

Governance, Risk and Best Value Committee

10.00am, Tuesday, 28 November 2023

Internal Audit Update Report: Quarter 2 2023/24

Executive/routine

Wards

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1. notes progress with the 2023/24 Internal Audit plan approved by Committee in March 2023;
 - 1.1.2. reviews the outcomes of 2023/24 Internal Audit reviews completed in Quarter 2;
 - 1.1.3. approves removal of the Workforce Capacity to Support Service Delivery audit from the 2023/24 Internal Audit plan;
 - 1.1.4. reviews the audits included in the 2023/24 plan to ensure they remain aligned with key risks and emerging priorities; and
 - 1.1.5. notes outcomes of the six monthly meeting between the GRBV and EIJB Audit and Assurance Committee Convenors and the Head of Internal Audit, as agreed as part of the GRBV/EIJB principles.

Laura Calder

Head of Internal Audit

Legal and Assurance, Corporate Services Directorate

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

Internal Audit Update Report: Quarter 2 2023/24

2. Executive Summary

- 2.1 This report provides an update to Committee on delivery of the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023 and the outcomes of internal audits completed in Quarter 2 of 2023/24.
- 2.2 The report also provides a summary of the most recent six monthly meeting between the GRBV and EIJB Audit and Assurance Committee Convenors and the Head of Internal Audit, as agreed as part of the GRBV/EIJB principles.

3. Background

- 3.1 The [2023/24 IA plan](#) was approved by Committee on 14 March 2023. As agreed by Committee, progress with the delivery of the plan and the outcomes of audit work are reviewed quarterly and any proposed changes to the audit programme are presented to Committee for review and approval.
- 3.2 In [March 2022](#), the GRBV committee approved Principles and supporting operational arrangements to formalise the established working relationship between the Committee and the Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee.

4. Main report

- 4.1 The 2023/24 IA plan consists of a total of 47 audits (36 for the Council and 11 for other organisations). As at 1 November 2023, a total of 10 audits are complete, a further 3 are in reporting and 24 are underway. The remaining 10 audits are expected to commence in Q4. Details of progress for 2023/24 audits and expected timescales for completion is provided in [Appendix 1](#).
- 4.2 A 'findings' only audit has been added to the plan, following identification of thematic health and safety issues during the audit of Health and Safety – Outdoor Infrastructure. A copy of the report provided at Appendix 2.
- 4.3 The CGI Contract Management audit has been amalgamated with the Cross Directorate Contract Management audit currently underway.
- 4.4 The following 5 audits were completed for the Council during Quarter 2:

Rating	Audit
Limited Assurance	<ul style="list-style-type: none"> Health and Safety – Outdoor Infrastructure Health and Safety – Findings only Ad-Hoc Mixed Tenure Repairs
Reasonable Assurance with high rated findings	<ul style="list-style-type: none"> Port Facility Security Plan – annual review
Reasonable Assurance with no high rated findings	<ul style="list-style-type: none"> Procurement – Contract Standing Orders

4.5 Members have requested that all 5 reports are presented for review and scrutiny at Committee and that relevant officers attend to answer any questions.

4.6 A further 2 audits for Lothian Pension Fund (LPF) were completed during Quarter 2:

Rating	Audit	Further detail
Substantial Assurance	People Processes	was subject to review and scrutiny the LPF Pensions Audit Sub-Committee on 26 September.
Reasonable Assurance	Senior Managers and Certification Regime	is due to be reported to the LPF Pensions Audit Sub-Committee in December 2023.

4.7 One audit for the Edinburgh Integrated Joint Board (EIJB) was also completed:

Rating	Audit	Further detail
Reasonable Assurance	Hosted Services	is due to be presented to the EIJB Audit and Assurance Committee in December 2023, following which, a copy of the report will be referred to the GRBV Committee for noting.

Key thematic issues raised in completed Council audits

4.8 The chart below sets out the thematic areas raised across the recommendations from Q2 audits with a summary of the themes provided in Appendix 4.



Quarterly review of the 2023/24 IA Plan

- 4.9 The IA plan is reviewed quarterly to ensure it remains aligned with key risks and emerging issues impacting the Council. [Appendix 1](#) sets out audits which are planned for the Council for the remainder of the year. Members are requested to review the IA work programme and advise Internal Audit if there are any new or emerging areas impacting the Council where they consider IA assurance is required.
- 4.10 Committee is requested to approve removal of the audit of Workforce Capacity to Support Service Delivery from the 2023/24 plan as development of People Strategy for 2024-2027 which will be aligned to the business plan is currently underway with publication expected in April 2024. Workforce planning resources are being agreed and a Workforce Plan for 2024-2027 will be developed following consideration of above. Future audit work in this area may include review of the draft workforce plan and supporting framework.
- 4.11 It should be noted that the current 2023/24 plan includes a total of 47 reviews (36 for the Council including the findings only audit and GRBV skills assessment and 11 for other organisations). 28 Council audits were completed in 2022/23, therefore any new audit requests will require a review of the current plan in line with available resource and capacity.
- 4.12 Capacity in the IA team is currently reduced by 1 FTE due to long term sickness absence. The Head of Internal Audit will consider the ongoing impact of this on plan delivery, which may include deferral of indicative audits into Q1 of 2024/25 and provide an update to the February 2024 committee.

Progress with Internal Audit key priorities

- 4.13 Progress with IA key priorities are detailed below:
- development of the upgraded audit system and roll-out of live tracking and updating of agreed management actions across the Council
 - induction and training of a trainee as part of the finance team rotation graduate trainee programme
 - development of a Data Analytics Strategy with a pilot project underway to explore the feasibility of using a data analytics tool to increase sample sizes and improve reliability of data across audits completed
 - coordination of assurance work with the newly established Governance and Assurance team has commenced to support assurance mapping for the 2024/25 internal audit plan.

GRBV / EIJB Audit and Assurance Committee Convenors meeting

- 4.14 In line with Principle 1, the GRBV and EIJB Audit and Assurance Committee Convenors meet with the Head of Internal Audit every six months to identify potential areas of common interest for inclusion in IA annual plans or discuss

relevant common themes from IA reports that may be reflected in the annual opinions of both organisations.

- 4.15 The outcomes of these meetings should be discussed at subsequent GRBV and EIJB Audit and Assurance committee meetings.
- 4.16 The most recent meeting was held on 25 October and a copy of the minutes are available at Appendix 3.

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 with use of PwC resource limited to specialist areas only.
- 6.2 There are no associated budget implications for completion of audits completed for other organisations as direct recharge is applied for costs incurred.

7. Equality and Poverty Impact

- 7.1 None. An assessment is not required because the reason for this report is to report Internal Audit activity to Committee. Consequently, there will be no differential equality or poverty impacts, as a result of the proposals in this report.

8. Climate and Nature Emergency Implications

- 8.1 None. The reason for this report is to report Internal Audit activity to Committee. Consequently, there will be no differential climate or nature emergency implications, as a result of the proposals in this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 The IA risk register was reviewed in October 2023. Actions to mitigate the following risks continue in relation to the following:
 - Applications and systems design – the upgrade of the audit system is complete. IA capacity has been reduced while the team becomes familiar and proficient with the system, and they support services in using the system.
 - Capacity – capacity in the team was reduced due to parental leave from May to October 2023, and sickness absence which is expected to continue until December 2023.
- 9.2 This report identifies several specific impacts on, and areas of improvement for the Council's risk, policy, compliance, and governance frameworks. Management

should seek to take adequate steps to reduce the impacts across the key risk areas set out.

- 9.3 Council officers and elected members are consulted on the findings of Internal Audit throughout the year. No specific consultations have taken place in relation to this report.

10. Background reading/external references

- 10.1 [Public Sector Internal Audit Standards](#)
- 10.2 [Approved 2023/24 IA Plan GRBV March 2023 – item 8.1](#)
- 10.3 [Approved 2023/24 IA Audit Charter GRBV March 2023 – item 8.2](#)
- 10.4 [Internal Audit: Principles to Underpin the Working Relationship between the Governance, Risk and Best Value Committee and the EIJB Audit and Assurance Committee - GRBV March 2022- item 8.6](#)

11. Appendices

- 11.1 Appendix 1 – 2023/24 audit progress and expected completion dates as at 1 November 2023
- 11.2 Appendix 2 – Internal Audit Reports for scrutiny:
- Health and Safety – Outdoor Infrastructure
 - Health and Safety – Findings only
 - Ad-Hoc Mixed Tenure Repairs
 - Procurement – Contract Standing Orders
 - Port Facility Security Plan – Annual Review
- 11.3 Appendix 3 - GRBV EIJB Convenors meeting minutes October 2023
- 11.4 Appendix 4 – Key themes raised across completed audits

Appendix 1: 2023/24 audit progress and expected completion dates as at 1 November 2023

Audits complete			Outcome
1.	Cross directorate	Council Budget Setting Process – Lessons Learned Review of Corporate Leadership Team lessons learned for the 2023/24 Council budget setting process, as requested by GRBV March 2023.	N/A no rating applied
2.		Procurement – Contract Standing Orders Assessment of compliance with the Council's Contract Standing Orders – specifically tender documentation, evaluation of tenders and quotes and award for a sample of contracts cross directorate.	Reasonable Assurance
3.		Health and Safety – Findings only Thematic control gaps and findings related to general health and safety risks are raised this report, in line with the authority granted under the Internal Audit Charter .	Limited Assurance
4.	Place	Edinburgh Employer Recruitment Incentive (EERI) Review of the design and effectiveness of processes established for managing EERI fund applications from employers including eligibility, assessment, payments, and verification.	Limited Assurance
5.		Health and Safety - Outdoor Infrastructure Review of processes established to ensure the health and safety of outdoor infrastructure – specifically: cemeteries, public art and play areas.	Limited Assurance
6.		Port Facility Security Plan Annual review of the Port Facility Security Plan and emerging risks as per Department for Transport requirements.	Reasonable Assurance
7.		Management of ad hoc mixed tenure works Review of processes for scheduling and funding/payment for ad hoc common repairs across mixed tenure blocks.	Limited Assurance
8.	Lothian Pension Fund	People Processes Review of the adequacy and operating effectiveness of established people processes to ensure robust controls are in place, complied with and support achievement of LPF objectives.	Substantial Assurance
9.		Senior Managers and Certification Regime (SM&CR) Review of the adequacy and operating effectiveness of governance processes established to provide assurance of compliance with the key elements and prescribed responsibilities of the SM&CR.	Reasonable Assurance
10.	Edinburgh Integration Joint Board	Hosted Services Review of budget, oversight and assurance arrangements established for hosted services (services which are operationally managed on a pan Lothian basis).	Reasonable Assurance
Total audits complete			10

Audits in reporting			Expected Completion
11.	Cross Directorate	Key financial systems - Debtors Review of the design and operation of key controls established to ensure timely creation of debtor invoices, prompt processing of payments and effective control of write-offs, cancellations, credit notes and recovery.	December 2023
12.	Health and Social Care Partnership	Financial Sustainability Review of the processes applied to confirm the ongoing financial sustainability of the partnership, and the design and appropriateness of actions to address any significant gaps identified.	
13.	Place	Housing stock condition – tenant safety, damp, and mould Review of the Council's initial approach to the Scottish Housing Regulator's January 2023 request that landlords ensure that they have appropriate, proactive systems to identify and deal with any reported cases of damp and mould timeously and effectively.	
Total audits in reporting			3
Audits in fieldwork			Expected Completion
14.	Major Projects	Trams to Newhaven Ongoing agile review during the final stage of construction. Reviewing ongoing governance and financial management, stakeholder management and readiness for operations.	December 2023
15.		Enterprise Resource Planning (ERP) Ongoing agile review of project management and governance supporting the R12 upgrade of the Oracle financial systems and implementation of the new sundry debt management solution (Apex).	
16.	Corporate Services	Key Financial Systems – VAT recovery Review of design and operation of controls established to ensure adequate arrangements are in place to maximise the recovery of VAT and ensure recovery is in line with requirements.	January 2024
17.		CGI - IT Currency Management, Obsolescence, and Innovation Review Review of CGI's established approach to currency management and obsolescence of hardware and software including reviewing, consolidating, and replacing applications including implementation of new, and maintenance of existing solutions.	
18.	Place	Housing - Repairs Right First Time Review of the Council's approach and performance for completing repairs 'right first time' in line with the Scottish Social Housing Charter , including completion of all aspects of the repair within the Council's target timescale and no recall to resolve subsequent defects within 12 months	
19.	Lothian Pension Fund	Business continuity and incident response Review of the adequacy and operating effectiveness of key controls and processes established to provide assurance that LPF maintains business continuity plans to ensure they maintain services during an emergency or extended	January 2024

		incident. Will include consideration of roles and responsibilities, policies and procedures, Business Continuity Plans, testing, lessons learned and monitoring and reporting arrangements.	
20.		Information Security The audit will review the design of the suite of IT policies, standards and procedures that have been developed during 2022 to prevent, respond and manage information security across LPF, as well as ensuring they are aligned to the IT strategy due to be formalised during 2023.	January 2024
21.	Cross Directorate	Supplier and Contract Management Assessment of application of the Contract Handover, and Contract Review Meeting guidance as set out in the Council's Contract Management Manual and toolkit to ensure effective performance management of contracts, resolution of issues and provision of best value for a sample of contracts cross directorate.	February 2024
22.		Overtime and expense payments Review of compliance with controls established to ensure that overtime and expense payments are made in line with the council's Pay Policy and Overtime guidance. Will focus on a high-level review of a sample of areas with high overtime and expenses volumes /values.	March 2024
23.	Corporate Services	CGI – Complex Change Management Agile review of the end to end change journey for a sample of complex change requests to identify areas for improvement and highlight good practice.	March 2024
24.	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.	March 2024
25.		After School Care Provider – Additional Support Needs support Initial feedback on lessons learned completed by officers in CEJS for reporting to the Education, Children and Families Committee and GRBV provided by Internal Audit in October 2023. Further work as needed to be determined.	March 2024
26.	Other audit activities	GRBV self-evaluation and skills assessment Facilitation of GRBV Committee self-evaluation and skills assessment in line with relevant CIPFA guidance.	March 2024
Total audits in fieldwork			12
Audits in planning			Expected Completion Date
27.	Place	Community Centres – Assurance Framework Review of established oversight arrangements to confirm that community centres are safely and effectively managed in line with established community centre management arrangements agreed with the Council.	February 2024
28.		Cyber - Directorates Incident Response	

