

Culture and Communities Committee

10.00am, Thursday 14 May 2024

Internal Audit Update Report: Quarter 4 2023/24 – referral from the Governance Risk and Best Value Committee

Executive/routine

Executive

Wards

1. For Decision/Action

The Governance, Risk and Best Value Committee has referred the audit on Community Centres to the Culture and Communities Committee for information and asks that the Culture and Communities Committee:

- 1) Considers the audit in the context of the ongoing development of the Community Centre Strategy and;
- 2) Considers monitoring progress on implementing the recommendation.

Dr Deborah Smart

Executive Director of Corporate Services

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Referral Report

Internal Audit Update Report: Quarter 4 2023/24 – referral from the Governance Risk and Best Value Committee

2. Terms of Referral

- 2.1 On the 07 May 2024, the Governance Risk and Best Value Committee considered the Internal Audit Update Report: Quarter 4 2023/24.
- 2.2 The Governance, Risk and Best Value Committee agreed:
- 2.2.1. To note progress with the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023;
- 2.2.2. To note the outcomes of 2023/24 internal audits completed in Quarter 4;
- 2.2.3. To refer the audit of Health and Social Care Partnership Financial Sustainability and Monitoring to Policy and Sustainability Committee and requests that they consider monitoring:
- Recommendation 3.1 which covers the development of the procedure for the council owned elements of the MTFP
 - Recommendation 4.1 which identifies the work required to address factors contributing to delays in inputting financial data in Swift system
- 2.2.4. To note that a further progress update on delivery of the 2023/24 IA plan will be provided to Committee in June 2024;
- 2.2.5. To agree the Full Council request to add the following two audits into the 2024/25 IA plan and requests that internal audit review the webcast of this committee's discussion of 8.2 and that this is considered when the scope of the audit on Safety of Council Operated;
- 2.2.6. Heavy Vehicles is developed:
- Safety of Council Operated Heavy Vehicles
 - Early Years Cross Boundary Places
- 2.2.7 To agree an update to Appendix 4 of the 2024/25 IA Charter: Process for approving changes to the Internal Audit annual plan;
- 2.2.8 To note key IA priorities including progress with preparation of implementation of the new Global Internal Audit Standards;

2.2.9 To refer the audit report on Scaffolding for Housing Property Repairs to the HHFW committee and requests that they particularly consider recommendations:

- Finding 2 on Scaffolding Cost monitoring
- Finding 3 on Contractor performance monitoring

2.2.10 As both findings are red rated and yet the management response is in many cases to 'review' the audit recommendations but not to wholeheartedly accept them. It is recommended that committee probe officers on development of robust process around these to ensure best value for tenants is being achieved;

2.2.11 To request that the Housing Homelessness and Fairwork Committee request a report which covers the approach Housing Property will take to address the issues raised in the audit findings, including improvements to processes, procedures and a review of the procurement and framework arrangements, and that report is referred back to GRBV for scrutiny;

2.2.12 To agree that a summary of the Committee discussion on the audit on Scaffolding be included with the referred audit; and

2.2.13 To refer the audit on Community Centres to the Culture and Communities Committee for consideration in the context of the ongoing development of the Community Centre Strategy and requests they consider monitoring progress on implementing the recommendation.

3. Background Reading/ External References

3.1 [Governance, Risk and Best Value Committee – 07 May 2024 – Webcast](#)

4. Appendices

Appendix 1 – Internal Audit Report - Community Centres - PL2309

Internal Audit Report

Community Centres

12 March 2024

PL2309

**Overall
Assessment**

Limited Assurance

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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

Our review of established oversight arrangements for Community Centres found improvements are required to ensure Community Centres are safely and effectively managed. Our audit work has identified the following areas for improvement that, if not addressed, could expose the Council to associated risks:

- Community Centre leases are outdated, and lease terms require review. In addition, the Community Centre Handbook also requires to be updated. Without these controls in place the roles and responsibilities between the Council and Centre Management Committees could become unclear.
- controls to authorise and maintain oversight of keyholders require review.
- There is no arrangement for Duty Holders to receive management information relating to health and safety checks and planned preventative maintenance activities.






- a risk register has not been developed for the Community Empowerment & Engagement service area.

