

Transport and Environment Committee

10.00am, Monday 18th November 2024

Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024 – 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 Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024 to the Transport and Environment Committee for ongoing scrutiny.

Dr Deborah Smart

Executive Director of Corporate Services

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Referral Report

Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024 – referral from the Governance, Risk and Best Value Committee

2. Terms of Referral

- 2.1) On 31 October 2024, the Governance, Risk and Best Value Committee considered the Internal Audit Open and Overdue Internal Audit Actions– Performance Dashboard as at 13 September 2024 report. The report provided an update on progress of open and overdue Internal Audit (IA) actions and key performance indicators.
- 2.2) The Governance, Risk and Best Value Committee agreed:
 - 1) To note the status of open and overdue Internal Audit (IA) actions and key performance indicators as at 13 September 2024.
 - 2) To refer the report by the Head of Internal Audit to the relevant Council Executive Committees for ongoing scrutiny of the overdue IA actions relevant to their respective remits.
 - 3) To refer this paper to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership Board.

3. Background Reading/ External References

- 3.1 [Governance, Risk and Best Value Committee – 31 October 2024 – Webcast](#)

4. Appendices

Appendix 1 – Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024

Governance, Risk and Best Value Committee

10.00am, Thursday, 31 October 2024

Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024

Executive/routine

Wards

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1 notes the status of open and overdue Internal Audit (IA) actions and key performance indicators as 13 September 2024
 - 1.1.2 refers this paper to the relevant Council Executive committees for ongoing scrutiny of the overdue IA actions relevant to their respective remits, and
 - 1.1.3 refers this paper to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

Laura Calder

Head of Internal Audit

Legal and Assurance, Corporate Services Directorate

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Report

Internal Audit Open and Overdue Internal Audit Actions – Performance Dashboard as at 13 September 2024

2. Executive Summary

- 2.1 This report provides an update to Committee on progress of open and overdue Internal Audit (IA) management actions and key performance indicators as at 13 September 2024.
- 2.2 As at 13 September 2024 there were a total of 202 open IA management actions, with 12 of these overdue (6%), a decrease of 15 compared to April 2024 (27).
- 2.3 Further detail on the status of open and overdue actions as at 13 September 2024 is provided in the open and overdue performance dashboard at [Appendix 1](#). This includes a comparison with April 2024.

3. Background

- 3.1 Progress in implementing open and overdue management actions raised in IA reports are reported monthly to Executive Directors and quarterly to the GRBV Committee.
- 3.2 This report specifically excludes open and overdue findings that relate to the Edinburgh Integration Joint Board (EIJB) and the Lothian Pension Fund (LPF). These are reported separately to the EIJB Audit and Assurance Committee and the Pensions Audit Sub-Committee respectively.
- 3.3 IA Key Performance Indicators (KPIs) to support effective and timely delivery of the IA Annual Plan were agreed by CLT and GRBV in May 2024 as part of the Internal Audit Charter.

4. Main report

Open and overdue management actions

- 4.1 [Figure 1](#) of the IA activity dashboard at [Appendix 1](#) illustrates that as at 13 September 2024 there were 202 open IA actions across the Council, with 12 actions (6%) overdue, and 190 actions (94%) not yet due.
- 4.2 The movement in open and overdue IA actions for the period 2 April to 13 September 2024 is reflected in [figure 2](#) which highlights that the total number of

open actions decreased by 2, as a result of the closure of 86 actions and creation of 84 new actions from the audits completed during the period (see [Figure 2](#)).

- 4.3 [Figure 2](#) also demonstrates the number of overdue actions have decreased from 27 to 12 since the last update to Committee in May 2024.
- 4.4 Evidence for three actions are currently being reviewed by IA. IA has continued to achieve the agreed KPI for reviewing all implemented management actions.
- 4.5 [Figure 3](#) and [Figure 4](#) illustrate the allocation of the 12 overdue management actions across all directorates. [Figure 4](#) shows the composition of the 12 overdue management actions as 6 High, 5 Medium and 1 Low rated management actions.

Ageing profile of overdue actions

- 4.6 [Figure 5](#) compares the ageing profile of current (September 2024) overdue management actions with the last reported period (April 2024) and shows actions overdue for:
- less than three months have decreased from 18 to 5
 - three to six months have increased from 3 to 4
 - six months to one year have decreased from 4 to 3
 - more than 1 year have increased from 2 to 3.
- 4.7 The analysis of the ageing of the 12 overdue management actions across directorates shown at [figure 6](#).
- 4.8 Appendix 2 provides details of all overdue management actions as at 13 September 2024 together with an update from management on progress with the action.