		Review of directorates and service level approach to cyber incident management in line with the readiness, response, and recovery model. This will include review of a sample of departmental business impact analysis, business continuity plans and training/awareness.	
29.	Cross Directorate	Partnership Working Review of the design of the overarching strategy and approach to ensure that the Council realises proposed partnership working benefits, efficiencies and improved outcomes as set out in the 2023-27 Business Plan. Review will focus on a sample of areas and will span 23/24 and 24/25 considering initial approach and then delivery of outcomes.	
30.		Recruitment and Selection Review of compliance with the Council's Recruitment and Selection Policy including pre-advertisement requirements such as approval, supporting documentation, recruitment panels, training, advertisement, screening, and pre-employment checks.	
31.		Corporate Property Helpdesk Review of processes established to log, allocate and monitor completion of repairs tickets logged with the Corporate Property Helpdesk. Will include oversight and reporting of performance information and contract management of key contractors.	
32.	Place	Fleet – Mission Zero for Transport Review the Council's readiness to ensure all its fleet is renewed to a standard that meets the targets laid out by the Scottish Government's Mission Zero for Transport (legally binding target of net-zero by 2045) and the Council's target to be net zero by 2030	
33.		Management of scaffolding for housing property repairs Review of the design and operating effectiveness of the Council's approach to managing scaffolding during repairs to housing properties including relevant consents and permits, advance notification to and ongoing communications with occupants, contractor and budget management and health and safety risk assessments.	
34.		City Regional Deal – Cost Inflation Review of a focused area aligned to the Council's role as Accountable Body for the City Region Deal which commenced in 2018 and will provide circa £1.3bn investment into the city region over a 15-year period.	
35.		Housing - Void Management Review of the design and operation of controls established to ensure that empty council housing properties (voids) are managed effectively including review of programmed voids.	March 2024
36.	Edinburgh Integrated Joint Board (EIJB)	Innovation and sustainability programme Review of oversight and assurance for funding, progress and delivery of the innovation and sustainability programme (with specific focus on the bed-based review and community mobilisation projects).	March 2024
37.	Cross Directorate	Validation of Implementation of Previously Closed Management Actions	

		Review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	
Total audits in planning			12
Audits not yet started			Expected Start Date
38.	Children, Education and Justice Services	Refugee and Migration Services Review of approach to supporting refugees and adults with no recourse to public funds and alignment with the Scottish Government New Scot Refugee Integration Strategy.	December 2023
39.		Devolved School Management Review of processes established to ensure compliance with the Scottish Government devolved school management guidance which set out how local authorities fund schools and the accountability and responsibility for financial decisions. Will include a review of processes for a sample of schools.	
40.	Place	Transfer of the Management Development Funds Grant (TMDF) Bi-annual light touch review of the key controls supporting TMDF from the Council to registered social landlords in line with Scottish Government requirements.	
41.	Health and Social Care Partnership	Mental Health and Wellbeing Services Review of arrangements to support delivery of outcomes for provision of mental health and wellbeing services across Edinburgh.	
42.		Implementation of Total Mobile Review of implementation of Total Mobile project to identify lessons learned and improvement actions to support implementation of similar projects in future.	
43.	Edinburgh Integrated Joint Board (EIJB)	Workforce Optimisation Review of the governance and oversight processes to monitor delivery of the initial short-term actions set out in the 'Working Together' the EIJB Workforce Strategy 2022-25 , specifically the key strategic workforce priorities and commitments across the four themes.	
44.	Other organisations	One audit delivered for South-East of Scotland Transport Network (SEStran) as part of established audit service arrangement.	
45.		One audit delivered for Royal Edinburgh Military Tattoo (REMT) as part of established audit service arrangement.	
46.		One audit delivered for Lothian Valuation Joint Board (LVJB) as part of established audit service arrangement.	
47.	Lothian Pension Fund	Project Forth Audit completion dependent on decision re project.	TBC
Total audits not yet started			10
Total audits			47

Internal Audit Report

Health and Safety - Outdoor Infrastructure (Place Directorate)

26 October 2023

PL2312

Overall Assessment	Limited Assurance
-------------------------------	--------------------------

Contents

Executive Summary.....	3
Audit Assessment.....	4
Background and scope.....	5
Appendix 1 – Control Assessment and Assurance Definitions	16

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 the health and safety of Council's outdoor infrastructure – specifically public art, cemeteries, and play parks has highlighted that improvements are needed effectively manage the health and safety risks. Action is required to address the following gaps, areas of weakness and non-compliance:

Public arts – audit outcomes indicate there is a lack of clear roles and responsibilities within the Council for health and safety of public art and statues. Internal Audit was unable to establish ownership despite several requests, and no detailed audit work could be performed in this area. Consequently, limited assurance can be provided on the health and safety management system for outdoor public arts and statues.

Cemeteries

- unauthorised scaffolding and associated hazards – improvements including but not limited to training and awareness are needed to ensure that officers recognise potential workplace and site hazards, implement adequate and sufficient controls in a timely manner to keep the site safe for colleagues and visitors, and where required consult with the Corporate Health and Safety team.
- risk assessments – the risk assessment of large memorials should be reviewed to ensure it is complete and includes all relevant control methods or other specific risk assessments required, for example for manual handling, personal protective equipment, work equipment and lone working, as required.

Play Parks










- inspection frequency and resolution of safety issues – inspection frequency is inconsistent across play parks with some play parks inspected monthly, rather than the Council's play park policy of daily checks and the ROSPA recommendation of a minimum weekly check.

regular inspections should ensure health and safety hazards across playparks are identified and dealt in a timely manner. Some of the hazards noted in playparks during this audit include sub-standard perimeter fencing, rotting timber handrails on play equipment and hazards within playparks including telegraph poles with cabling insecurely installed at low height within children's reach and a damaged lamppost within a playground perimeter.
- welding risk assessment – action is required to ensure that engineers wear the respiratory protection provided when repairing playground equipment and that risk assessments are followed to ensure the public are protected from harm where necessary.

Good Practice

- a comprehensive program of inspection of headstones is in place, with good evidence of timely corrective actions being taken to reduce risks
- the Excavation of Graves risk assessment was noted to be comprehensive, with hazards identified including unsafe or insecure memorials, collapsing excavations, equipment failure, manual handling, trips, and falls
- a systematic approach for inspection, maintenance and repair of play park equipment is evident for larger high use play parks and supported by documented records of inspections, risks identified, and corrective actions taken.

Audit Assessment

Findings	Control Design	Control Operation	Priority Rating
Finding 1: Public Arts - ownership and responsibility for health and safety		N/A*	High Priority
Finding 2: Cemeteries - risk assessments			Medium Priority
Finding 3: Cemeteries - identification and management of hazards associated with unauthorised scaffold installation			High Priority
Finding 4: Play Parks - welding risk assessments			High Priority
Finding 5: Play Parks - inspections and remedial actions			Medium Priority

*N/A control not tested due to missing or inadequately designed controls

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council owns assets and infrastructure across the city and is responsible for ensuring that they are suitably maintained to ensure public health and safety, in compliance with relevant legislation and guidance. It is therefore essential that the Council has adequate processes in place including robust inspection and maintenance programmes to appropriately manage the infrastructure.

Health and safety legislation consists of both primary legislation which describe general duties, and secondary legislation that places more specific or substantive duties on employers.

The [Health and Safety at Work etc Act 1974](#) is primary legislation which sets out the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all his employees.

Secondary health and safety legislation, in the form of regulations, makes clear the specific duties, in relation to the different types of hazards and risks, that an employer must fulfil in order to comply with the law.

The Council's [Health and Safety Policy](#) was approved in December 2020 and defines the Council's commitment to protecting the health, safety and welfare of employees and those persons who may be affected. The policy forms the basis for the health and safety management system and defines the operational goals, sets standards for performance, and identifies key roles and responsibilities.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of key controls established to ensure the safety of Council's following three outdoor infrastructures:

- cemeteries
- public art
- play parks

Risks

- Health and safety (including public safety)
- Regulatory and legislative compliance
- Reputational risk

Limitations of Scope

The scope of this review was limited to assessing the design and operating effectiveness of health and safety arrangements in place for the Council owned cemeteries, public art and play parks.

Other Council owned outdoor infrastructure including buildings, bridges, roads, greenspace, and monuments inside the cemeteries were not in scope of this review.

Reporting Date

Testing was undertaken between December 2022 and March 2023.

Our audit work concluded on 31 August 2023, and our findings and opinion are based on the conclusion of our work as at that date.

The Head of Internal Audit raised the issues in this report which related to immediate health and safety risks directly to the Head of Corporate Health and Safety in March 2023. Following this, Corporate Health and Safety carried out immediate inspections to discuss issues with relevant officers.

Findings and Management Action Plan

Finding
Rating

High
priority

Finding 1: Public Art - ownership and responsibility for health and safety

During audit planning, management did not initially confirm the Council team responsible for health and safety of public arts. Following multiple follow up requests and coordination with different teams in Place directorate, Internal Audit was advised to contact Public Safety. The Public Safety team however advised that they have limited involvement with public arts/statues.

The issuing permits for temporary structures on roads is conducted by Transport Officers, primarily based on receiving risk assessments from asset owners (Council internal departments or external third bodies) which are responsible for installation, inspection and maintenance including health and safety risks.

Following discussions with different teams including Public Safety it emerged that there is no clear ownership and responsibility for the health and safety of public art and statues on Council land, with different teams having overlapping areas of responsibility.

In addition, the Council's Corporate Health and Safety team advised of an instance in May 2023, where there were challenges establishing ownership for a damaged piece of public art.

Risks

- **Health and safety (including public safety)/ Regulatory and legislative compliance:** lack of clear responsibility for the health and safety of public art and statues on Council owned land could result in issues not being effectively detected and rectified leading to non-compliance with Council policies and breaches of legislative requirements.

Recommendations and Management Action Plan: Ownership and responsibility for health and safety of public art and statues

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	The Council should establish clear processes to ascertain ownership for public art and statues across the city and in turn set out clearly the health and safety roles and responsibilities it has for any public art/statues, ensuring a suitable programme inspection is in place and monitored.	A register of all art on CEC land, including ownership, will be created. The Public Art Strategy will outline health and safety guidance for art not directly commissioned by the Council. Inspection regime covered under action 1.2	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Head of Heritage, Cultural Venues, Museums and Galleries	30/09/2024
1.2	The Council should establish and maintain an asset register for public art and statues which should include clear ownership for each item and should be	A risk-based inspection programme for public art and statues on CEC land will be put in place.	Executive Director of Place	Service Director – Place Operations	31/10/2024

	supported by implementation of a risk-based inspection programme.	The ownership of items will be addressed under action 1.1.		Operations Manager – Place Head of Heritage, Cultural Venues, Museums and Galleries	
1.3	The Council should establish and communicate a clear process to ensure anyone seeking to commission a piece of public artwork or statue on land maintained by the Council must seek approval for this and provide technical information to support the Council in its ongoing responsibilities.	The Public Art Strategy will set out the process to ensure that any public art is commissioned in line with best practice, and that any public art on CEC land – including that not directly commissioned by the Council - is designed, installed and maintained to the appropriate standards.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Head of Heritage, Cultural Venues, Museums and Galleries	30/09/2024

Finding 2: Cemeteries - risk assessments

Finding Rating	Medium priority
----------------	-----------------

The Large Memorials and Excavation of Graves (Mechanical and Manual) risk assessments were first documented in 2017/18 and have been reviewed annually, most recently in 2022. The risk assessment of the large memorials identifies relevant hazards such as crushing injuries from collapsing masonry and the risk of harm to the public and employees.

Risk assessments should be 'suitable and sufficient' to be considered valid in line with the [Management of Health and Safety at Work Regulations 1999 Regulation 3\(1\)](#). This risk assessment cannot be considered as suitable or sufficient due to the absence of following required details:

- sections to record further action required (such as manual handling, PPE, lone working risks) and by whom and completion date were blank and no other control methods were documented
- risk assessment asks the assessor to record any other specific risk assessments required, for example for manual handling, personal protective equipment, work equipment and lone working; none of these are noted as required which is not appropriate
- risk of crush injuries to members of the public is identified, however, the risk assessment does not detail the controls required to manage these risks such as creating a safe zone by putting hazard tape or signs around an area where masonry might fall, or monuments may fall over

- the risk assessment does not distinguish between the risks that may arise at different graveyards; as an example, Greyfriars cemetery attracts thousands of visitors, so any potential risk to the public is greater and therefore it would be expected that the risk assessment identifies additional actions to be implemented such as more frequent inspections to ensure structures remain secure.

Management has advised that, in practice and as part of the visual inspection prior to testing, the area around memorials is assessed for trips, falls and traps if the memorial suddenly fails. Audit was also informed that when a memorial is found to be unsafe, it is laid flat the same day.

Risks

- **Regulatory and legislative compliance:** unsuitable or insufficient risk assessments does not comply with the relevant legal requirements
- **Health and safety (including public safety):** appropriate safety measures and processes are not followed when performing inspections or work within the cemeteries
- **Reputational risk:** the Council is exposed to an increased risk of litigation and claims for negligence, in the event of an accident.

Recommendations and Management Action Plan: Cemeteries - risk assessments

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Management should review the risk assessments in place for cemeteries to ensure they are complete, fit for purpose and aligned to health and safety guidance and regulations.	Risk Assessments have now been updated to incorporate gaps picked up in the audit.	Executive Director of Place	Service Director – Sustainable Development Operations Manager – Place Head of Regulatory Services Bereavement Services Operational Manager	31/01/2024 – already complete time allowed for gathering and review of evidence.

2.2	Management should ensure the risk assessments for cemeteries are aligned to the corporate risk assessment process.	A procedure for reviewing and monitoring safety management documents (including risk assessments) has been produced. Corporate Health and Safety are inputting into this process and an updated version will be produced taking into account their advice.	Executive Director of Place	Service Director – Sustainable Development Operations Manager – Place Head of Regulatory Services Bereavement Services Operational Manager	29/02/2024
-----	--------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------	------------

Finding 3: Cemeteries - identification and management of hazards associated with unauthorised scaffold installation

Finding
Rating

High priority

During the inspection of Greyfriars cemetery, the auditor observed a three-storey unauthorised scaffolding erected within the cemetery public space by independent contractors without Council knowledge and the required permit.

Officers at the cemetery were not aware of the unauthorised installation until highlighted by the auditor, who observed a large number of safety issues in relation to the scaffolding including:

- no warning signage around the scaffolding
- there were no boards to prevent falling objects and gaps where materials could fall through
- the contractors did not wear appropriate PPE and were working in an unsafe manner
- lack of perimeter fencing, allowing unrestricted access around and under the scaffolding and no restrictions to prevent others from climbing onto the scaffold
- the contractors had not displayed an inspection tag confirming the scaffold was safe to use.

Once alerted to the presence of the scaffolding and hazard by the auditor, Council officers were unable to identify the contractor and attached a laminated sign advising that the scaffolding should not be used and to contact the Council. The scaffold remained in place for the remainder of the week and was removed without the knowledge of the Council.

The auditor noted, when the scaffolding contractor could not be identified, no action was taken by officers to prevent access under or around the scaffolding in the public place, and no risk assessment was completed.

It is recognised that health and safety risks should have been managed by the external contractor (not appointed by the Council), however once aware of any unauthorised installation, the Council also has the responsibility to perform a suitable risk assessment and as a result take adequate measures to ensure its land is safe from any potential health and safety risks for visiting children, adults, and vulnerable people. These measures include but are not limited to installing perimeter fencing/boundary, putting a warning sign for visitors, restricting ready access for children to climb onto scaffolding, removing/covering access ladders.