Areas of good practice

Our review identified:

- effective engagement with Management Committees regarding training and development opportunities delivered through EVOC.
- property condition surveys have been completed at all Community Centres in line with the Scottish Government's Core Facts guidance.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Governance and Oversight			Finding 1 – Community Centre roles and responsibilities	Medium Priority
			Finding 2 – Community Centre keyholder authorisation and oversight	High Priority
2. Health and Safety			Finding 3 – Oversight of Health and Safety activities	Medium Priority
3. Risk Management		N/A*	Finding 4 - Community Empowerment & Engagement Risk Register	Medium Priority

*N/A Control not tested due to inadequate design

Management Response to Executive Summary:

The Community Empowerment and Engagement Team welcome the findings of this Internal Audit, which enables them to build on their on-going work in developing a Community Centre Strategy and future operating arrangements. This work involves colleagues from across the Council.

The team was established following the Lifelong Learning Review which began in June 2022 and concluded in June 2023. Since then, the team has established a strong working relationship with Community Centre Management Committees.

Internal Audit have highlighted an issue where one Community Centre Management Committee had padlocked the fire exits of the building. It is important to note that this was an action taken by the Management Committee when the building was being closed after use. This was in part due to the Centre experiencing anti-social behaviour. A fire was started at the Community Centre last year which has resulted in the building now being closed permanently.

The audit report also highlights a need to ensure that Management Committees understand their responsibilities in respect of insurance cover. While it is the responsibility of the Management Committee to ensure that it has sufficient cover for all the activities which take place in the Centre, the Community Centre Handbook refresh will make this clear.

The team are currently implementing the agreed management actions, with early actions including developing a risk register and ensuring that an accurate record of keyholders is being prepared.

Background and scope

There are currently 35 Community Centres in Edinburgh where the Council both owns the building and provides day to day services in them. Each Community Centre is leased to a Management Committee which is a Charity in its own right.

Most Community Centres have Council staff on site from Business Support and Facilities Management. The level of staffing hours provided varies across each Centre. Named group leaders and members of management committees can also be keyholders, if they have been approved and trained by the Council.

Health and Safety

As duty holder, the Council has responsibility for ensuring compliance with applicable Health and Safety laws and regulations, including the [Health and Safety at Work Act 1974](#) and [Fire \(Scotland\) Act 2005](#).

An [assessment of Council owned Community Centre buildings in 2020](#) identified that improvements are required to the fabric of many of these buildings, with an estimated capital cost of £13.6m (which is currently unfunded) and the Place Q3 Risk Profile submitted to the Corporate Leadership Team Risk Committee in October 2023 noted that this figure has increased to £17m.

A Community Empowerment & Engagement service was established following a review of Lifelong Learning in June 2022. In March 2023, the Council's [Culture and Communities Committee](#) approved an approach to develop a Community Centre strategy, the establishment of a Community Empowerment Board and a time limited All Party Oversight Group (APOG) to oversee the strategic review and development of the strategy. A final Community Centre strategy is due to be presented to the Culture and Communities committee in May 2024.

Shared Prosperity Fund

Funding from the [UK Shared Prosperity Fund](#), a UK government scheme that intends to reduce inequality between communities, has been secured by

the Council for financial years 2023/24 and 2024/25 to provide training and development opportunities to Community Centre management committees.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of established oversight arrangements to confirm that Community Centres are safely and effectively managed.

Business Plan Outcomes and Risks

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

- Health and Safety
- Regulatory and Legislative Compliance
- Service Delivery
- Financial & Budget Management

And Council Business Plan Outcomes:

- People can access public services locally and digitally in ways that meet their needs and expectations and contribute to a greener net zero city.

Limitations of Scope

Review of individual funds for Community Centres was excluded from scope.

Reporting Date

Testing was undertaken between 5 December 2023 and 22 January 2024.

Our audit work concluded on 22 January 2024 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
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Finding 1 – Community Centre roles and responsibilities

Lease agreements have been established between the Council and Community Centre Management Committees. However, our review identified that some lease agreements are 30 years old. Management advised that a full review of leases is planned once the Community Centre strategy has been finalised.

Insurance clauses for some leases state that the Council should cover claims arising from Management Committees if they are in accordance with the lease. However, an internal paper authored by Corporate Health and Safety and provided to Lifelong Learning in September 2021 advised that insurance clauses in leases were not fit for purpose because the Insurance team had confirmed that the Council did not have, and cannot obtain, cover for Management Committee activities.

Lease terms state that Community Centres should be used to advance education or provide leisure and recreation activities to the benefit of the local community and for no other purpose without prior approval from the Council.

However, no central process is in place to approve events at Community Centres.

Business Support are currently trialling an event booking process that requires a risk assessment, but this would only take effect at Centres where there are Business Support officers who work on site.

In addition, a Community Centre handbook that sets out roles and responsibilities between the Council and Management Committees has not been updated since 2018, preceding an organisational review of Lifelong Learning.