Management actions closed based on management's acceptance of risk

- 4.9 One management action was closed based on management's acceptance of risk during the period 2 April to 13 September 2024. Please refer to Appendix 3 for details.

IA Annual Plan Delivery

- 4.10 [Figure 7](#) shows that 12% of the 2024/25 IA plan is complete as at 13 September 2024 with 13 audits completed, 6 audit in fieldwork and further 11 audits in planning stage. Further detail on plan delivery and audit outcomes is provided in the IA Activity and IA outcomes reports.

IA Key Performance Indicators (KPIs)

- 4.11 Meeting the KPIs set out in the [agreed audit journey map](#) within the IA Charter is essential to support on-time delivery of the 2024/25 plan and timely preparation of the annual audit report for committee.
- 4.12 KPI performance to date is set out at [Figure 8](#). There have been some delays noted in:
- Heads of Service, Service Directors and Executive Directors approval of the internal audit terms of reference

- Internal Audit's scheduling of fieldwork close-out meeting and issue of draft report
- Service response to end of audit surveys.

4.13 IA is reviewing its internal processes to ensure timely completion of close-out meetings and issuing of draft reports and will continue to remind officers of the agreed KPIs and will escalate delays to Executive Directors as required to ensure timely completion and reporting on the outcomes of the 2024/25 IA plan.

5. Next Steps

5.1 IA will continue to monitor the open and overdue actions position and performance against KPIs providing monthly updates to Executive Directors and quarterly updates to the GRBV Committee.

6. Financial impact

6.1 There are no direct financial impacts arising from this report, although failure to close management actions and address the associated risks in a timely manner may have some inherent financial impact.

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 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.

9.2 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 [Open and Overdue IA Findings – Performance Dashboard as at 29 April 2024 – GRBV May 2024](#) – item 8.1

10.2 [Internal Audit 2024/25 Annual Plan](#) – updated May 2024

10.3 [Internal Audit Charter: IA journey map and key performance indicators](#) – May 2024