The Council also has the option of reporting the incident to the [Health and Safety Executive \(HSE\)](#) which has the powers to investigate and prosecute breaches of health and safety legislation including the power to make safe any unsafe situations and remove the scaffold themselves.

Risks

- **Regulatory and legislative compliance:** the Council fails to meet minimum health and safety legislation standards and requirements including risk assessments and good practice controls
- **Health and safety (including public safety)/ Reputational Risk:** employees and citizens are exposed to an unnecessary level of risk for longer than necessary, with the potential for fatalities and significant damage to the Council's reputation.

Recommendations and Management Action Plan: Control of unauthorised scaffolding

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	Management should develop a process to define the	A process for dealing with contractors in cemeteries which	Executive Director of Place	Service Director – Sustainable Development	31/01/2024 – already

	actions to be taken when there is an unauthorised scaffolding or other installations on Council public property that is dangerous with potential hazards to public safety.	includes detail on unauthorised scaffolding and other installations has been produced and circulated to staff.		Operations Manager – Place Head of Regulatory Services Bereavement Services Operational Manager	complete time allowed for gathering and review of evidence.
3.2	The inspection team should consult with their line managers and where necessary the Corporate Health and Safety team where hazards are found to ensure appropriate action is taken	See action 3.1 – this is covered by the action above.			

Finding 4: Play Parks – welding risk assessments

Finding
Rating

High priority

Welding fume is classified as a human carcinogen with no safe limit and the HSE issued a [safety alert and change in enforcement expectations](#) in 2019 which strengthened requirements for all welding fume, as general ventilation does not achieve the necessary control, including welding outdoors.

Discussions with engineers on site who conduct welding operations to repair play parks highlighted that:

- whilst airstream helmets have been provided to protect engineers for wearing whilst welding outside, discussion and observation with engineers on site found these are not worn and they instead rely on general ventilation to avoid breathing in welding fumes.
- engineers conducting welding operations outside had not implemented the controls specified in the risk assessment to protect members of the public from arc eye injuries (a painful corneal burn caused by exposure to the UV light emitted from welding which can be caused up to 10 meters away from the source of the light). The engineer advised they keep children and members of the public away from the welding operations.

The Service risk assessment, at the time of the audit, for welding, both in the workshop and on site, was inadequate as it relied on conducting welding in a 'well-ventilated area' and only required 'portable exhaust ventilation to be used' where general ventilation was not available.

In addition, the risk assessment did not make explicit the need to wear respiratory protection when welding on site resulting in employees potentially being exposed to unsafe working conditions.

The risk assessment had been reviewed annually, however, did not reflect the current standards required by the HSE, at the time of the audit, following the change in their enforcement expectations in 2019.

Risks

- **Health and safety (including public safety)/ Regulatory and legislative compliance:** lack of appropriate respiratory protection and arc eye controls may expose the employees and the public, respectively, to significant health risks and potential criminal and or litigation and claims for negligence.

Recommendations and Management Action Plan: Welding risk assessments

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
4.1	a) Management should complete an immediate review of the welding risk assessment and safe system of work to ensure the controls in practice reflect current HSE guidance, this should include clear instructions to engineers to wear the appropriate equipment.	Management has updated the welding risk assessment to reflect HSE guidance including clear instructions to engineers to wear appropriate respiratory equipment.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Fleet & Workshops Manager Operations Managers – Place Operations	31/03/2024

	b) Regular reviews and workplace inspections to ensure compliance with requirements should also be undertaken.	Phased implementation - Workplace inspections programme to be designed by the new Workshops Team leader once recruitment has concluded.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Fleet & Workshops Manager Operations Managers – Place Operations	To be determined following recruitment
4.2	Management should review and communicate the risk assessment to include revised welding guidance, supported by training (such as toolbox talks) to raise awareness of hazards amongst operatives.	Revised risk assessments have been circulated. Toolbox talks to be scheduled for early 2024.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Fleet & Workshops Manager Operations Managers – Place Operations	31/03/2024

Finding 5: Play Parks – inspections and remedial actions

Finding
Rating

Medium
Priority

The Council’s Health and Safety policy states that ‘Council will adopt best practice, when identified and maintain any place of work (or premises under Council control) in a condition that is safe and without risks to health.’ The following instances of unsafe practices at playparks were noted:

- Rotting timber handrails on play equipment was recorded in a November 2021 inspection but not resolved until the audit fieldwork completion with the equipment was still in use during this time. Management has also advised that an external RoSPA inspection of this playpark in late 2022 assessed the state of timber as 10 out of 25 with 13 requiring urgent action. The inspection recommended to replace rotten timbers.
- Hazards within playpark areas were observed – Glendevon play park perimeter fencing does not meet the required standard for play park fencing. In addition, a telegraph pole with cabling attached with cable ties and at a height in reach of children and was not fenced off until rectified.
- Auditor inspection of Morningside play park also noted damage to a lamppost following collision with a vehicle resulting in exposure of sharp edges and potentially un-isolated electrical cables, with no tape, barrier, or notification to warn of potential dangers. It is recognised that maintenance of lampposts within the playparks is the responsibility of Council’s Roads and Infrastructure team however, once a hazard is identified, action should be taken to minimise exposure to potential dangers to members of the public.

The Council’s policy on play park inspections includes a daily visual check with the option to close the play park if unsafe conditions are found. However, we noted at the time of our review that daily inspections are not being carried out on all playgrounds. This inconsistent inspection practice does not comply with the current Council policy and is therefore not a consistent and effective control for managing play parks health and safety risk.

The Royal Society for the Prevention of Accidents (RoSPA) recommends that play parks should be inspected weekly as a minimum requirement. It was noted that monthly inspections are currently carried out with well documented records to highlight identification of risks and addressing them through inspection, maintenance, and repair, however risks identified more than a year ago had still not been addressed. Management has advised that outstanding actions are low risk rated and risk actions are implemented as per a prioritisation approach.

Officers prioritise dealing with issues in the play parks that are perceived to be at higher risk, due to higher use. As a result, issues recorded in some play parks, perceived as lower risk, have persisted for a long duration.

Risks





- **Health and safety (including public safety)/ legislative compliance/ Reputational risk:** failure to meet minimum requirements to inspect playgrounds can lead to accidents or injury resulting in the Council being found negligent in the event of an accident or injury and exposed to a risk of litigation and reputational damage.

Recommendations and Management Action Plan: Play Park inspections and remedial actions

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
5.1	Management should assess the level of resource available to complete the playground inspection schedule in line with	An Organisational Review is due to start in 2024 and this will consider	Executive Director of Place	Service Director – Place Operations	31/12/2024

	the agreed policy and recommendations from RoSPA. This should be completed in line with the ongoing organisational review.	the required level of resource required as recommended.		Operations Manager – Place Head of Neighbourhood Environmental Services Technical Manager	
5.2	Management should consider developing arrangements to enable them to safeguard members of the public from identified hazards, including those the Council cannot resolve, such as temporarily fencing off dangerous areas ahead of any repair. The Service will need to consider what is reasonably practicable.	This is currently covered by the pre-existing play inspection procedures; however, the service will review the procedure and public safeguarding elements with Corporate Health and Safety under action 5.3	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Head of Neighbourhood Environmental Services Technical Manager	30/04/2024
5.3	The playpark inspection policy should be reviewed and updated in consultation with Corporate Health and Safety to ensure it is appropriate and reflects the programme of inspections that should be completed.	Play inspection procedures document will be reviewed and updated in consultation with Corporate Health and Safety to ensure it is appropriate and reflects the programme of inspections that should be completed.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Head of Neighbourhood Environmental Services Technical Manager	30/04/2024
5.4	Management should ensure there is continuous monitoring of critical and high-risk findings raised from the playground inspections and remedial action is taken in an appropriate timeframe.	There is currently continuous monitoring of critical and high-risks raised in playground inspections. An update on critical and high-risk findings will be presented regularly to the relevant management team meeting going forward.	Executive Director of Place	Service Director – Place Operations Operations Manager – Place Head of Neighbourhood Environmental Services Technical Manager Operations Manager - Performance & Systems Strategy	30/04/2024

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
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

Cross Directorate: Health and Safety – Findings only

31 October 2023

CD2311

Overall Assessment	Limited Assurance
-------------------------------	--------------------------

Contents

Executive Summary.....	3
Background and scope	4
Findings and Management Action Plan	5
Appendix 1 – Assurance Definitions	12

The Internal Audit charter approved by the Council’s Governance, Risk and Best Value Committee in March 2023 notes that IA reserves the right to raise findings on areas that have not been specifically included in the annual plan where significant or systemic control gaps are evident.

This internal audit findings only review is conducted for the City of Edinburgh Council under the auspices of the March 2023 Internal Audit charter. 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 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

Our review of Health and Safety of Outdoor Infrastructure completed in March 2023 identified several findings which indicate that the Health and Safety Management System across the Council is not operating as expected with the potential to cause serious injury and/or fatalities identified.

It is recommended that Corporate Leadership Team consider the issues identified thematically and consider whether a deep dive into health and safety across these areas is required.

Corporate Health and Safety audit programme / service inspections – the corporate health and safety audit programme across the Council’s buildings and sites was paused during Covid-19 and has not yet resumed. Additionally, there is limited evidence of effective workplace inspections by the services

- **fire safety and safe storage of equipment and hazardous materials** – onsite inspection by Internal Audit of Murrayburn Store found several unsafe storage conditions including LPG / compressed gas cylinders stored near a bulk chemical store, hazardous waste and possible contamination concerns, inappropriate storage of large unstable objects and blockage of a fire door and designated emergency exit route.
- **key person dependency** – business continuity processes are required to ensure that health and safety risks are regularly assessed and adequately managed. Risk assessments detailing risks and control methods required to protect employees health and safety at work within one team audited, where there had been long term absence of more than one team member, were five months out of date.

Audit Assessment

Findings	Priority
Finding 1 - Council Health and safety audit programme / service inspections	High Priority
Finding 2 – Skills, experience, and knowledge of managers	Medium Priority
Finding 3 – Fire safety, safe storage of equipment and hazardous materials	High Priority
Finding 4 – Key person dependency	Medium Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

Health and safety legislation consists of both primary legislation which describe general duties, and secondary legislation that places more specific or substantive duties on employers.

The [Health and Safety at Work etc Act 1974](#) is primary legislation which sets out the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all his employees.

Secondary health and safety legislation, in the form of regulations, makes clear the specific duties, in relation to the different types of hazards and risks, that an employer must fulfil in order to comply with the law.

The Council's [Health and Safety Policy](#) was approved in December 2020 and defines the Council's commitment to protecting the health, safety and welfare of employees and those persons who may be affected. The policy forms the basis for the health and safety management system and defines the operational goals, sets standards for performance, and identifies key roles and responsibilities.

Scope

During the fieldwork of outdoor infrastructure, Internal Audit interacted with officers and visited physical sites and premises. The auditor observed control gaps and findings related to general health and safety risks which have been included in this report, in line with the authority granted under the [Internal Audit Charter](#).

Risks

- Health and safety (including public safety)
- Regulatory and legislative compliance
- Reputational risk

Reporting Date

Testing was undertaken between December 2022 and March 2023.

Our audit work concluded on 31 August 2023, and our findings and opinion are based on the conclusion of our work as at that date.

The Head of Internal Audit raised the issues in this report which related to immediate health and safety risks directly to the Head of Corporate Health and Safety in March 2023. Following this, Corporate Health and Safety carried out immediate inspections to discuss issues with relevant officers.

Findings and Management Action Plan

Finding 1 – Council Health and safety audit programme / service inspections

Finding Rating	High priority
----------------	---------------

Prior to the Covid-19 pandemic, the Council’s Corporate Health and Safety team performed an audit programme across all Council land and property which helped to identify issues and ensure compliance with policies and legislation. Health and Safety audits were paused in 2020 due to Covid-19 to allow Health and Safety to focus supporting on Covid-19 requirements and at the time of the internal audit fieldwork, the programme of audits had not yet resumed, in large part due to resource capacity issues.

During fieldwork, officers working across sites advised they would welcome guidance and support from the Corporate Health and Safety team to effectively manage the range of health and safety issues which are presented across the various areas of the Council.

Corporate Health and Safety advised, that prior to the pandemic, workplace inspections were the responsibility of Services and were supported by Trade Unions at times, and that with six Health and Safety Advisers and circa 600 operational sites across the Council, the team are not resourced to undertake full site inspections on a programmed basis.

Risks

- **Regulatory and legislative compliance**
Health and safety (including public safety) / Reputational Risk: lack of an effective audit programme may lead to health and safety processes not being compliant with relevant legislation and Council’s Health and Safety Policy exposing the Council to employees and public safety risk with a potential to impact its reputation in case of an incident.

Recommendations and Management Action Plan: Resumption of service inspections and audit programme

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	Services should implement a robust programme of workplace inspections, initially focussing on the issues raised within this report, and checking whether similar issues are present across other workplace sites. Following this, the programme should be developed to ensure high risk sites are inspected quarterly.	Services will put in place a programme of workplace inspections for all workplaces. Trade unions will be invited to participate in workplace inspections as far as possible. Details of inspections should be recorded using the workplace inspection template, on the Orb Health & Safety pages, or relevant digital checklist/management system (e.g CAFM).	All Executive Directors	All Service Directors All Heads of Service	30/05/2024

1.2	Directors and Heads of Service should encourage a vigilant culture to comply with Council's Health and Safety policy and relevant legislation/Council guidance. Senior Managers should also maintain regular oversight of health and safety issues across the Council.	Directors and Heads of Service will review which H&S regulatory obligations apply to their area of responsibility and therefore which policies/guidance etc need to be applied. Services will engage with the Corporate Health and Safety Team to support with this action.	All Executive Directors	All Service Directors All Heads of Service	31/10/2024
1.3	The Corporate H&S team should undertake a review to consider the issues raised within this report and assess whether these issues are likely to be replicated across other workplace sites and to check that management are completing the workplace inspections as set out in recommendation 1.1 .	<ol style="list-style-type: none"> 1. The Corporate Health and Safety Team will carry out a council wide audit to confirm the status of workplace inspection regimes. Progress will be reported to the Council H&S group. 2. The Corporate Health and Safety Team will also explore options to report on completion of workplace inspections by Services as part of quarterly Directorate H&S Dashboard reporting. 	Executive Director of Corporate Services	Corporate Health and Safety Team	31/03/2024 31/10/2024

Finding 2 – Skills, experience, and knowledge of managers

Finding
Rating

Medium
priority

While the relevant managers for the areas reviewed have completed the Council’s mandatory and additional health and safety training, managers interviewed across multiple teams during the audit were not fully aware of the Council’s Health and Safety Policy or the regulatory requirements and therefore may not have the necessary skills, experience, and knowledge necessary to comply with the health and safety legislative requirements.

Some managers were not aware of the detail in the Council’s Health and Safety policy, which states that compliance with the statutory duties is the minimum acceptable performance standard.

Managers have developed an understanding of the general duties, the broad requirements to carry out risk assessments and to control risks at work but have not necessarily acquired the detailed knowledge of the regulations or the specific requirements in relation to the hazards that they were required to undertake the risk assessments on.

