations of all types, with difficult insurance market conditions making it harder than ever to secure appropriate and affordable cover. From an insurer perspective, increasing numbers of ransomware attacks and business interruption claims has resulted in cyber becoming a less profitable area of insurance for them in recent years. Insurers are therefore being much more selective when it comes to taking on risks.

The local government / public sector market for cyber insurance is particularly challenging. Through working closely with both insurance buyers and the insurance market (insurers, underwriting teams and brokers), it is clear that cyber insurance premiums are often increasing - sometimes significantly, with many in the market unable to secure cyber insurance quotes.

Policy terms, sub-limits and co-insurance are also often being reviewed by insurers frequently. The "underwriting bar" has shifted with organisations often needing Multi-Factor Authentication (MFA) and Endpoint Detection and Response (EDR) in place to get a quotation.

Organisations are now seeking not only the financial protection cyber insurance can offer, but the extended services policies can provide, for example pre and post breach support.

There are a number of emerging / new insurance products, such as “active” insurance options which aim to combine insurance coverage with practical security support for insureds in relation to risk assessment, protection and response capabilities.

Parametric insurance products are also starting to be developed in the cyber space. These pay out when specific parametric measures (such as amounts of downtime or amount of suspicious activity) are triggered, though these are initially being marketed predominantly in the commercial sector.

Cyber insurance is only one way to finance overall cyber risk and the current market conditions are leading many organisations to increasingly explore other means of financing their cyber risk, e.g. self-insurance. Many are finding that quantifying the risk in financial terms (at least at a high level through scenario analysis) can help to bring some clarity to the size of potential risk exposures.

Discussions with the Insurance team noted that the outsourcing of ICT to CGI, the Council’s ICT delivery partner, means that any potential procurement may be challenging as the terms of the contract are commercially sensitive. Through the Insurance team, the Council currently has explored options to complete a proposal form however have not yet determined whether the risks are sufficient to require the procurement of a standalone cyber insurance policy. This is a useful example of the Council being proactive in monitoring key emerging risks.

Participation in ALARM Scotland also provides the Council with regular opportunities to hear updates on the cyber insurance market within the public sector space.

Recommendations and Management Action Plan – Cyber insurance

Ref.	Advisory Recommendation
3.1	The Council should continue to review developments in the cyber insurance market (and wider cyber risk financing space) so that it can regularly compare the pros and cons of purchasing cyber insurance and opting for alternative risk financing measures on this important and topical area.

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.
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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	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
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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.
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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.

Edinburgh Integration Joint Board

Internal Audit Report

Set-Aside Budgets

20 March 2023

EIJB2202

Overall Assessment	Reasonable Assurance

Contents

This internal audit review is conducted for the Edinburgh Integration Joint Board under the auspices of the 2022/23 internal audit plan approved by the Audit and Assurance Committee in August 2022. The review is designed to help the Edinburgh Integration Joint Board 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.

Where recommendations are 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 Edinburgh Integration Joint Board 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 members as appropriate.

Executive Summary

Overall Assessment	Reasonable Assurance

Overall opinion and summary of findings

Our review found that there is a generally sound system of governance, risk management and control in place for management of set-aside budgets.

The following issues and areas of improvement were identified which may put at risk the achievement of objectives in the area audited:

- the methodology used to determine the allocation of set-aside budgets and expenditure is not routinely reviewed
- insufficient detail is provided to the Board on how NHS Lothian will avoid set-aside overspends.

Areas of good practice

Our review identified:

- set-aside budgets and expenditure are allocated across the four IJBs using an agreed methodology, with change control processes for specific in-year adjustments in place and adhered to
- the set-aside budget is clearly stated in the budget allocation reports provided by NHS Lothian to the EIJB Chief Officer and Chief Finance Officer at the start of each financial year
- financial performance associated with set-aside services is routinely reported to the Board (by the Chief Finance Officer) and to the Chief Finance Officer (by NHS Lothian Finance)
- performance against the NHS Lothian Financial Recovery Plans and set-aside budget allocation is provided monthly to the Chief Finance Officer.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Budget setting			Finding 1 – Annual Review of Set-Aside Allocation Across IJBs	Medium Priority
2. Budget monitoring and reporting			Finding 2 – Set-Aside Financial Recovery Reporting	Medium Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The legislation which underpins integration is The Public Bodies (Joint Working) (Scotland) Act 2014. The Act places a duty on Health Boards and Local Authorities to enter into arrangements (the Integration Scheme) to delegate functions and appropriate resources to ensure the effective delivery of health and social care services.

An updated EIJB Integration Scheme was approved in 2019, and sets out which services and functions are delegated, governance arrangements, and the financial model. It also contains a comprehensive list of definitions for EIJB budget purposes and detail about how financial schedules are reached, for example the methodologies used to determine set-aside or hosted services allocations. A revised Integration Scheme was submitted to the Scottish Government in July 2022, and is currently awaiting approval.