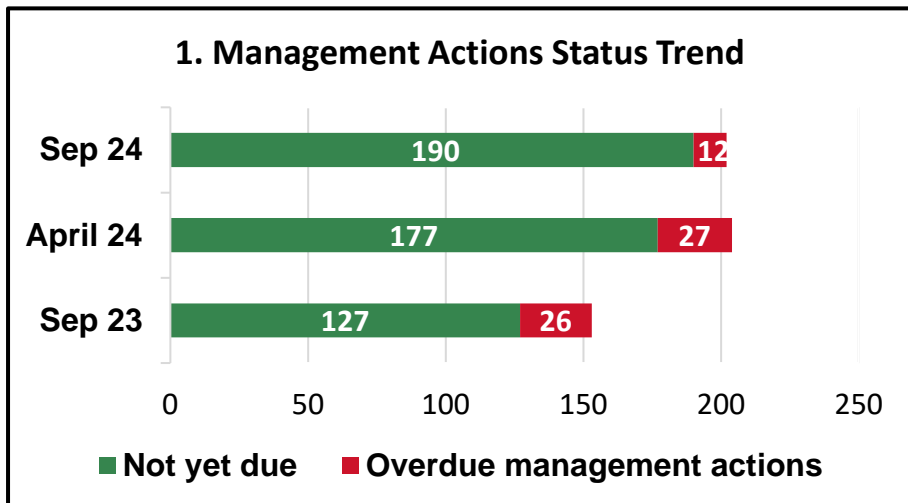
11. Appendices

11.1 Appendix 1: IA Performance Dashboard as at 13 September 2024

11.2 Appendix 2: Overdue IA actions as at 13 September 2024

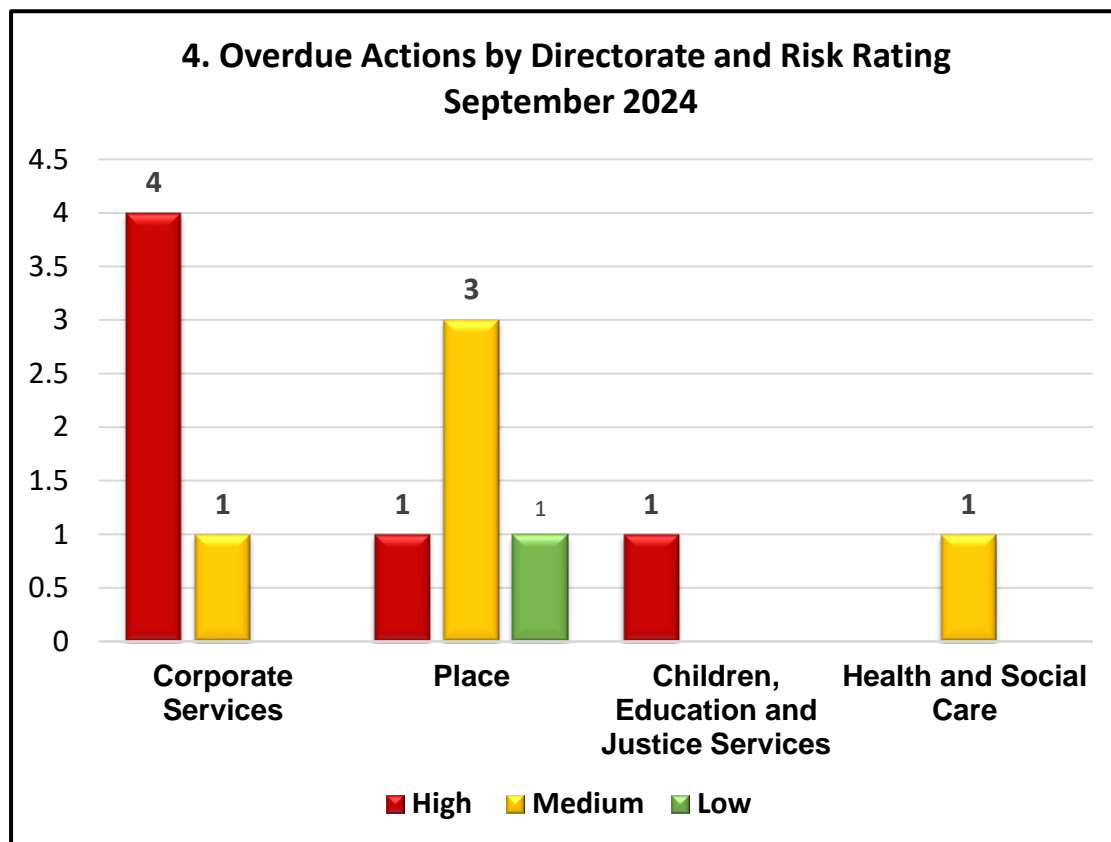
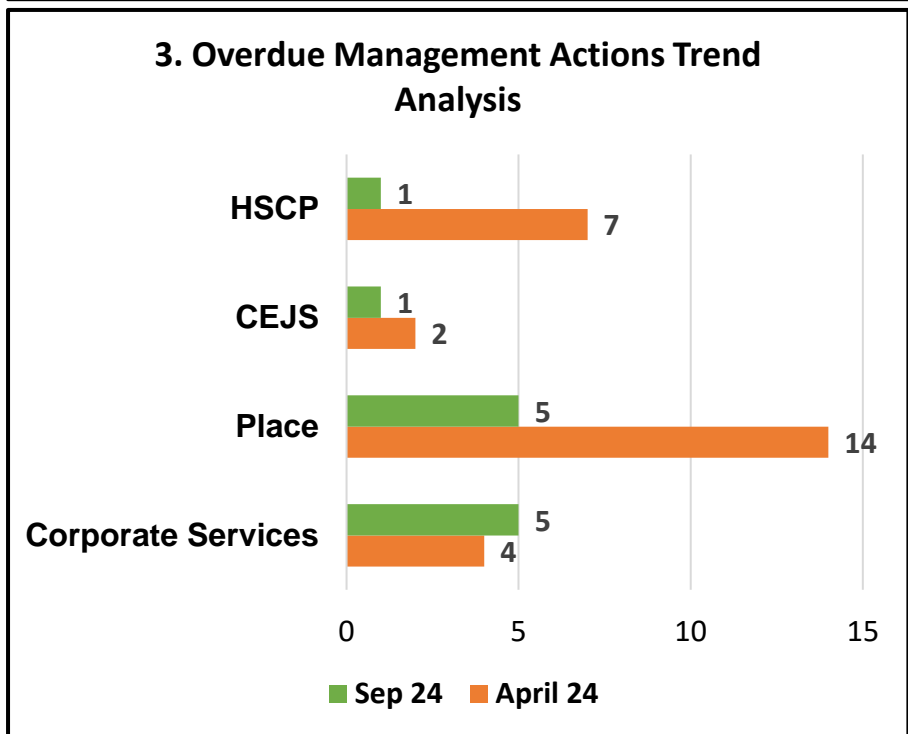
11.3 Appendix 3: Actions closed - management accepts risk 2 April to 13 September 2024