There was also limited evidence in some areas that those conducting risk assessments, or managing health and safety, have used the supporting materials, guidance, tools, or industry standards available through the HSE or the Council’s Corporate Health and Safety Team to inform the approach to risk assessment, risk management or inspection and monitoring, in the workplace. This may be an example of an issue that exists across the Council more widely.

Risks

Health and safety (including public safety) / regulatory and legislative compliance

- inadequately skilled or inexperienced officers lacking required understanding of the relevant regulations around health and safety may increase the risk that some Council processes are not compliant with regulations
- inadequate processes may be operating more widely leaving the Council exposed to unacceptable risks.

Recommendations and Management Action Plan: Skills, experience, and knowledge of managers

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Management should review the skills and experience of teams to ensure they meet the requirements of the Council and relevant legislation.	Following on from action 1.2 , Directors and Heads of Service will ensure suitable training arrangements are in place, reflecting the regulatory requirements in their service area.	All Executive Directors	All Service Directors All Heads of Service	31/10/2024
2.2	The Council should review the organisational arrangements it has in place to ensure sufficient oversight of risk assessment and risk control.	The Corporate Health and Safety Team will undertake this review, reporting back to the Council Health and Safety Group with its findings and recommendations.	Executive Director of Corporate Services	Corporate Health and Safety Team	31/10/2024

2.3	<p>Health and Safety training needs across services should be determined and completed as required. The HSE and industry bodies have produced combined industry standards and guidelines for some areas, that if adhered to, are accepted as adequate to meet the needs of the legislation. The HSE publishes extensively detailed, high quality and up to date materials including guidance and worked examples that can be used to help managers produce risk assessments that are, suitable and sufficient and therefore valid.</p>	<p>Following on from action 1.2, Directors and Heads of Service will ensure suitable training arrangements are in place, reflecting the regulatory requirements in their service area.</p>	<p>All Executive Directors</p>	<p>All Service Directors All Heads of Service</p>	<p>31/10/2024</p>
-----	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------	-------------------------------------------------------	-------------------

Finding 3 – Fire safety, safe storage of equipment and hazardous materials

Finding
Rating

High priority

Onsite inspection of Murrayburn store identified the following issues in relation to fire safety, safe storage of equipment and hazardous materials. The issues were raised immediately with management by audit to enable corrective actions to be taken:

- the building is a storage unit containing many combustible materials some of which, such as foam and plastic packaging, would release toxic fumes if ignited
- there does not appear to be any fixed automatic fire protection, such as a sprinkler system in the building
- a fire door was observed to be blocked by combustible materials and large concrete blocks consistent with the size and weight of those used to close roads. Safety signs, providing instructions to keep the fire exit clear were clearly visible, in good condition and prominently displayed on the door. The door opened inwards against the obstructions which would prevent people from the adjacent building using this exit if required in the event of an emergency.
- potential sources of ignition, such as the poorly controlled storage of LPG cylinders and compressed gas cylinders, stored next to the bulk flammable chemicals store were also noted to be near the warehouse.
- LPG and compressed gas cylinders were noted to be stored together which is against regulations and there are no warning signs to prohibit smoking or open flames next to the LPG store.
- many examples of poor storage practices were observed in the store including long heavy items propped up against walls without any securing straps to prevent them falling over
- several large items were noted to be stored on the ground as against the safer wall mounted storage
- dark staining from the chemical store to an open drain which could be a result of a chemical or diesel spill was observed, and an open topped

lubricant barrel was adjacent to the store which could overflow when filled by the rain. The soil around the drain was noted to be dark in dry weather conditions, which may indicate chemical contamination of the soil and surrounding area, including into the surface water drain, potentially resulting in environmental pollution.

- there was evidence of issues with rodents within the warehouse, and an area where employees can store food and prepare drinks was noted to have a heavily contaminated working and switched on fridge which is unlikely to comply with the Council's Health and Safety hygiene standards. Management has advised that despite fridge not being taken out of use, the staff had not used it for a few years.

It is also noted that the Scottish Fire and Rescue service is changing the approach to responding to automatic fire alarms, and therefore the Council should ensure it is aware of, and limit fire hazards within sites, where possible.

These issues indicate that effective means of ensuring the health and safety of employees including routine inspection, monitoring, and taking corrective actions, when necessary, were not implemented for these premises.

The issues also highlight an ineffective system of governance and oversight at a corporate level to ensure that required systems and process are in place and are working effectively.

Risks

- **Health and safety (including public safety):** failure to comply with hygiene standards resulting in harm to employees working at the store
- **Regulatory and legislative compliance:** increased risk of incidents occurring and exposure to resulting liabilities and financial costs including fatalities or serious injuries, litigation, civil claims for negligence
- **Reputational Risk:** environmental impacts from potential leakages leading to significant financial penalties and reputational damage

Recommendations and Management Action Plan: Fire safety, safe storage of equipment and hazardous materials

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	Management should review the health and safety procedures across all sites and locations to ensure there is clear responsibility for health and safety, robust processes and adequate training and awareness amongst managers and operatives to ensure compliance with the Council's Health and Safety Policy and relevant legislation.	A review of the Duty Holder arrangements across all sites will be conducted by the corporate health and safety team, reporting back to the Council Health and Safety Group with findings and recommendations.	Executive Director of Corporate Services	Corporate Health and Safety Team	31/10/2024
3.2	The Council's Health and Safety Team should undertake an audit to determine how the role of Head of Establishment is being implemented across a representative sample of the Council and should report back to the Council Health and Safety Group.	The Council Health and Safety Team will undertake a detailed review of Duty Holder Arrangements across a representative sample of sites to establish if the resources provided adequately support Duty Holders in their role.	Executive Director of Corporate Services	Corporate Health and Safety Team	31/10/2024

Finding 4 – Key person dependency

Finding Rating	Medium priority
----------------	-----------------

Commencement of the Internal Audit of Outdoor Infrastructure was delayed due to absence of key individuals. The audit highlighted that effective management of several health and safety risks was compromised due to their absence.

A risk assessment, detailing the risks and control methods required to protect the health and safety of employees at work in this area had not been reviewed during the officer’s absence. As a result, the risk assessment was five months out of date, with no system in place to highlight and escalate that the risk assessment was due for revision or was out of date.

It was also noted that several of the open action items in the risk assessment had not been completed by their due dates.

Risks

- **Health and safety (including public safety) / Regulatory and legislative compliance:** absence of a robust governance and control framework and key person dependency resulting in key controls and processes not operating as expected exposing the Council to unforeseen risks.

Recommendations and Management Action Plan: Key person dependency

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	As part of the review at 1.2 management should review team capacity and workloads to ensure there are appropriate documented arrangements in place ensure the continued management of health and safety risks, including completion of required risk assessments during periods of absence or if key individuals leave the Council or move roles.	As part of action 1.2 Heads of Service will ensure adequate arrangements are in place to ensure that team capacity and workloads are covered, and contingency arrangements are in place for health and safety risks to continue to be assessed and mitigated during key officer absence and when key individuals move/leave roles.	All Executive Directors	All Service Directors All Heads of Service	31/10/2024

Appendix 1 – Assurance 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

Management of Ad hoc Mixed Tenure Works

2 November 2023

PL2302

Overall Assessment	Limited Assurance
-------------------------------	--------------------------

Contents

Executive Summary..... 3

Background and scope 5

Findings and Management Action Plan 7

Appendix 1 – Control Assessment and Assurance Definitions 16

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

Limited
Assurance

Overall opinion and summary of findings

The controls established to ensure that the Council's policies and processes for engaging with owners and private landlords for scheduling and funding/payment for ad hoc common repairs across mixed tenure blocks require improvement. The following significant gaps, issues and areas of non-compliance have been identified, which if not addressed may expose the Council to risks and impact the achievement of Council objectives:

- there are no procedures for ad hoc common repairs where the Council is the lead owner completing repairs within mixed tenure blocks when handled by the locality offices. The Service have advised that they are aware of procedural gaps and a pilot project for emergency mixed tenure repairs is underway which will assist in developing procedures. Record keeping particularly in respect of the recording of decisions made, costs and recharging needs to be improved
- the audit highlighted that there is currently no recharging process when the Council lead on ad hoc mixed tenure common repairs process. The volume and value of ad hoc mixed tenure repairs being carried out and not recharged to owners is unknown and data for this is not easily accessible
- there are no documented post inspection checks carried out for ad hoc mixed tenure common repairs and there is no written quality assurance process in place and no checks of sub-contractor invoices are completed which carries a risk of overpayment. In circumstances where the repair is owner led owners are requested to submit photographic evidence of the repair completed
- the Housing Property risk register does not have specific risks which relate to the mixed tenure common repair process captured
- our audit highlighted a lack of performance data in respect of mixed tenure blocks.

This audit also included a review of a specific whistleblowing case related to mixed tenure works, the observations and findings of which are aligned to those identified in the wider review, therefore relevant recommendations have been amalgamated within this report to avoid duplication.

Areas of good practice

Our review identified:







- the process for logging mixed tenure repairs through Repairs Direct is effective and guidance is available for officers carrying out this task
- when Repairs Direct issue the repair directly to responsive repairs a flowchart is followed to ensure the repair is completed
- a pilot project is in progress for localities managing mixed tenure emergency repairs as the service has identified control gaps and has begun to take action to address these by trialling a new approach on two emergency cases
- the officers involved in the audit process demonstrated a commitment to customer service and improving processes.

Management Response to Executive Summary

We welcome the findings of the audit and are committed to developing a robust approach to the Council's role as landlord in ad hoc mixed tenure repairs. It is fully accepted that a review of the Housing Service's approach to taking the lead on mixed tenure repairs, how we deal with cases when owners take the lead and how we ensure that procedures are clearly defined, documented, and followed is necessary. Guidance currently given to officers is to limit the instances when the Council takes the lead to emergencies or exceptional cases only, but it is accepted that this approach requires to be reviewed.

There has been significant progress made in developing the Council's approach to planned mixed tenure works through the work of the Mixed Tenure Improvement Service and the learning, good practice and expertise that has been developed through that team is informing the development of procedures for ad hoc repairs. Guidance has been developed for officers and is being tested through two pilot projects; this will be used to inform the development of procedures moving forward. It is also acknowledged that progressing mixed tenure repairs and ensuring proper engagement with owners takes place is resource intensive and it will be essential to ensure that the service is resourced accordingly.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Ad hoc Mixed Tenure Common Repairs Processes and Procedures			Finding 1 – Processes and Procedures	High Priority
2. Funding/Recharging Arrangements			Finding 2 – Recording Key Information and Decisions	Medium Priority
3. Quality Assurance, Risk Management and Performance Reporting			Finding 3 – Quality Assurance Processes	Medium Priority
			Finding 4 – Role specific learning and induction	Low Priority
			Finding 5 – Performance Data	Medium Priority
			Finding 6 – Risk Management	Low Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

Mixed tenure blocks consist of housing accommodation (flats) owned by the Council, Registered Social Landlords and private homeowners, including private landlords. These blocks are occupied by owner occupiers, private tenants, Registered Social Landlord tenants and Council tenants.

Management provided a presentation on Mixed Tenure Challenges and Shared repairs which stated that 68% of Edinburgh residents live in flats.

There are 3,820 mixed tenure blocks. The Council have 12,615 flats in mixed tenure blocks. As an owner of social housing and a local authority landlord, the Council has an obligation to maintain and repair homes for its tenants and shares responsibility with other owners to maintain common areas of blocks. Common areas are the shared parts of a block out with the boundaries of the individual flat and include aspects such as the roof, external walls, stairwells and walkways, common windows, and doors, refuse disposal chutes/stores and drying areas.

The [Tenements \(Scotland\) Act 2004](#) provides default law, and where required, the legal framework to facilitate the delivery of essential repairs and maintenance to common (shared) areas of the block. The Act requires all owners in mixed tenure tenements (including the Council) to take responsibility for repairs and maintenance to common areas of the block. This responsibility extends to the liability for costs arising from work carried out to Scheme property.

According to [Scottish Government statistics](#), in 2021/22, 94% of Housing Revenue Account (HRA) monies came from income on rents and 41% was spent on repairs and maintenance.

One of the key objectives of the Housing Revenue Account (HRA) Budget Strategy 2018 – 2023 was to deliver improvements to mixed tenure estates.

The Council's [Mixed Tenure Improvement Service](#) was implemented in October 2020 and assists in arranging essential repairs and maintenance in tenements where the Council acts as an owner and takes the lead owner role to progress works.

[Edinburgh Shared Repairs Service](#) (ESRS) offers free advice and information to help owners organise repairs. They can also take the lead on a repair in default of owners, but these tend to be for higher value repairs.

The [Housing \(Scotland\) Act 2006](#) gives local authorities powers to provide a wide range of advice, information, practical and financial assistance to homeowners. [The Scheme of Assistance](#) aims to provide help and assistance to homeowners who require repairs to their home.

The service is currently running a pilot project in North East and South West locality offices for Housing officers to manage emergency repairs in mixed ownership block. The two pilot cases are running between July 2023 and October 2023 and will be reviewed by the Mixed Tenure Improvement board prior to implementation.

Officers advised there used to be a dedicated recharge officer who managed mixed tenure repairs, however, following a service re-structure in 2016, the officer was redeployed to a new role. Management have advised that as part of an ongoing service review, the need to establish some additional resources to support recharging to owners has been identified as a priority and will form part of the proposals.

Scope

Following conclusion of a whistleblowing investigation in August 2022, which included an allegation related to mixed tenure repairs, Internal Audit was requested by the Governance, Risk and Best Value (GRBV) Committee to review the circumstances relating to the specific allegation to ensure Council procedures were followed.

GRBV also requested that Internal Audit assess the adequacy of design and operating effectiveness of the current key controls established to ensure the Council's policies and processes for engaging with owners and private landlords for scheduling and funding/payment for common repairs across mixed tenure blocks are adequate and complied with.

Risks

- Service Delivery
- Regulatory and Legislative Compliance
- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Health and Safety

Limitations of Scope

Due to limited capacity within services and Internal Audit, the following areas were specifically excluded from the scope of our review:

- The Mixed Tenure Improvement Service where the service acts as an 'owner' in low rise tenements facilitating repairs and maintenance works
- Multi Storey blocks (5 storeys and above) where the Council is the factor
- Edinburgh Shared Repairs Service – which offers free advice and information to help owners organise repairs to the shared or common areas.

Reporting Date

Testing was undertaken between 06 July 2023 and 18 September 2023.

Our audit work concluded on 21 September 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 – Processes and Procedures

Finding Rating	High Priority
----------------	---------------

Our review found that there are no procedures within locality offices for the Council being the lead owner when completing mixed tenure repairs and highlighted that there is no process covering:

- the authorisation levels of mixed tenure repair works completed within the Localities
- the rationale and authorisation for completing ad hoc mixed tenure repairs is not documented, particularly for non-rechargeable repairs, where a decision has been made for the Council to pay for the repair, and therefore a conflict of interest could go undetected
- timescales and charging arrangements including the circumstances where the repair should be recorded as no recharge to owners
- guidance on what is determined as a Health and Safety repair should be established, as currently ad hoc repairs are being carried out on the basis that the repair poses a health and safety risk when it may not be applicable
- recording evidence of decisions made as documented in [finding 2](#) of this report
- post inspection and quality assurance checks as documented in [finding 3](#) of this report.