In essence, set-aside services in Edinburgh are acute specialised services such as cardiology, diabetes, respiratory medicine, gastroenterology, but also cover broader areas including junior doctors, general medicine, and geriatric medicine. The 2022-23 EIJB budget for NHS Lothian set-aside services is £90,971k.

Audit Scotland's report of November 2018, Health and Social Care Integration: Update on Progress highlighted IJBs should direct some services provided directly within acute hospitals, to provide more joined-up, community-based care. The review found in practice, in most areas, set-aside budgets were not being directed by IJBs, meaning that opportunities to use resources to prioritise prevention and deliver care in a community setting were not fully utilised.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the EIJB is effectively managing set-aside budgets.

Risks

Financial

- there is a risk that the NHS Lothian and City of Edinburgh Council cannot deliver delegated services within available budgets.

Reporting Date

Testing was undertaken between 23 January and 6 February 2023.

Our audit work concluded on 14 February 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Annual Review of Set-Aside Allocation Across IJBs

Finding Rating	Medium Priority

The EIJB Integration Scheme 2019, (in sections 9.2.14 - 15) states that NHS Lothian should determine which of the following methodologies is the most appropriate to split the set-aside budgets across the four IJBs within Lothian:

- local activity and cost data for each set-aside service
- population distribution
- patient level activity and cost data
- historically applied and recognised percentages.

The share for each IJB is then recorded in a 'mapping table', which is used by NHS Lothian as the basis for budgetary reporting for the four IJBs.

While a mapping table is in place, there is no annual exercise performed to ensure that the mapping table remains up-to-date and reflective of actual patient activity, despite this requirement being stated in section 9.2.14 of the EIJB's Integration Scheme. Management have advised that the mapping table was last reviewed at least 3 years ago.

Risks

Financial

- the budget allocation to the EIJB may be inaccurate and not reflective of patient activity.

Recommendations and Management Action Plan: Annual Review of Set-Aside Allocation Across IJBs

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
1.1	The EIJB should request that NHS Lothian perform an annual exercise to review the allocation of set-aside costs and budgets across the four Lothian IJBs, in compliance with the requirements of the EIJB Integration Scheme. The EIJB should consider how they receive assurance from NHS Lothian that cost and budget allocations for set aside services are being reviewed to ensure that they are reasonable and reflective of patient activity.	Agreed. The Chief Finance Officer will propose to NHS Lothian that a review of the methodology is undertaken. This will require the input and support of the other CFOs in Lothian IJBs. The CFO will request that NHS Lothian provide assurance to EIJB Board that cost and budget allocations for set aside services are being reviewed to ensure that they are reasonable and reflective of patient activity.	Mike Massaro-Mallinson (Edinburgh IJB)	Moira Pringle, Chief Finance Officer (Edinburgh IJB)	30/09/2023 30/06/2023

Finding 2 – Set-Aside Financial Recovery Reporting

Finding Rating	Medium Priority

Overspends and potential overspends relating to set-aside budgets are reported monthly to the EIJB's Chief Finance Officer, along with the actions being taken by NHS Lothian to manage them. Although the EIJB Board is provided with financial information relating to overspends, it is not provided with detailed narrative on the actions being taken to resolve them, which is a requirement of section 9.4 of the EIJB's Integration Scheme.

In addition, the EIJB is expected to have an overspend of £4.9m by the 2022/23 year-end for set-aside services, but NHS Lothian's Financial Recovery Plan does not state clear actions on how this overspend will be avoided.

Risks

Financial

- the Board receives limited assurance that set-aside budget overspends are being addressed
- actions taken to reduce set-aside overspends may be insufficient.

Recommendations and Management Action Plan: Set-Aside Financial Recovery Reporting

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
2.1	The Chief Officer, the Chief Finance Officer and the Board (or a delegated committee) should review the overspend recovery actions stated by NHS Lothian and determine if they consider them to be appropriate, with any action required formally requested from the EIJB to NHS Lothian. Financial updates to the Board should detail information on progress made to control set-aside overspends.	Financial performance of set aside budgets is covered in the quarterly updates to the Performance and Delivery Committee (P&D) as well as in all finance reports submitted to the IJB itself. Additionally, P&D consider the set aside position in more depth on an annual basis. In response to a request from P&D, the Chief Finance Officer is working with colleagues in NHS Lothian to provide additional financial information to support the management of set aside budgets. It is anticipated that this will address this recommendation at the same time.	Mike Massaro-Mallinson (Edinburgh IJB)	Moira Pringle, Chief Finance Officer (Edinburgh IJB)	30/09/2023

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