Appendix 1: IA Performance dashboard as at 13 September 2024

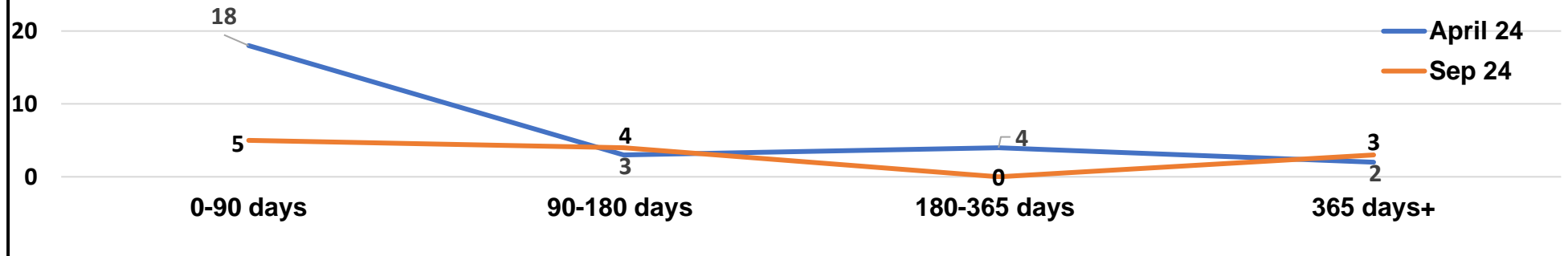


2. Analysis of changes in management actions between April to Sept 2024

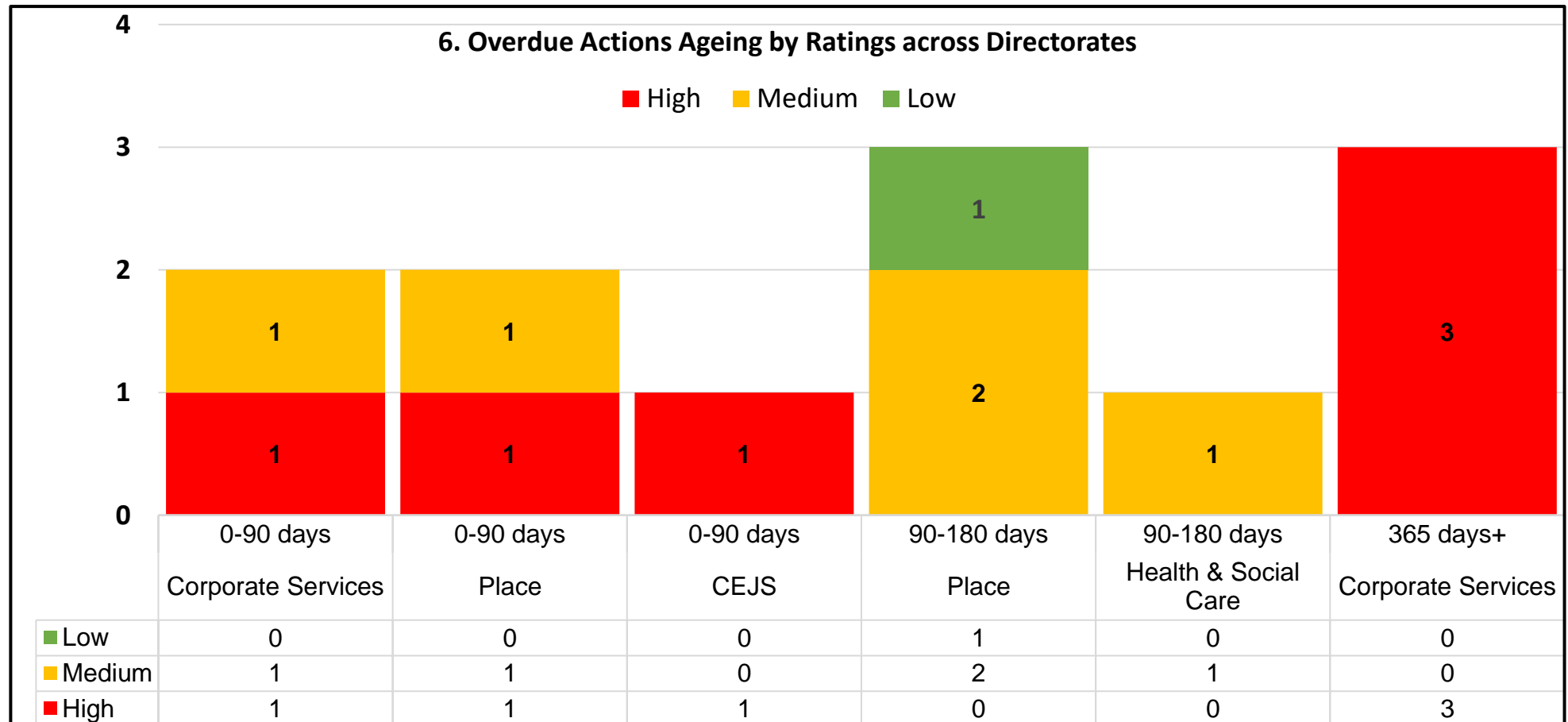
	02/04/2024	New	Closed	13/05/2024	Trend
Open Actions	204	84	86	202	↓
Overdue Actions	27	8	23	12	↓