Our review also highlighted instances where:

- mixed tenure repairs are directed to the locality office, and the Council completes and pays for the ad hoc mixed tenure repair with no recharge to owners. Officers advised they arranged the repair if it affected their tenant to maintain good service, however, this was not consistent and grounds for carrying out repairs varied.

The policy and procedure register held with Tenant and Resident Services (TRS) is out of date and a number of actions are overdue. It was noted that the register was not up to date due to a lack of resource to update the register.

Risks

- **Financial and Budget Management** – loss of income to HRA Account and risk of overspend in HRA budget
- **Governance and decision making** – senior management may not have oversight of the delivery of the service
- **Workforce/Service Delivery** – frontline colleagues may not provide a consistent service and key person dependency is noted
- **Reputational Risk** - reputational damage due to tenant rents funding owner repairs
- **Regulatory and Legislative Compliance** - if guidance and materials are not regularly reviewed, they may no longer align with organisational and legislative changes
- **Fraud and Serious Organised Crime** – conflict of interest and potential instances of fraud could go undetected.

Recommendations and Management Action Plan: Processes and Procedures

Ref.	Recommendations	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	<p>Mixed tenure procedures which cover the process where the Council is the lead owner when completing emergency and responsive repairs within mixed tenure blocks should be documented, approved by senior management, and communicated to relevant colleagues.</p> <p>Procedures should include:</p> <ul style="list-style-type: none"> • authorisation levels for value of works to be completed. The rationale and authorising arrangement should be documented and stored in line with the service areas records management requirements • requirement for non-rechargeable repairs to be authorised by a senior manager and for the authorisation to be recorded on file • timescales and charging arrangements including the circumstances where a repair should be recorded as being no recharge to owners • guidance on what is determined to be a Health and Safety essential repair should be established • requirement to record evidence of decisions made as per finding 2 of this report • post inspection and quality assurance checks as per finding 3 of this report • in addition, documents should be held in a central location, and the version control and date of next review should be included on the procedure documents. 	Procedures, including appropriate authorisation procedures, will be developed based on best practice being followed by the mixed tenure improvement service.	Executive Director of Place	Head of Housing Operations	31/05/2024
1.2	Monitoring and review of the policy register should be allocated to a responsible officer, with appropriate contingency to cover absence and prevent key person dependency.	Recommendation agreed.			31/01/2024

Finding 2 – Recording Key Information and Decisions

Finding Rating	Medium Priority
----------------	-----------------

Our review found that records for carrying out an ad hoc mixed tenure repair including the reasons behind the decision and process followed were not formally documented. Although the repair is recorded on NEC, (the system used for housing management including repairs), much of the information which was relevant was stored in officer email inboxes which may not always be accessible, cannot be accessed by others without permissions and/or can be deleted.

Some records such as who carried out the repair, the total cost of the overall repair (or whether it was carried out as a gesture of goodwill) were not available at all. This is linked to a lack of formal processes and procedures which should include appropriate recording of key information and decisions taken (see [finding 1](#)).

Record keeping was found to be sporadic making it difficult to piece together when evidence of a decision is required. Lack of formal record keeping means officers cannot evidence that procedures were followed in line with council policies and code of conduct and may expose officers to allegations of misconduct or fraud.

Risks

- **Governance and decision making** – senior management may not have oversight of the delivery of the service
- **Reputational Risk**- risk of allegations of conflicts of interest
- **Fraud and Serious Organised Crime** – Fraud would be more difficult to detect
- **Financial and Budget Management** – best value may not be achieved
- **Regulatory and Legislative compliance** – the Council may not meet statutory and records retention requirements.

Recommendations and Management Action Plan: Recording Key Information and Decisions

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	<p>The mixed tenure procedures referred to in finding 1 should include how and where decisions for completed repairs should be recorded and detail how records should be maintained in line with the Councils' records management policy.</p> <p>The procedure for the recording of decisions where normal procedures is not followed, should include the rationale for the decision made, the outcome and the authorising manager.</p> <p>Records of decisions made should be electronically stored in appropriate locations/system, which is accessible to relevant officers as required, with appropriate protections for sensitive data.</p>	<p>Records of decisions made should currently be electronically stored in the NEC system.</p> <p>This will be specified in the procedures as outlined under action 1.1.</p>	Executive Director of Place	Head of Housing Operations	31/05/2024

Finding 3 – Quality Assurance Processes

Finding Rating	Medium Priority
----------------	-----------------

There are no quality assurance processes in place for the ad hoc mixed tenure repairs end to end process (including coverage of scheduling, processing, and recharging repairs). This is linked to a lack of formal processes and procedures (as detailed in [finding 1](#)).

Post inspections checks are not carried out. There is no process for checking the completion and the quality of repairs when it is arranged by either the Council or the owner and there is no cross checking of invoices received from contractors.

Additionally, there is no action plan for mixed tenure processing errors and no record of discussions or feedback with staff following errors. Managers advised errors are mainly noticed following a complaint and discussed informally with officers.

Risks

- **Financial and Budget Management** – the Council may not achieve best value from contractors and may be charged for work not completed
- **Governance and Decision Making** – management are unaware of issues and make uniformed decisions
- **Reputational Risk** - errors may not be rectified and could affect customers
- **Fraud and Serious Organised Crime compliance** – systemic issues which could indicate potential fraud are not identified
- **Service Delivery** – failure to identify areas of improvement and learning needs required to improve performance

Recommendations and Management Action Plan: Quality Assurance Processes

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	<p>A quality assurance programme should be created to review the completion and quality of repairs carried out in mixed tenure blocks. The programme should include a clear methodology which sets out:</p> <ul style="list-style-type: none"> • sample size of cases to be reviewed • how frequently quality reviews will be performed, and by which officers • what elements of the mixed tenure repair process will be checked - we would recommend that the areas highlighted in the audit finding are covered • lessons learned and remedial work to be performed • which officers and groups will receive the associated reporting on the results of quality assurance exercises. 	Recommendation accepted.	Executive Director of Place	Head of Housing Operations	31/05/2024

3.2	Documented procedures should be produced for the quality assurance process referred to in recommendation 3.1 above. This procedure should be aligned / integrated into the mixed tenure procedure document referred to in finding 1 .	Recommendation accepted			31/05/2024
-----	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------	--	--	------------

Finding 4 – Role specific learning and induction

Finding Rating	Low Priority
----------------	--------------

Whilst essential learning is accessed via and recorded on myLearning Hub, (the Council’s learning platform), and reminders are cascaded through the management team, it was noted that ongoing role specific learning or records of induction training are not stored centrally. Operations managers were unable to provide a completed, signed off induction or had access to what training colleagues had completed.

Risks

- **Workforce** – officers may not be completing all the required role specific learning for their role
- **Service Delivery** - opportunities to identify gaps in learning may not be captured and addressed fully and in a timely manner.

Recommendations and Management Action Plan: Role specific learning and induction

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	Housing management should engage with the Council's Learning and Development team to ensure that learning and development matrices on the Orb for officers are up to date and to agree arrangements for ensuring completion of training can be monitored by line managers as well as Heads of Service. Where relevant, local records should be maintained and accessible to evidence completion of statutory training.	Recommendation accepted	Executive Director of Place	Head of Housing Operations	31/05/2024

Finding 5 – Performance Data

Finding Rating	Medium Priority
----------------	-----------------

A review of performance data was completed which highlighted a lack of performance data for mixed tenure blocks with no current mechanism for monitoring the frequency or costs associated with low level (less than 4 storeys/8m) mixed tenure repairs where the Council covered the cost and did not charge owners their share. The volume and value of mixed tenure repairs being carried out and not recharged to owners is unknown and is not easily accessible. Officers advised this was due to having no procedures to progress repairs through the Tenement Management Scheme (TMS).

In addition, it was identified that the recording of mixed tenure data, where the Council took the lead on a repair, was not being coded within the Housing Property recording system NEC.

Risks

- **Strategic Delivery** – Council objectives may not be achieved
- **Financial and Budget Management** – Risk of overspend if cost and frequency is not monitored
- **Governance and Decision Making** – risks are not identified and managed
- **Service Delivery** – Colleagues are unaware of risk
- **Regulatory and Legislative Compliance** – Statutory requirements may not be met

Recommendations and Management Action Plan: Performance Data

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.1	<p>A review of the mixed tenure performance data should be completed to ensure that meaningful data can be extracted for monitoring purposes. How ad hoc mixed tenure repairs are recorded should be incorporated into the above review and should include:</p> <ul style="list-style-type: none"> • consideration of system improvements to the NEC system to ensure that mixed tenure repairs are being coded correctly within the system. IA appreciates that this may need consultation with the Council's IT providers. <p>If the above is not feasible alternative controls require to be implemented to address the control weakness identified.</p> <ul style="list-style-type: none"> • the ability to obtain meaningful reports for scrutiny and monitoring such as: 	<p>Phased implementation</p> <p>Phase 1 – engage with ICT/CGI colleagues regarding NEC upgrade potential</p> <p>Phase 2 - undertake review of mixed tenure performance data including consideration of system improvements and ability to obtain meaningful reports for scrutiny</p>	Executive Director of Place	Head of Housing Operations	<p>Phase 1 30/04/2024</p> <p>Phase 2 To be determined on completion of Phase 1</p>

	<ul style="list-style-type: none"> ○ a report which allows the monitoring and scrutiny of repairs where a decision has been taken to carry out a repair and not recharge owners ○ reports which include data such as the frequency, number and cost of repairs being carried out by the Council in mixed tenure blocks, out with those works led by the Mixed Tenure Improvement Service or works undertaken by the Council when acting as Property Factor in high rise blocks, would be more transparent and easily accessible. 				
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--

Finding 6 – Risk Management

Finding Rating	Low Priority
----------------	--------------

A review of the Housing Property risk register highlighted that although there was reference to mixed tenure in some of the wider risks within the register, there are no specific risks directly related to mixed tenure repairs recorded within the risk registers. Some managers were not aware of the risk register for their service and were not involved in discussions around risk.





Risks

- **Strategic Delivery** – Council objectives may not be achieved
- **Governance and Decision Making** – risks are not identified and managed
- **Service Delivery** – colleagues are unaware of risks impacting service delivery

Recommendations and Management Action Plan: Risk Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
6.1	<p>A review of risks related to mixed tenure repairs and works should be undertaken and risks identified should be recorded within the Housing Property risk register. This should include the risks associated with the issues raised in this report.</p> <p>Mixed tenure risks should be discussed with all relevant operational managers with mitigating actions agreed, recorded, and tracked as required.</p> <p>Mixed tenure risks should be embedded into regular team meeting discussions to increase risk awareness, with support sought from the Council's Corporate Risk team, if required.</p>	<p>Recommendation accepted.</p> <p>Mixed tenure risks in relation to ad hoc repairs will be incorporated into the updated Housing Operations Risk Register.</p>	Executive Director of Place	Head of Housing Operations	29/02/2024

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
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

Procurement - Contract Standing Orders

6 November 2023

CD2302

Overall Assessment	Reasonable Assurance
-------------------------------	---------------------------------

Contents

- Executive Summary 3
- Background and scope..... 4
- Findings and Management Action Plan 5
- Appendix 1 – Control Assessment and Assurance Definitions 14
- Appendix 2 - Contracts sampled 15

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

Reasonable
Assurance

Overall opinion and summary of findings

The design and effectiveness of the controls in place to manage procurement exercises in line with the Council's Contract Standing Orders provide reasonable assurance that the Council's objectives will be achieved. Our audit work has identified areas for improvement that, if not addressed, could expose the Council to associated risks.

Audit testing included sampling testing of eight procurements with a total contract value of £31,821,414 (see Appendix 2 for details of the contracts selected) and identified the following areas for improvement:









- some procurement documents were not approved by all required parties
- procurement documents with missing information and high-level information were noted

- incomplete audit trails to evidence the decisions reached for contract awards during the evaluation phase
- delays to the commencement of a procurement resulting in tender waivers and short-term extensions
- incomplete documented evidence to demonstrate that due diligence checks were carried out for particularly high or particularly low value bids
- no contract handover report for two of the procurements reviewed.

Areas of good practice

- the Contract Standing Orders in place are comprehensive and can be accessed easily by colleagues
- subject matter experts were included in the evaluation teams to provide financial, commercial, technical, and legal input at key points of the evaluation process.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Corporate Strategy, Policy & Procedures			No issues identified	N/A
2.. Tender Process			Finding 1 – Approval of procurement documents	Medium Priority
			Finding 2 – Completeness of procurement documents	Medium Priority
			Finding 4 - Delays in commencing procurements	Low Priority
			Finding 5 - Demonstrating due diligence of potential contractors	Low Priority
3. Evaluation and Negotiation			Finding 3 – Evidencing evaluation phase decisions	Medium Priority
4. Contract Award			Finding 6 – Contract handover reports	Low Priority

Background and scope

The [Contract Standing Orders](#) (CSOs) are the Council's legal and operational rules for how it buys goods, services, and works, from purchases of small value to millions of pounds. The CSOs are reviewed annually by the Council, with the last review taking place in 2023. The latest review identified a number of potential improvements that could be made, particularly in relation to effective governance and procurement practice.

The key stages of a procurement are outlined in the Central Procurement Services (CPS) internal procedure as follows:

- Stage 1 – an approved Procurement Requirement Form is received from the service requesting CPS support in order to initiate plans for a contract or framework agreement
- Stage 2 – the Procurement Plan/Strategy development period, which includes gathering information such as benchmark data, market research, spend data, and risk analysis
- Stage 3 – approvals period, where the plan/strategy is agreed with key stakeholders including budget holders, the senior procurement manager, and Finance
- Stage 4 – the Tender stage, where the tender is published, evaluated and a recommendation for award made. Once approved, issue standstill, award, and rejection feedback is performed
- Stage 5 – handover of contract management responsibilities to the relevant service.

The Council's [Commercial and Procurement Services](#) (CPS) supports all service areas across the Council to buy the goods, services and works needed to deliver Council commitments.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure compliance with the Council's Procurement Contract Standing Orders. A sample of procurements were reviewed across directorates.

Risks

The review aims to provide assurance in relation to the following Corporate Leadership Team (CLT) risks:

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Resilience
- Fraud and Serious Organised Crime
- Regulatory and Legislative Compliance.

Limitations of Scope

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

- the process following the handover of contract management responsibilities to the individual service areas. This will be covered by a separate internal audit of Supplier and Contract Management currently underway
- testing of controls related to changes to standing supplier data, as this review is focused on compliance with the procurement tendering processes
- targeted testing on the use of waivers during the period or procurement of consultants, as these will be covered by separate audits proposed for 2024-25.

