Governance, Risk and Best Value Committee

10:00am, Tuesday, 16 January 2024

Analysis of the top five areas of risk associated with issues raised in audits

Executive/routine
Wards

1.   Recommendations

1.1   Committee are asked to note the report, in response to the action 4.2 raised at GRBV Committee on 19 September 2023.

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Report

Analysis of the top five areas of risk associated with issues raised in audits

2.   Executive Summary

2.1   This report responds to the request from Governance, Risk and Best Value Committee to report back on an analysis of the top five areas of risk associated with issues raised in audits in Place, Corporate Services and Children, Education and Justice Services. The report also sets out an understanding of where there may be underlying and thematic weaknesses and what steps directorates are taking to manage risks in these areas at a Directorate and Council level where appropriate.

3.   Background

3.1   Directors of Place, Corporate Services and Children, Education and Justice Services were asked to bring a report to GRBV Committee in three cycles which analyses the top five areas of risk, associated with issues raised in audits. The report should set out an understanding of where there may be underlying and thematic weaknesses and what steps directorates are taking to manage risks in these areas.

3.2   The report highlights the five thematical areas of risk identified and details the response in relation to these at a Directorate and Council level as appropriate.

4.   Main report

4.1   While the action placed a requirement on individual Directorates to bring back a report, it is evident having carried out this analysis that, for a number of the thematical weaknesses identified, a Council wide rather than Directorate only response is required. This has not precluded Directorates from responding to the action highlighted in audits or from applying wider Directorate learning. However, in order to ensure more consistent approaches to managing key risks it is appropriate some of these are responded to more broadly, Council wide.

4.2   The current approach following audits is to have the Internal Audit team present at Directorate Risk Committees to share the audit findings and wider learning which can come from audit findings within individual Directorates. This in turn can result in

new or amended risk descriptions and actions being captured within Directorate Risk Registers.

4.3   The knowledge sharing does not stop at Directorates however, as the key findings of audits are also raised at the Risk and Assurance Forum with Operations Manager' representation from all Directorates to support wider organisation learning and to support the principle of continual improvement.

4.4   This learning process is being set out more explicitly in the new risk management framework document being prepared to provide greater clarity on the use of intelligence to drive risk management strategies.

4.5   The top five thematic areas of risk, associated with issues raised in audits were:

- Regulatory and legislative compliance

- Workforce

- Resilience

- Financial and budget management

- Governance and decision making

4.6   The risk strategies for responding to these are set out in appendix 1.

4.7   In addition, Services have improvement plans which are reported to committees with update reports setting out progress, examples of this include Children's Services Improvement Plan with Improvement board and the Education Improvement Plan, further details of which are provided at section 10.

5.   Next Steps

5.1   The new risk framework will be concluded with the support of the newly appointed Risk Management professionals and rolled out across the Council.

5.2   The learning opportunity from audits will continue to be taken using the forums for sharing this information, with Risk Management colleagues confirming with Services/Directorates these have been captured and detailed response within relevant risk registers.

6.   Financial impact

6.1   There is no direct financial impact associated with this report as the report is for noting. Actions being taken to respond to thematical risks will require resource to respond and manage these. Any additional resource requirement will be set out in separate reports where necessary.

7.   Equality and Poverty Impact

7.1   This report does not have a direct impact on equality or poverty.

8.   Climate and Nature Emergency Implications

8.1   This report does not impact directly in the climate and nature emergency.

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

9.1   This report highlights thematical risks identified through the audit process and the response at a Directorate and Council level as appropriate. The report also directs towards the broader risk management principles of organisational learning and continual improvement which are underpinned through the Council's Risk Management Framework.

10.   Background reading/external references

10.1   [7.3 - Standards Quality Report and Education Improvement Plan.pdf (edinburgh.gov.uk)](#)

10.2   [7.6 - Childrens Services Improvement Plan Update Full Committee.pdf (edinburgh.gov.uk)](#)

11.   Appendices

11.1   Appendix 1- Key themes raised across completed audits

Appendix 1 – Key themes raised across completed audits

The table below provides 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. A Risk Management update is included in terms of Risk Strategy, examples of actions.