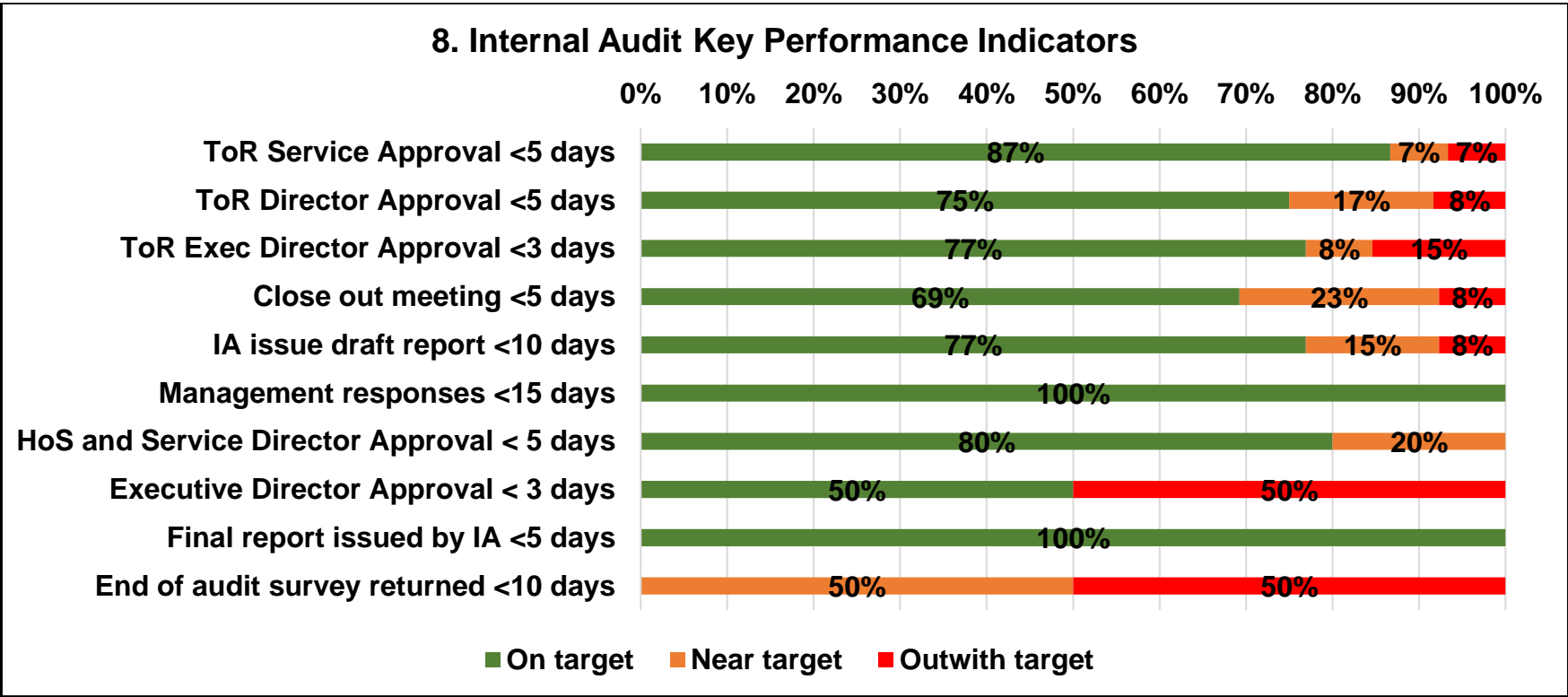
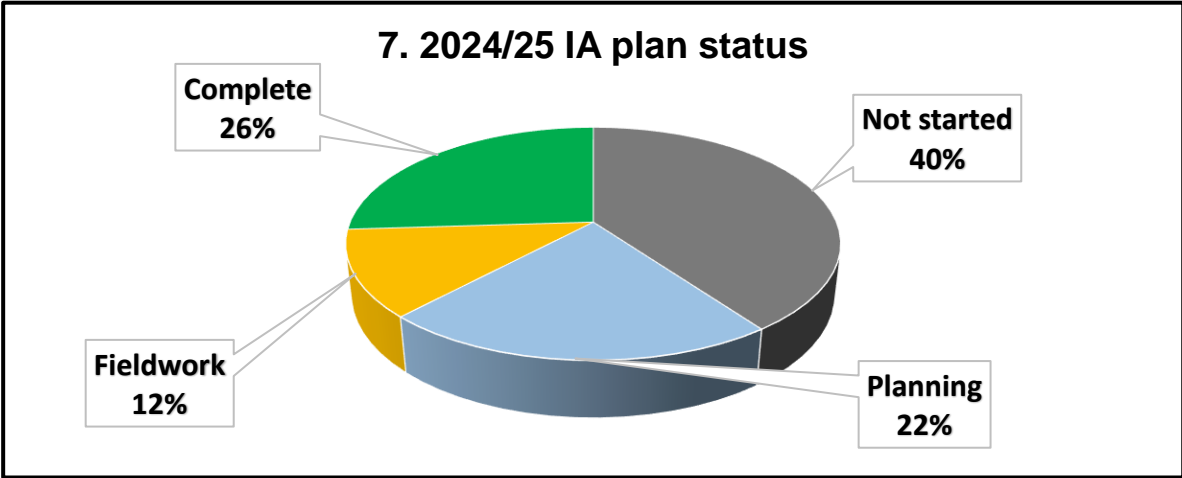