Reporting Date

Testing was undertaken between 8 August 2023 and 5 September 2023. Our audit work concluded on 18 September 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 – Approval of procurement documents

Key documents that require approval within the Council’s procurement process include the Procurement Requirement Form, the Procurement Plan/Strategy, the Contract Handover Report, the Director’s Report, and the Contract Award Letter. Testing of 8 procurements undertaken between date and date identified:

2 instances where the Procurement Plan/Strategy had not received the appropriate approval:

- CT2835 - signatures were missing from the Service Area Representative, the Senior Category Manager, and the Finance Representative
- CT0863 - signatures are missing from the Finance Representative. However, evidence of the Procurement Board has been provided where the Procurement Strategy was presented which the Chief Finance Officer chairs.

1 instance where the Contract Handover Report had not been appropriately signed off or finalised:

- CT2761 - signatures were missing from the Service Area Manager and the Senior Category Manager.

Risks

- **Financial and Budget Management** - lack of evidence to verify that key documents have been appropriately scrutinised from the required departments such as finance, commercial, and legal, leading to a procurement commencing without full consideration of the risks and impacts, potentially exposing the Council to financial loss and/or reputational damage.

Recommendations and Management Action Plan: Approval of procurement documents

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
1.1	Management should remind colleagues of the importance of reviewing and approving procurement documents and ensuring that they have been scrutinised and signed off by all required parties. This should occur before the next stage of the procurement commences.	All staff involved in Tender activity reminded of the requirement to ensure relevant stakeholders sign the required documents. 1) by email (immediate) 2) team session.	Executive Director of Corporate Services	Head of Commercial and Procurement Services	31/12/2023
1.2	Management should introduce a process to perform an audit of a sample of completed procurements on a regular basis to confirm that the procurement documents have been reviewed and approved by all required parties.	Audit sample process/procedure for CPS-led procurements to be produced and implemented.			01/03/2024

Finding 2 – Completeness of Procurement documents

Finding Rating	Medium Priority
----------------	-----------------

Key documents that require completion as part of procurements include the Procurement Requirement Form (PRF), the Procurement Plan/Strategy, the Contract Handover Report, the Director’s Report, and the Contract Award Letter. Sample testing identified:

- the timelines set out in the procurement plan for CT1043 were outdated when the plan was approved and were not adhered to throughout the procurement
- the procurement plan for CT1043 recognised in the initial description that the procurement was being undertaken within a very short timeframe. However, no risk was then included within the risk section to reflect that the supplier may not be able to deliver the service within the required timeframe
- the procurement plan for CT1043 did not provide any wider justification as to why other procurement routes were not followed
- 3 instances were identified where the aims and objectives procurement plans were vague and too high-level and lacked specific application to the goods/services being procured

- the procurement plan for contract CT0997 was in a draft form, and did not include information within the timeline section relating to who is responsible for each event
- the PRF for CT0997 was incomplete as there were spreadsheets referenced that were supposed to be a part of the document, these contained details on the software licences required by the Council, but the documents were not embedded.

It is recognised that there is a degree of subjectivity in the observations made above regarding the aims and objectives for procurements.

Risks

- **Supplier, Contractor, and Partnership Management** – incomplete information captured within the procurement documents creates a risk that procurements have commenced without the appropriate scrutiny and challenge over planning, risk assessments, or timelines in place due to a lack of information.

Recommendations and Management Action Plan: Completeness of Procurement documents

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
2.1	Management should introduce a process to perform regular audits of a sample of procurements to ensure that procurement documents have been completed and finalised.	Audit sample process/procedure for CPS-led work to be produced and implemented, supplemented by refreshed training on completion of procurement plans.	Executive Director of Corporate Services	Head of Commercial and Procurement Services	30/06/2024

Finding 3 – Evidencing evaluation phase decisions

Finding
Rating

Medium
Priority

Upon receipt of tender submissions for a procurement, a panel, usually comprised of subject matter experts, will evaluate the quality of the submission by providing a score against each question from the procurement specification. Typically, the Council requires that each panel member performs an individual evaluation on each contractor and then a consensus evaluation is carried out on each contractor by the panel collectively.

If these discussions result in changes in the panel scoring, a panel movement column should be completed to evidence the reasoning behind the scoring change made to ensure that any rationale for the movement of scores is documented and can be referred to if subsequently challenged. There are no guidelines/parameters included in the consensus evaluation document as to when it is appropriate for movements, which increases the risk of bias and interpretation.

Review of a sample of 8 procurements identified:

- 2 instances where the panel movement column of the consensus evaluation document had not been completed for all contractors that were being evaluated. However, one instance a log of minutes from the panel meeting has been provided which shows how the consensus scores were reached
- we have seen emails evidencing the sign off of the matrix for three instances, but others have either been verbally signed off or reliance has been placed on a review of the award letter

- for CT2755, only one supplier response was received. An evaluation of the supplier was performed by three panel members, but the procurement plan did not set a minimum quality threshold, which is commonly employed by the Council across the other procurements tested and is important to safeguard against poor service provision where a low number of responses are anticipated. It is noted that the service being provided would be regulated by third parties, but this justification was not evidenced
- for CT2835, no formal panel scored evaluation was carried out. Two entities expressed an interest following the publication of the Prior Information Notice. The Council then entered into negotiation with both parties which included a Quick Quote being published. However, no further information is captured in the Executive Director's Report to transparently capture the impact of these negotiations, such as any changes to the procurement specification, that would allow approving members to assess the appropriateness of the concessions made.

Risks

- **Legislative and Regulatory Compliance** - potential challenge by an unsuccessful supplier as to why they were not selected. Lack of a minimum quality standard to support decision making could lead to the Council appointing low quality suppliers where they are the only submission. Incomplete records of changes being made during negotiations with suppliers could lead to material movements in the proposed service provision that may have attracted more bids if publicly available.

Recommendations and Management Action Plan: Evidencing evaluation phase decisions

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
3.1	Management should perform a documented signoff of the consensus evaluation to verify that all columns have been filled out for all potential	Content to apply additional management checks/sign off. There will however be a resource impact on CPS, and it will add to	Executive Director of	Head of Commercial and	30/06/2024

	contractors, to ensure that the scoring rationale is documented.	timelines for evaluation. Will also require change in procedures/process to be documented.	Corporate Services	Procurement Services	
3.2	Management should introduce a regular reminder to all colleagues that the evaluation documents should be fully completed for all potential contractors and that the rationale for scoring should be documented.	Will ensure regular reminders are provided to ensure evaluation documents are fully completed and where there are reasons not to, that this is also documented to provide robust audit for decisions made.			31/03/2024
3.3	Management should include guidance in the consensus evaluation document as to when it is appropriate for scoring movements to occur.	Commercial and Procurement Services do not agree with this recommendation. Scoring movement can occur on any question being evaluated – that includes when all 3 individual scores are initially the same. Evaluation is subjective. Risk accepted.	N/A	N/A	N/A
3.4	Management should ensure that justification for the potential inclusion/exclusion of a minimum quality standard is established within procurements where a low number of submissions are anticipated.	Recognise that there are different methodologies which can be applied taking account of the market conditions. This does not always mean a minimum scored weighting as noted above. However, the minimum acceptable level should be recorded with justification. Will address via staff training and Procurement Plan sign off.	Executive Director of Corporate Services	Head of Commercial and Procurement Services	30/06/2024
3.5	Management should ensure that a clear record is captured of any concessions made during negotiations with contractors. This should then be referred to within any subsequent reports produced for approval to allow for scrutiny and challenge.	In the instance checked, there were nil concessions made to the specification requirements as advertised. This was reported in meetings but not fully documented – agree with recommendation the approval report must include more detail where ‘negotiations’ are held. Will issue a reminder and include in refresh training.			30/06/2024

Finding 4 – Delays in commencing procurements

Finding Rating	Low Priority
----------------	--------------

Across the 8 contracts sample tested, we identified a trend of delays in the procurements commencing. It is recognised that a number of the procurements sampled occurred during the Covid-19 pandemic and delays were unavoidable given the disruption caused.

CT1043 – the following issues were noted:

- the Council decided in 2019 that they would not extend the contract that was in place with the supplier for the Christmas Market beyond 2021. Instead, they would pursue a new contract with a new supplier
- the Procurement Requirement Form (PRF) for this procurement was submitted in February 2022 despite the decision having been made to undertake the procurement in 2019. Part of the delay in submitting the PRF was due to a public consultation exercise as well as the Covid-19 pandemic. The PRF stated that the contract needed to be completed by Spring 2022 and presented to the Finance and Resources Committee in June 2022 for approval
- it took over one month to produce the procurement plan which was completed on 30 March 2022
- the procurement plan references that an open procurement had to be undertaken due to the tight timeline of this procurement. This also meant that there was no prior information notice published or any supplier engagement carried out. The contract was then awarded in June 2022.

CT2835 - was expected to go to the Finance and Resources Committee in May 2020, but the procurement was suspended in March 2020 due to the building based adult day support services being halted due to the Covid-19 pandemic. A new Prior Information Notice (PIN) was published in 2021 but further delays were encountered due to the building that was proposed to be used not meeting the standard requirements for service delivery.

CT2755 - the procurement process originally began in 2019. This was halted until March 2021 due to NHS Lothian being unable to progress the tender for this requirement, with the Council then having to take the lead for the procurement.

CT2761 - the initial PIN was published in 2019. Due to the pandemic, the original contract was then extended. A new PIN was then published in 2021 and then a further PIN was published in 2022.

Risks

- **Financial and Budget Management** - delays in the procurement process can lead to increases in costs to the Council due to the impact of inflation or may prevent the Council from accessing better value for money through regular market assessments.

Recommendations and Management Action Plan: Delays in commencing procurements

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
4.1	Management should ensure that there is sufficient planning in place to identify contracts that are due to expire within the next 12 months to ensure that procurements are undertaken in a timely manner. Consideration should also be given to establishing	Audit recommendation not accepted by Commercial and Procurement Services (CPS). CPS provide reminders to service areas of contracts on the register which are due to expire in the next 12-18 months.	N/A	NA	N/A

	<p>clear criteria as to when deferring the commencement of a procurement is appropriate to discourage this from occurring.</p>	<p>Service Areas decide whether a new contract/ re-procurement is required and submit a PRF. Delays in submission of an approved PRF can result in insufficient time to complete a contract prior to an existing contract expiring. CSO's allow for a four month tolerance period, however where this is not sufficient a 'waiver' of CSO's is sought requiring justification and approval. There are many other reasons which lead to 'deferral' of the commencement of a procurement and the existing 'waiver' procedure is provided to capture those instances.</p>			
--	--------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

Finding 5 – Demonstrating due diligence of potential contractors

Finding
Rating

Low Priority

Within a procurement evaluation, it is vital that appropriate due diligence is carried out on both a) the financial performance/sustainability of the supplier, and b) the relative appropriateness of the financial values attached to each of the supplier submissions. Emphasis should be given to validating the appropriateness/deliverability of any bids that include a particularly low value (or high value where income is to be received from a supplier).

For the sample of 8 contracts that tested, we identified:

CT1043 - there was a significant difference in the proposed income that would be received by the Council between the successful bidder (£5m) and the other two submissions (£1.2m) for land to be used to deliver the Christmas market. We requested documented evidence to demonstrate how the Council verified that the £5m was a valid bid and how the bid bridged the gap to the other two bids, but there was no documented report or inclusion in the Award of Contracts paper. Through discussions with Place, we were advised that the existing supplier for the contract had an open book audit undertaken by the Culture and Events Team, during which information was gathered on their operational model and used to compare to the model proposed by the successful bidder. An excel spreadsheet capturing the accounts for previous events was provided. We were also provided with evidence that the supplier was asked to confirm that the bid was accurate, and that advice was sought from legal colleagues within the Council on how to manage the high value.

CT0818 - there was a significant difference in price between the successful bidder (£1.7m) and the other two submissions (£2.4m/2.3m). We requested documented evidence to demonstrate the validity of the submitted price relative to the other bids, but no documented evidence could be provided. Through our discussions with Corporate Services, we were advised that the incumbent supplier won the contract and therefore TUPE costs wouldn't have applied to them.

Risks

- **Supplier, Contractor, and Partnership Management** – by not conducting and documenting a thorough due diligence exercise, there is a risk that the contractor's bid is not financially viable. This could expose the Council if the supplier is unable to deliver on the contract and may result in financial loss/reputation damage for the Council.

Recommendations and Management Action Plan: Demonstrating due diligence of potential contractors

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
5.1	Management should ensure that due diligence checks performed on the appropriateness of the financial values within bid submissions are clearly	The due diligence checks are set at the outset with finance colleagues. Where further assurances are required on bid submissions these are also agreed with	Executive Director of Corporate Services	Head of Commercial and Procurement Services	30/06/2024

	documented and made reference to within reports requesting approval for award.	finance and/or legal as appropriate. Agree that the information should be referenced with appropriate commercial sensitivity applied. Will issue communications to relevant staff to identify and include as appropriate. Will further address through refresh in training.			
--	--------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--

Finding 6 – Contract Handover Reports

Finding Rating

Low Priority

Once a procurement process has been completed, Commercial and Procurement Services will produce a contract handover report. The contract handover report contains information including a project summary, a table of tasks completed by the procurement lead, the date of completion, a link to the key contract documents, key contacts, conditions of the contract and any obligations, a forecast of cost, savings or benefits, and documented approval of the handover. This is then shared with the relevant service area to support them with their contract management responsibilities.

Our testing of the 8 procurements identified that there were 2 instances where there was no evidence of a contract handover report on file.





Risks

- **Supplier, Contractor, and Partnership Management** – colleagues taking over the management of the contract may not have sufficient information regarding the key terms and conditions contained within supplier contracts. This could result in poor management of the contract and the Council being delivered poor quality goods or services.

Recommendations and Management Action Plan: Contract Handover Reports

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officer	Timeframe
6.1	Management should perform a documented check after the award of the new contracts to ensure that the responsibilities of the contract have been handed over to the relevant service area in the form of a signed contract handover report.	Contract Handover reports are not completed for every contract. Where the requirement is low value/risk an alternative Mobilisation plan is completed. Will introduce a final check for CPS-led work to ensure appropriate handover action is completed and signed prior to moving a project from stage 4 to stage 5.	Executive Director of Corporate Services	Head of Commercial and Procurement Services	30/06/2024

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
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 - Contracts sampled

Contract Reference	Description
CT2792	A clerk of works framework to support the delivery of the Council's capital construction projects.
CT0997	Purchase of Microsoft licences for the entire Council.
CT2755	A service that offers overnight short break support for children with severe intellectual disability and autism spectrum disorder.
CT2835	To provide day care opportunities throughout Edinburgh for older people and people living with dementia.
CT0818	To provide new arrangements for offsite storage and management of paper records.
CT2761	Therapeutic play activities for children and young people that have been affected by bereavement.
CT0863 Lot 1	To provide access to independent advocacy services.
CT1043	Edinburgh Christmas Market.