Key theme	Risk Appetite	Summary	Risk Management Update
Policies and procedures	Governance and Decision Making	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.	All Operational Services instigated work to look at Council policies in terms of updates and ownership. The co-ordination of this was undertaken Council wide and a tracker was developed. Children and Justice Services use a policy and procedures tracker with fortnightly meetings in place to track progress. Further supportive work is needed to progress this area of work, and this is planned.
Risk Management	Governance and Decision Making	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.	The Council has allocated resource to recruit a Chief Risk Officer (now in post) and team of two Senior Risk Advisors to embed and develop the Council Risk Framework through developed systems and the application of risk methodologies through for example Risk Management training and workshops. The Risk Management team plan will further educate Council colleagues in services about the value of Risk Management in

Key theme	Risk Appetite	Summary	Risk Management Update
			terms of how this supports and enhances the management of risk within their teams and responsibilities.
Records and data management	Regulatory and Legislative Compliance	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.	The Information Governance Team deliver the Council framework through policies, procedures, underpinned by training and regular organisation wide communications. Colleagues are supported if and when matters arise. Data breach reporting is well established and used to show the risk context and allow the team to respond and support accordingly. Forthcoming advancements in the Councils technology options are welcomed to support this area of work further.
Roles and responsibilities	Governance and Decision Making	Linking to policies and procedures, specific issues were noted across two audits where roles and responsibilities were not clearly documented, communicated and understood.	**As noted above:** Strategic Change and Delivery instigated work to look at Council policies in terms of updates and ownership. The co-ordination of this was undertaken Council wide and a tracker was developed. Specific work has been undertaken to put in place documents clarifying limits of authority for key Place directorate services where there is a quasi-judicial element to their work.

Key theme	Risk Appetite	Summary	Risk Management Update
			Children and Justice Services use a policy and procedures tracker with fortnightly meetings in place to track progress.
Value for money	Financial and Budget Management	Contract management / procurement issues which could lead to issues in demonstrating achievement of value for money were noted in two audits.	The Contract Management manual and toolkit has been developed to support managers in contract management. The framework includes key performance indicator guidance as well as contract review meeting guidance. An example of creating capacity within services is where Children Education and Justice Services have created a Commissioning Team to support in terms of the work required in this area.
Quality Assurance	Governance and Decision Making	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.	An example of system development is the use of CAFM (Asset Management system) used within Corporate Property Facilities Management (Place). The system is used to manage statutory building requirements as well as building issued which arise. The use of this system is Council wide across all operational establishments. In terms of good practice, the service recently provided an overview to Business Manager colleagues in schools to update and advise in

Key theme	Risk Appetite	Summary	Risk Management Update
			terms of how the system works/supports/provides governance in terms of managing property related issues. Children and Justice Services have strengthened the Quality, Governance and Regulation audit team and a rolling audit programme is in place. The recent Oracle upgrade within the Procurement platform is in place and an update to the Councils HR system is planned for next Spring which will provide a link to Finance systems creating an integrated technology platform.
Workforce	Service Delivery	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.	The response to the critical motion of 31 August 2023 describes a series of risks in relation to the development of the Council's Workforce Plan. Examples of services undertaking actions to manage workforce supply risk are: Early Years – "Grow Your Own" an initiative that has been in place for some time and includes trainees gaining a child-care qualification. Facilities Management – drop-in locality sessions for janitorial/cleaning staff. Children and Justice Services run Social Worker recruitment events. Work is underway to strengthen links with Universities. Assistance is in place for colleagues to undertake Social Work qualifications.

Key theme	Risk Appetite	Summary	Risk Management Update
			Grow Your Own also rolled out to areas of Digital Services where posts may be difficult to recruit. This includes Customer. Colleagues in terms of good practice.
Business continuity/resilience	Service Delivery	Links to workforce theme. Key person dependencies and lack of formalised contingency arrangements for specialist roles were highlighted in one audit.	An example of managing roles responsibilities and key person dependencies is the current cross Council update of Business Impact Assessment which includes details of key people, resources needed and outage times in terms of agreed tolerances. There is a move to have all Council Business Impact Assessments on the Council's Continuity 2 Platform.
Role specific learning/training	Regulatory and Legislative Compliance	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.	A Board meets quarterly to discuss and agree whole Council essential/induction learning. Role specific learning is managed within services. There is a current emphasis on moving all essential learning content to MyLearningHub to support in terms of governance and employee accessibility to learning. Cyber Security is managed via Meta Compliance which prompts and reminds employees and managers of requirements. Completion of this training is actively monitored. There are structured communications around this to ensure ICT issues are aware when a new module is required to be completed.

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Organisational Culture	Regulatory and Legislative Compliance	The need to improve the culture of responsibility for health and safety organisational wide for both individual colleagues and managers was highlighted.	The revised Council Health and Safety strategy was agreed in January 2023. This seeks to build on wide ranging Health and Safety guidance through a prescriptive approach. There is for example an emphasis on the importance of Health and Safety as a standing agenda item at meeting. The use of key performance indicators and dashboards to quantify and support the management of Health and Safety risk is also part of the strategy. Recently headteachers were asked to use a standing item agenda for school Health and Safety Committees. This was developed and agreed jointly with EiS and has been welcomed by school colleagues.