Risks

- **Supplier, Contractor, and Partnerships Management** – the Council's conditions of let in Community Centres are no longer applicable.
- **Reputational** – adverse impact if the Council makes Management Committees cover costs expected to be covered by an Insurer.

Recommendations and Management Action Plan: Community Centre roles and responsibilities

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
1.1	A working group should be established with representatives including, but not limited to, Community Empowerment, Estates, Legal and Insurance, to review all lease terms for the Council's Community Centre estate. This should include issue of an interim update regarding Management Committee insurance claims as a priority.	<p>There is already a Community Centre Working Group in place made up of officers from service areas with an involvement in the Community Centre estate.</p> <p>Once the community strategy is approved a short life subgroup will be established, to review leases, will run in parallel with group progressing Community Centre strategy.</p>	<p>Owner: Executive Director of Place</p> <p>Lead officers: Head of Community Empowerment & Engagement</p> <p>Operational Estate Manager</p> <p>Community Empowerment & Engagement Managers</p>	30 April 2025

1.2	The Council should consider implementing a central event booking process, inclusive of all Community Centres, to ensure events held in the buildings have been risk assessed and align with the terms of the lease.	This will be investigated to look at viability. Committees will be updated on all aspects of roles and responsibilities in relation to management of external booking taking into account CEC policies. If central booking is not viable, the Council will risk accept.		31 December 2024
1.3	The Community Centre handbook should be reviewed and communicated with key sections such as the Task List reviewed annually to reflect organisational changes.	An interim revision will be made with full review in parallel with progression of CC strategy and revision of leases		31 December 2024

Finding 2 – Community Centre keyholder authorisation and oversight

Finding
Rating

High Priority

The Council's Trusted Keyholder procedure allows named members of management committees and group leaders to take on keyholding duties once they have been approved by the Council and a Keyholder Signing sheet has been signed by the keyholder and a Service Manager. A list of approved keyholders and their contact details should be maintained by the Council.

Our review identified that once a keyholder is approved by the Council, paper copies of the Keyholder Signing sheet are filed at the Community Centre and no process has been established to maintain a central register of Community Centre keyholders. Management advised that in some cases responsibility for managing the list of approved keyholders was delegated to Management Committees. The Council therefore cannot be assured of the completeness and accuracy of its keyholder records. Contact details of keyholders are also not captured on the Keyholder Signing sheet.

Approved keyholders should receive initial induction training and an annual refresher, which covers elements of fire safety and health and safety training. However, as the paper copies of the Keyholder Signing sheet are retained at the Centre and dates of induction training are not recorded centrally, there is no process to identify when keyholders' refresher training is due.

In addition, keys given to approved keyholders are not Restricted Security keys and therefore are not registered and protected from unauthorised copying or alteration. Management advised that at one Community Centre locks were repeatedly changed by a Management Committee, preventing the Council from gaining access to carry out health and safety and fire safety checks. On one occasion, it was identified that the Management Committee had padlocked fire exits. The building was subject to a fire incident in May 2023 and has since been closed.

Risks

- **Health and Safety** – Council buildings are opened for events by people or groups without the necessary health and safety/fire safety training.
- **Governance and Decision Making** – There is no effective oversight of Community Centres Key Holders which may lead to unauthorised individuals being key holders within the Centres.

Recommendations and Management Action Plan: Community Centre keyholding

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
2.1	<p>a) An exercise should be undertaken to contact all Community Centre Management Committees to reconcile the Council's list of approved keyholders with the actual list of keyholders across the Council estate.</p> <p>b) Any unauthorised keyholders identified should be reviewed as per the requirements of the Trusted</p>	<p>a) Community Empowerment & Engagement service will work with Business Support in each centre, where keyholding is operating to create an accurate list of current key holders. This is already underway.</p>	<p>Owner: Executive Director of Place Lead officers: Head of Community Empowerment & Engagement Community Empowerment & Engagement Managers</p>	31 December 2024