Internal Audit Report

Port Facility Security Plan

24 October 2023

PL2305

Overall Assessment	Reasonable Assurance
-------------------------------	---------------------------------

Contents

Executive Summary 3

Background and scope..... 5

Findings and Management Action Plan 6

Appendix 1 – Control Assessment and Assurance Definitions 18

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

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 the application of the Port Facility Security Plan (PFSP) to ensure the safety of all pier users on cruise days at the Hawes Pier.

However, the following issues were identified which may put at risk achievement of objectives of the plan:

- the Port Facility Security Officer (PFSO) key-person dependency risk previously reported in 2022/23 has not been fully addressed, and contingency arrangements need to be further strengthened in advance of the 2024 season
- more effective oversight and risk management of the PFSP and PFSO role are required.

The following improvement actions were also noted:









- minor record keeping issues noted during the audit site visit should be resolved to ensure the completeness and ongoing review of supporting PFSP documents
- worn Council signage on the central pier wall should be escalated to the section responsible for pier cleaning and maintenance
- the port facilities security operations risk assessment requires updating to include consideration of infection control risks
- G4S contract conditions covering charging for hours worked should be reviewed to ensure that they are fit for purpose.

Areas of good practice

Our review identified:

- the PFSO is an experienced officer who holds relevant and up to date qualifications and understands their responsibility to ensure pier operations are compliant with Department for Transport (DfT) requirements and the PFSP
- during an onsite visit, the G4S security team were observed carrying out checks in line with the PFSP, and team members interviewed demonstrated an understanding of their roles and responsibilities in respect of the PFSP
- it was also noted that a small group of G4S officers with experience of working at the Pier have been made available throughout the current season to ensure greater consistency and familiarity with processes
- all medium and low rated findings raised by Internal Audit in 2022/23 have been implemented, and a sample check confirmed that actions are being sustained.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Port Facility Security Plan Compliance			Finding 1 – Records management	Low Priority
			Finding 2 – Escalation of pier issues	Low Priority
2. Ongoing Governance and Oversight			Finding 3 – PFSO: key person dependency	High Priority
			Finding 4 – PFSO/PFSP: oversight and risk management	Medium Priority
			Finding 5 – H&S risk assessment – infection control	Medium Priority
3. Third party security: contract and operational management			Finding 6 – G4S invoicing and supporting records	Low Priority
4. Outstanding actions from previous year's audit			See Finding 3	N/a

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council (the Council) owns, manages and maintains the Hawes Pier (the Pier) port facility in South Queensferry. Security at port facilities in the UK is governed by legislation and guidance including the [Ship and Port Facility Security Regulations \(2004\)](#) and is subject to oversight by the [Maritime Security & Resilience Division](#) of the UK government Department for Transport (DfT).

As owner of the Pier, the Council is responsible for ensuring an appropriate Port Facility Security Plan (PFSP) is in place, and that security arrangements are consistently and effectively applied in line with DfT requirements. The PFSP covers all aspects of security, is prepared and maintained by the Council using a standard DfT template, and subject to annual review and approval by the DfT. One of the key PFSP requirements is a designated Port Facility Security Officer (PFSO); a Council employee responsible for managing and overseeing security arrangements at the Pier on the days when cruise ships are visiting.

During a ship visit, third party users of the Pier must comply with the security procedures outlined in the PFSP. The DfT has the authority to undertake planned or unannounced visits/ inspections as they consider appropriate, and the DfT requires an annual independent audit of the PFSP (completed by the Council's Internal Audit team).

Cruise ship visits

The presence of a cruise ship in the Firth of Forth may present an increased risk of a security incident. Consequently, the Pier is designated by the DfT as a Temporary Restricted Area (TRA) during such visits. The cruise ship season is principally from April to October, with 34 visits scheduled in 2023. Visits usually last one day but occasionally involve anchoring overnight. The PFSP outlines the range of security measures and requirements which the DfT expect to apply at the Pier when cruise ships visit. Aspects of port security are outsourced to a third-party supplier, G4S.

Major Incident Exercises

Four security drills and one major incident exercise are conducted annually in accordance with DfT regulations. Major incident exercises conducted at Hawes Pier include multi-agency personnel. During the audit, plans for a 2023 desktop exercise were in progress, with a full-scale exercise to be held next year.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls to ensure the PFSP content remains compliant with DfT requirements; and confirming that the security controls detailed in the plan are consistently and effectively applied.

Risks

- Regulatory and legislative compliance
- Supplier, contractor, and partnership management
- Health and safety
- Reputational risk
- Fraud and Serious Organised Crime

Limitations of Scope

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

- The DfT had not completed any compliance reviews during the current cruise season, therefore, our audit did not include a review of outcomes of such inspections.

Reporting Date

Testing was undertaken between 16 August and 7 September 2023.

Our audit work concluded on 7 September 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 – Records management

Finding Rating	Low Priority
----------------	--------------

Some minor record keeping issues were noted during the audit site visit:

- The PFSO’s current counter terrorist check (CTC) clearance letter valid from May 2023 had not yet been added to the PFSP file for audit and DfT inspection. An electronic copy was provided to Internal Audit on request and the PFSO confirmed that they would add the paper copy to the PFSP file.
- A laminated version of the emergency contacts list, updated following the 2022 audit, was held in the PFSP file, however this list does not include any version control to confirm ongoing review and update. The PFSO noted that this had not been prioritised on the basis that no other Council officers currently have clearance to access this, and that up-to-date contact details were held on their mobile phone.
- Some superseded documents were also noted in the PFSP file.

Risks

- **Health and Safety** - out of date contact details could result in delays in contacting relevant Council personnel in an emergency as required
- **Regulatory and Legislative Compliance** – evidence cannot be provided that relevant and valid certificates to manage and operate security arrangements are in place.

Recommendations and Management Action Plan: Records management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	The PFSP file should be reviewed to ensure that all necessary key documents are held, and accessible to regulators / auditors for inspection, and that any superseded documents are securely disposed of.	PFSO to update file and share file location with Team Leader & Manager.	Executive Director of Place	Service Director - Operational Services Head of Network Management & Enforcement	31/01/2024
1.2	All plans, procedural documents and contact lists maintained and held in the PFSP file should include clear version control, including the date of last review, and the date of the next scheduled review.	PFSO to update file and share file location with Team Leader & Manager.		Transport Manager - Citywide Road Coordination Port Facility Security Officer	31/03/2024

Finding 2 – Escalation of pier issues

Finding
Rating

Low Priority

1 Worn signage:

A health and safety issue relating to signage was highlighted to Internal Audit by the G4S Supervisor during an observed hourly patrol of the pier. Two identical Council signs within the central pier wall were weathered to the point of being either difficult to read or unreadable. From the less worn sign it was noted that the signs included four orders / warnings covering speed, water and slippery surfaces. Whilst not a responsibility of the PFSO, the issue was known about and had also been raised by the local tender boats.

The Roads & Infrastructure Flood Prevention team are responsible for pier maintenance and cleaning however the issue was raised by Internal Audit with the Head of Network Management & Enforcement, who advised that they would explore a temporary solution within their own team until the issue is rectified.

2 Outcomes from DfT Inspection May 2022:

During an inspection in May 2022, the DfT raised concerns in relation to further securing two areas of the Temporary Restricted Area (TRA); these aspects of the inspection were scored as 'in conformity but improvement desirable'. The report noted that the PFSO is aware of the remedies required and is to advise of a time line for the work to be done as soon as they have one from the local authority. This work was ongoing during the 2022 internal audit.

During the current audit, it was confirmed that for one of these areas, further security measures have been put in place, however for the other area, potential solutions investigated have not been progressed due to concerns that they would cause damage to tender boats berthing in this area. It is understood that the DfT signed off on this.

Risks

- **Health and Safety** - failure to adequately highlight and warn of the risks of environmental hazards to pier users and members of the public
- **Regulatory and Legislative Compliance** – inadequate security measures in place to ensure the integrity of the temporary restricted area.

Recommendations and Management Action Plan: Escalation of pier issues

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Any Council H&S issues identified by any Council officer or other pier user should be recorded in the risk register (to be developed in recommendation 4.4) and escalated as soon as possible to the relevant Council team to ensure a timely resolution.	Designated PFSO to develop a risk register to record any issues identified for discussion at monthly meetings and escalated to relevant teams as required.	Executive Director of Place	Service Director – Operational Services Head of Network Management & Enforcement Transport Manager - Citywide Road Coordination Head of Roads & Infrastructure	31/03/2024
2.2	The Network Management & Enforcement and Roads & Infrastructure services should work together to ensure that the worn signage is replaced as soon as possible.	PFSO/Bridge Team to agree required signage and arrange for this to be installed.		Port Facility Security Officer	31/03/2024
2.3	Should the Council decide that no appropriate course of action can be taken at this time in respect of the TRA issue raised in the DfT inspection in May 2022, this should be added to the service risk register and subject to regular review and monitoring.	PFSO/Bridge Team to agree required measures and arrange for these to be installed.		Service Director – Operational Services Head of Network Management & Enforcement Transport Manager - Citywide Road Coordination Port Facility Security Officer	31/03/2024

Finding 3 – PFSO: key-person dependency

Finding
Rating

High Priority

The following issues were reported by Internal Audit in 2022:

- *Key-person dependencies were noted with no deputy Port Facility Security Officer (PFSO) available for Hawes Pier, and no formally documented contingency arrangements if the PFSO is unable to work.*
- *The need to improve succession planning for the PFSO, and to have a trained PFSO were included in the November 2019 pier risk register as medium actions. The PFSO has also escalated the lack of cover arrangements to line managers during 2020 and 2021.*
- *Whilst it is noted that the G4S security supervisor at Hawes Pier holds a PFSO qualification, DfT rules state that the PFSO must be employed by the City of Edinburgh Council. Therefore, the Council currently only has the one PFSO to provide guidance to the security team and perform the key operational functions of the pier.*

The management action for the above was closed in February 2023 on the basis that an ongoing organisational review would address the issues raised, however during this year's audit fieldwork it was confirmed that this review had not yet taken place.

The need for other Council officers to be identified as additional PFSOs and attend CTC training courses in advance of the 2023 cruise season was highlighted by the PFSO, and work has also been undertaken by management to investigate alternative arrangements (including use of agency workers or other port authorities), however, no formal contingency measures or succession plans were available to support any actions taken to mitigate the risks previously outlined.

In addition, it was confirmed that a key dependency risk specific to the role of the PFSO is no longer reflected in the service risk register; this was subsumed into a wider risk around service review when the risk framework was last reviewed.

The issues raised in 2022 have become more acute, with an increasing number of cruise visits scheduled in the current season (up from 22 visits in 2022 to 34 scheduled visits in 2023), and an excess of 42 visits likely in 2024.

During fieldwork, Internal Audit engaged with a DfT Maritime Security Compliance Manager who confirmed that the DfT would be unlikely to approve a security plan where an agency security officer is the PFSO.

Regarding the deputy role, the Council currently have a third-party deputy arrangement which has been confirmed with the DfT as acceptable. However, the DfT have stated their intention to clarify and strengthen the Port Facility Security Instructions (PFSIs) due to be rolled out to PFSOs later in 2023 to require the PFSO to be an employee of the company who operates the facility.

Risks

- **Health and Safety** - lack of adequate contingency arrangements for the PFSO resulting in an over-reliance and impact on the health and wellbeing of an individual
- **Regulatory and Legislative Compliance / Reputational Risk** - lack of a DfT authorised PFSO present on duty could mean no passengers can legally land on the pier.

Recommendations and Management Action Plan: PFSO: key-person dependency

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	<p>Management should further develop and formally document contingency arrangements in an operating procedure to ensure that DfT compliant PFSO cover can be provided in the event that:</p> <ul style="list-style-type: none"> the PFSO is unavailable to work the duration of a cruise call would require a shift change within this role the number of cruise calls within any period of days would require additional PFSO cover on a rotational basis. 	<ul style="list-style-type: none"> A DfT approved system of working has now been implemented. This system allows for the G4S PFSO trained and vetted member of staff named in the PFSP to deputise for CEC PFSO during a period of absence. The above system of working allows for a standard 14 hour shift or for an extended stay by the ship. Further to this, CEC now have an additional members of staff booked on PFSO training in October 2023 to provide PFSO cover should current CEC PFSO be unavailable for work. Additional trained CEC PFSO trained and vetted staff will allow for rota based staffing system going forward. Existing documents will be updated to reflect new ways of working. 	Executive Director of Place	<p>Service Director – Operational Services</p> <p>Head of Network Management & Enforcement</p> <p>Transport Manager - Citywide Road Coordination</p> <p>Port Facility Security Officer</p>	31/03/2024
3.2	Contingency arrangements should include consideration of succession planning in the event that the current PFSO were to leave their post.	Additional members of staff booked on PFSO training in October 2023 to provide PFSO cover should current CEC PFSO be unavailable for work. These staff will undergo appropriate vetting (CTC).			31/12/2023
3.3	Further contingency and succession plans developed should be subject to formal DfT approval before being finalised.	A DfT approved system of working has now been implemented. We will continue to work with DfT to ensure that future staffing /succession plans meet DfT requirements.			31/03/2024

3.4	Where the use of a third-party agency is proposed for any short-term elements of contingency plans developed, this should also be subject to DfT approval prior to being finalised.	A DfT approved system of working has now been implemented. This system allows for the G4S PFSO trained and vetted member of staff named in the PFSP to deputise for CEC PFSO during a period of absence.			Closed – Audit confirmation from DfT received 22/09/2023
3.5	The key dependency risk should be added to the service risk register and actively managed until the risk is mitigated to an acceptable level.	A risk on PFSO Resilience and Future Models of Delivery will be added to the relevant risk registers.			31/12/2023

Finding 4 – PFSO/PFSP: oversight and risk management

Finding Rating

Medium
Priority

Line Management

Management within Network Management and Enforcement advised that they have a clear understanding of both the operational and regulatory duties of the PFSO, and of the qualifications, experience and resources required to operate the facility, and that there are arrangements in place to support the PFSO in their duties.

Despite the support arrangements and understanding of general duties, audit found that there is a knowledge gap caused by a lack of other CTC trained officers within the service with access to the PFSP. This results in the support framework, including one-to-one check-ins, being less effective, and a reliance being placed on the diligence of the PFSO to ensure compliance with the plan and to self-monitor continued accreditation for their role.

It is also noted that uncertainties around the proposed organisational review and future alignment of the PFSO role have also impacted on operational effectiveness.

CTC Clearance

The lack of additional Council officers with CTC clearance also means that there is no opportunity for internal review of annual updates of the PFSP prior to submission to DfT for approval.

In discussions with Internal Audit, the DfT Maritime Security Compliance Manager confirmed that it would not be appropriate to give managers who do not have CTC clearance a full copy of the plan, however, it would be acceptable for the plan to be discussed with management where necessary, and that in sharing aspects of the plan there needs to be an awareness of the implications of the plan and its instructions. In practical terms, this means that the PFSO could share sections of a paper copy of the plan in an in-person meeting with a manager in order to review operations and promote more meaningful operational and performance discussions.

Risk Management

It is also noted that a risk register to identify, capture, assess and manage the risks associated with operation and delivery of the PFSP is not currently in place.