	<p>Keyholder procedure and a communication should be issued to the Management Committee reminding them of their responsibility not to share keys with unapproved individuals.</p> <p>c) A register of approved keyholders should be established to maintain central oversight of keyholders. The register should include recording the date of induction training and refresher training to enable ongoing monitoring.</p> <p>d) A process should also be established to contact management committees annually to ensure keyholder records are up to date.</p>	<p>b) CEET will contact all Committees where, keyholding is operating, to reminding committees of their responsibilities in relation to key holding. Discussions will take place with committees of non-Council staffed centres over the approach to keyholding.</p> <p>c) Business Support will set up a register of keyholders for each Centre (where there is keyholding) and this will be held on shared drive in each locality. The register will note dates of induction and refresher training.</p> <p>d) An annual timetable will be set up for Centres where there is keyholding to remind them to update records. This will be included as agenda item for all BUGs</p>		<p>31 December 2024</p> <p>31 December 2024</p> <p>31 December 2024</p>
2.2	<p>Once the Council has established a complete and accurate list of keyholders, consideration should be given to replacing locks at Community Centres, with Restricted Security keys implemented to ensure the Council has greater control over access to Community Centre buildings.</p>	<p>Carry out a review of Centres to establish which ones have security keys in place and put in place required changes.</p> <p>In discussion with FM decision needs to be made on whether to change locks on Centres where there is a lack information on who holds keys.</p>		<p>31 December 2024</p>

Finding 3 – Oversight of Health and Safety activities

Finding Rating

Medium
Priority

A briefing note was prepared in September 2022 that outlined the roles and responsibilities of Community Centre duty holders. Among the main responsibilities of the duty holders was overseeing and coordinating all repairs and maintenance activities with specialist support from other services, such as Repairs and Maintenance, Facilities Management, Asbestos Officers, and Water Safety Officers, available to assist in completing works.

However, our review identified that, while processes have been established by Facilities Management to monitor the completion of health and safety checks and planned preventative maintenance activities, there is currently no arrangement for duty holders in Community Centres to receive management information confirming that checks have been completed.

Quarterly Building User Group (BUG) meetings involve discussion of health and safety and fire safety issues in Community Centres, but meetings are not consistently held across the Council estate because they generally only take place in Centres where Council employees work on site. Our review also noted that, while previous minutes are discussed, there is no outstanding action log at Community Centre BUG meetings to ensure actions are monitored to completion.

Risks

- **Health and Safety** – checks and maintenance activities in Community Centres are missed or not completed timeously.
- **Governance and Decision Making** – Community Centres with no Council officers on site are disadvantaged when raising health and safety issues.

Recommendations and Management Action Plan: Community Centre health and safety activities

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
3.1	Duty Holders should agree and establish management information requirements with supporting services to enable ongoing oversight of health and safety checks and planned preventative maintenance activities in Community Centres.	A short life working group will be established with the Facilities Management and Health & Safety services to establish both the management information and process requirements for the duty holder role in respect of Community Centres.	Owner: Executive Director of Place Lead officers: Head of Community Empowerment & Engagement	31 December 2024
3.2	a) The scope of Community Centres BUG meetings should be reviewed, with consideration to establishment of alternative governance to discuss health and safety and fire safety concerns in buildings that do not have Council officers on site.	a) In non-staffed centres - CEET team to facilitate discussions/training with committees to ensure understanding of their roles and responsibilities in relation to H+S/fire risk management. BUG meetings will be established in non staffed Centres.	Community Empowerment & Engagement Managers	31 December 2024

	b) Action logs should be introduced for all Community Centre BUG meetings which include action owners, estimated and actual completion dates to ensure that actions are monitored to conclusion.	b) Action logs will be introduced for all BUGs with ownership of actions by each service area clearly noted		31 December 2024
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Finding 4 – Community Empowerment & Engagement Risk Register

Finding
Rating

Medium
Priority

The Community Empowerment & Engagement service area was established following an organisational review of Lifelong Learning which completed in June 2023. At the time of our review, the service area's Risk Register was still in draft, and management advised this was expected to be completed by April 2024.

As there is no service risk register in place for the management of Community Centre risks, we were unable to provide assurance that any identified risks were being effectively managed.





Risks

- **Governance and Decision Making** – Community Centre risks are not identified, mitigated, and escalated where necessary.

Recommendations and Management Action Plan: Community Empowerment & Engagement Risk Register

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
4.1	<p>a) A service risk register for Community Empowerment & Engagement should be prepared and approved by senior management.</p> <p>b) Once identified, risks relating to community centres should be recorded within the service risk register together with mitigating actions, lead officers and timescales for completion of actions. The risk register should be reviewed regularly to ensure it remains appropriate and up to date.</p>	<p>a) In partnership with Health and Safety colleagues complete CEET team risk register.</p> <p>b) Update risk register on a monthly /quarterly basis. Build on existing Place risk register that includes all community centres and establish system for ensuring all checks are in place that can be easily accessed by duty holders</p>	<p>Owner: Executive Director of Place</p> <p>Lead officers: Head of Community Empowerment & Engagement Community Empowerment & Engagement Managers</p>	30 April 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.