Risks

- **Regulatory and legislative compliance** - lack of effective oversight of compliance with the PFSP
- **Governance and decision making** – lack of effective risk management framework.

Recommendations and Management Action Plan: PFSO/PFSP: oversight and risk management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	Regular meetings should be scheduled between line management and the PFSO, in tandem with appropriate access being given to sections of the plan, in order to promote more effective meetings.	Regular meetings between designated CEC PFSO, Team Leader and Manager have now been diarised (4 th Tuesday of every month). Other PFSO trained staff (who will be able to deputise for designated officer) will join these meetings as and when required.	Executive Director of Place	Service Director – Operational Services Head of Network Management & Enforcement Transport Manager - Citywide Road Coordination	31/12/2023
4.2	Management should put a process in place to ensure that CTC certification does not lapse for the current PFSO, and for any other officers identified to cover this role.	Propose production of process maps to cover PFSO duties and Hawes Pier management. We will include a CTC certification check in one of these processes.		Port Facility Security Officer	31/03/2024
4.3	The PFSP should be subject to a second person check prior to being submitted to the DfT for annual approval, for example by discussion of proposed updates with a manager or another officer with CTC clearance.	Second person check of the PFSP to be undertaken by a PFSO trained and vetted person within CEC.			31/03/2024
4.4	In line with the Council's Risk Management Framework , a risk register for the PFSP should be developed and reviewed on a quarterly basis, ensuring that current and emerging risks are captured, documented, assessed, with mitigating action identified and implemented, and risks escalated to Service and Directorate management and the Council's Corporate Leadership Team risk committees where appropriate.	Designated PFSO to develop. Any issues identified can be discussed at monthly meetings and escalated to Service and Directorate management as required.			31/03/2024

Finding 5 – H&S risk assessment - infection control

Finding Rating	Medium Priority
----------------	-----------------

The current Port Facilities Security Operations risk assessment does not include consideration of any risks due to infections carried by passengers / crew or any other pier users or workers, for example, from Covid-19.

A maritime declaration of health form is received by the PFSO prior to each call, and this includes health questions confirming if there is anyone on board suspected of having a disease of an infectious nature, and any conditions on board which may lead to infection or spread of disease. In an example form provided for an August 2023 cruise, the answer to both questions was yes.

The PFSO noted in respect of Covid-19 that as there are no additional mandatory protections or restrictions currently required, it would be difficult to manage the risk effectively. It was also noted that cruise liners no longer routinely test for Covid-19; only now testing when symptoms are displayed.

The PFSO confirmed that infection control is considered when planning security drills and exercises, used to test elements of the PFSP, and a desktop exercise planned during September 2023 is to include infection control management.

Internal Audit consulted with a Council Health and Safety Adviser who noted that it would be good practice to update the risk assessment to record ongoing infection control issues, recommending reference to the following Scottish Government guidance, which includes a summary of the latest developments and sources of information and support, including sector-specific guidance:

- [Coronavirus in Scotland](#)
- [Coronavirus \(COVID-19\): safer workplaces and public settings](#)
- [Ventilation guidance](#)

Risks

- **Health and Safety** - failure to consider all key health and safety risks to Council officers, third party agents and citizens working and passing through the pier.

Recommendations and Management Action Plan: H&S risk assessment – infection control

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.1	Infection control should be added as a hazard to the Port Facilities Security Operations risk assessment and include consideration of any existing controls, and also any further actions that could be taken to minimise the risk, with reference to relevant Scottish Government guidance.	<p>Risk assessments will be updated in line with current procedures and recommendations.</p> <p>Health & Safety and risk assessment will be included as an item at the monthly meetings to ensure risk assessments are updated as infection control advice changes.</p>	Executive Director of Place	<p>Service Director – Operational Services</p> <p>Head of Network Management & Enforcement</p>	31/03/2024

	<p>This should include:</p> <ul style="list-style-type: none"> • remaining vigilant, in order to respond quickly and effectively to any changes in public health guidance • giving special consideration to areas of restricted environments <p>Management should seek support and guidance from the Council Health and Safety team as required.</p>	<p>Controls will be reviewed regularly.</p>		<p>Transport Manager - Citywide Road Coordination</p> <p>Head of Roads & Infrastructure</p> <p>Port Facility Security Officer</p>	
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------	--	-------------------------------------------------------------------------------------------------------------------------------------------------------	--

Finding 6 – G4S invoicing and supporting records

Finding
Rating

Low Priority

Invoicing

Security duties are undertaken by a team of officers provided by G4S under contractual terms. Due to concerns raised by the PFSO as to the consistency and accuracy of invoicing, the contract terms and conditions were reviewed by Internal Audit against current practice.

In relation to maritime duties, relevant sections of the contract specification are:

- the security team arrives on site **one hour prior to the anchorage** of the cruise ship
- there must be two security staff (one female and one male) on the security gate at all times **until the cruise ship departs**.
- the security team will consist of five staff at all times; one supervisor and four security officers, and that there must be a minimum of two female staff on duty for each cruise liner **up to 13 hours**. Should the duration go beyond 13 hours, the Service Provider will have a handover of staff.
- the Service Provider will provide officers to fulfil the operational manpower requirements - **100% Actual** to Contract (check **timesheets** / Daily Occurrence Books, iSAMS reporting)'.

The majority of cruise ships (27 of 34 in 2023) are scheduled to anchor at 7:00 and depart at 20:00; a total of 13 hours. In line with the contract, for this standard shift G4S officers would start work at 6:00 but may be permitted by the PFSO to leave prior to the cruise departure time if no longer required.

Cruises invoiced in June 2023 were reviewed by Internal Audit and it was noted that the 13-hour maximum shift period was consistently exceeded; **14 hours were routinely invoiced** for staff and 15 hours for the supervisor, and that hours worked were consistently paid until 20:00 hours irrespective of actual finish time.

From our review of the contract terms, the 13-hour shift maximum can never be met for standard cruise calls as officers are required from one hour prior to anchorage up to when the ship departs; a period of 14 hours. No shift changes were noted in the period reviewed, so either this condition, or the requirement to invoice actual hours worked is being routinely exceeded.

Staffing Levels and ratios

While the PFSO confirmed that contract conditions in respect of required staffing levels and male to females ratios had been met in the current season, no local time and attendance records were available to confirm this. Any issues are raised directly with the contractor, and finishing times advised verbally by the PFSO to the G4S supervisor to email on to their manager.





Risks

- **Supplier, contractor, and partnership management** - contract hours charged are not based on actual hours worked and limited evidence that staffing levels and ratios are met.

Recommendations and Management Action Plan: G4S invoicing and supporting records

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
6.1	<p>The contract terms and conditions should be reviewed, and a decision taken to provide an agreed position on the following:</p> <ul style="list-style-type: none"> If a working pattern of 06:00 up to 20:00 is deemed an acceptable length for a single shift, the contract should be varied to allow for this shift duration. If it is acceptable to management that officers can be routinely stood down early but still be paid until the ship departure time, this should also be made clearer in the contract specification. 	<p>Contract terms and conditions are currently being reviewed by the PFSOs manager and G4S with any amendments to be in place prior to the 2024 cruise ship season.</p>	<p>Executive Director of Place</p>	<p>Service Director – Operational Services</p> <p>Head of Network Management & Enforcement</p> <p>Transport Manager - Citywide Road Coordination</p> <p>FM Security Manager</p> <p>Port Facility Security Officer</p>	<p>31/03/2024</p>
6.2	<p>A Council attendance record should be completed and held by the PFSO detailing the names, gender and attendance times for all G4S Officers to ensure that contractual terms can be effectively monitored.</p>	<p>This will be included in operational instructions for site going forward.</p>	<p>Executive Director of Place</p>	<p>Service Director – Operational Services</p> <p>Head of Network Management & Enforcement</p> <p>Transport Manager - Citywide Road Coordination</p> <p>Port Facility Security Officer</p>	<p>31/03/2024</p>

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 3: GRBV EIJB Convenors meeting minutes October 2023

Date and Place of Meeting: 25 October 2023 MS Teams

Attendees: EIJB Audit and Assurance Committee (EIJB AAC) Convenor; the City of Edinburgh Council Governance, Risk and Best Value Committee (GRBV) Convenor; Head of Internal Audit (HIA); and note taker

Agenda items and discussion points:

Item	Subject	Discussion/agreed actions	Action by	Timescale
1	NHS Lothian (NHSL) participation and Frequency of meetings	<p>The Convenor of the NHS Lothian Audit and Assurance Committee was invited to the meeting by the Head of Internal Audit, but no response was received. Both Convenors agreed that a further informal invite should be sent, and an update will be provided in advance of the next meeting.</p> <p>It was agreed that the meetings should be held quarterly going forward with the next meeting in January 2024.</p>	<p>HIA</p> <p>HIA</p>	<p>30/11/2023</p> <p>31/12/2023</p>
2	CIPFA 'Internal Audit - Untapped Potential' presentation for Audit Committee Convenors	<p>In September 2023, the Scottish Local Authority Chief Internal Auditors Group (SLACIAG) hosted an online session for Audit Committee Convenors and Heads of Audit on the CIPFA publication Internal Audit: Untapped Potential. The GRBV convenor and Head of Internal Audit attended the online session and presentation slides were shared with the EIJB AAC Convenor. The GRBV convenor advised they found the session very informative and the EIJB AAC Convenor agreed that the session provides useful areas for audit committees to consider.</p> <p>Slides will be shared with all audit committee members via email and relevant MS teams channels.</p> <p>It was agreed that a future training session/ongoing development programme on audit would be helpful for both EIJB AAC and GRBV committee members.</p>	<p>HIA</p> <p>HIA</p>	<p>15/11/2023</p> <p>31/01/2024</p>
3	Annual reports and opinions	<p>The Council opinion annual report and opinion and EIJB opinion (circulated) was discussed.</p> <p>The Head of Internal Audit advised that next year annual reports will aim to consider the impact of audit work on risk scoring, reflecting the risks raised in audits and those that were dealt with outstanding at the end of the year. This was welcomed by both Convenors.</p>	<p>HIA</p>	<p>30/09/2024</p>
4	Progress/emerging issues from	4.1 Discussion on the current audits in progress:		

	<p>2023/24 audit work impacting EIJB, HSCP and the Council</p>	<ul style="list-style-type: none"> • EIJB Hosted Services in reporting and due to report to the EIJB AAC December 2023, and will be referred to GRBV in February 2024. • HSCP financial sustainability in fieldwork and due to be reported to GRBV in February 2024, and will be referred to the EIJB AAC in March 2024. <p>4.2 Discussion on upcoming audits:</p> <ul style="list-style-type: none"> • EIJB innovation and sustainability • EIJB workforce optimisation • HSCP Mental Health Services • HSCP Total Mobile project <p>It was agreed that these areas remain appropriate areas where members on both committees would like assurance.</p> <p>4.3 Emerging issues and areas of interest</p> <ul style="list-style-type: none"> • The GRBV Convenor raised the recent discussions at various Council committees on EIJB budgets and financial management and advised that members would be seeking more assurance in this area to ensure financial transparency. • Culture and leadership was discussed recognising several changes at senior level within the EIJB. It was also recognised that services are delivered across the Partnership by Council/NHSL colleagues and third party organisations. The relationship with the SSSC/Care Inspectorate and other partners and their impact was also recognised. • Progress with consultation on the National Care Service and timelines for the draft bill (January 2024) was discussed, including the need to define 'community health' functions. <p>These areas will be discussed with both the EIJB ACC committee and GRBV as part of the engagement for development of the 2024/25 EIJB and HSCP audit plans.</p>	No action	N/A
5	<p>Considerations for 2024/25 audit plans</p>	<p>The Head of Internal Audit provided an outline of the timescales for development and provided an opportunity for consideration of future audit areas. Engagement sessions with both committees are planned.</p> <p>As well as the emerging areas above, the following areas were suggested:</p> <ul style="list-style-type: none"> • Carer's support in line with the Carer's Strategy including provision of and access to respite services. 	No action	N/A

		<ul style="list-style-type: none"> • Effectiveness integrated services in delivering a person centred approach (where are they, how effective are they, how do people who use the services find them). <p>The Head of Audit advised that recent engagement on the 2024/25 audit plan with the Health and Social Care management team which includes the Chief Social Work Officer was productive with areas for suggestion including:</p> <ul style="list-style-type: none"> • Data management / assurance - linkage to forecasting/modelling • Quality Assurance - evidencing change in practice • Early Intervention - overall approach, demand/impact and whether delivering what needs from funding • Workforce management building on from the EIJB Workforce optimisation audit <p>These areas will be discussed with both the EIJB ACC committee and GRBV as part of the engagement for development of the 2024/25 EIJB and HSCP audit plans.</p>	HIA	31/01/2024
6	Date of next meeting	January 2024 – date to be agreed, will be dependent on availability of the new EIJB AAC Convenor.	HIA	31/12/2023

Appendix 4 – Key themes raised across completed audits

The table below provided a summary of the key themes raised across the completed audits; it should be noted that more than one key theme may be raised from an audit recommendation.

Key theme	Summary
Policies and procedures	Non-compliance and/or lack of comprehensive policies and procedures was noted as a key theme across all 5 audits. Issues included: missing procedures (where expected); lack of appropriate approvals; incomplete documents; deviation from existing procedures and lack of review processes / version control to ensure policies and procedures remain up to date.
Risk Management	Inadequate risk management considerations were noted across four audits. Issues included: incomplete risk assessments; limited processes for identifying, recording, and monitoring operational risks in some teams and a number of specific health and safety risks.
Records and data management	Inadequate records and data management issues were noted across three audits. Issues included: incomplete documents, missing records, issues with locating records and storage of records; version control/archiving issues; limited use of management information and inadequate record keeping to evidence decision making.
Roles and responsibilities	Linking to policies and procedures, specific issues were noted across two audits where roles and responsibilities were not clearly documented, communicated and understood.
Value for money	Contract management / procurement issues which could lead to issues in demonstrating achievement of value for money were noted in two audits.
Quality Assurance	Lack of systems and processes to check and confirm quality of works completed, services provided, or accuracy of internal transactions were highlighted across all five audits. Lack of effective quality assurance limits opportunities to support learning and development, improve service performance and to realise efficiencies.
Workforce	Key person dependencies and inadequate contingency arrangements were noted across three audits, resulting in failure for some tasks to be completed due to absence. One audit also noted the requirement to consider the workforce resources required to deliver services to required standards.
Business continuity/resilience	Links to workforce theme. Key person dependencies and lack of formalised contingency arrangements for specialist roles were highlighted in one audit.

Role specific learning/training	The need to ensure that role specific learning is completed, recorded and monitored was highlighted in one audit. In addition, ensuring that enhanced learning is provided to colleagues to support them fulfilling their role was highlighted, for example health and safety. In addition, ensuring that supervisors hold adequate training and understanding of areas to support and manage colleagues was noted.
Organisational Culture	The need to improve the culture of responsibility for health and safety organisational wide for both individual colleagues and managers was highlighted.