5. Overdue management actions ageing (April 24 vs September 24)



6. Overdue Actions Ageing by Ratings across Directorates





Appendix 2: Overdue audit actions as at 13 September 2024

Ref	Directorate	Committee	Audit Code	Audit Name link to report and date	% Progress	Recommendation Title	Priority Rating	Agreed Management Action	Status	Expected Date	Revised Date	Days Overdue	Status Update	Lead Director
1	Corporate Services	Policy and Sustainability Committee	CD2304	Cyber - Directorates Incident Response May 2024 B-Agenda report	0% 7 Actions 0 closed 1 in progress 1 overdue	1. Directorates Cyber Incident Response Phased Implementation Plan	High Priority	A Cyber Resilience Board has been established to manage and provide senior management oversight of this approach. This will include providing a detailed response to the actions set out in this report as a priority to ensure a consistent approach across all Council directorates.	In Progress	30/06/2024	31/10/2024	75	An updated report with actions and implementation dates is due to be presented to the GRBV Committee on 31 October 2024. Following this further actions will be tracked via TeamMate+	Executive Director of Corporate Services
2	Children, Education and Justice Services	Education, Children and Families Committee	CEJ2203	Self-Directed Support (SDS) Children's Services June 2023	83% 6 Actions 5 closed 1 in progress 1 overdue	1.1 - Review and Update of SDS Policies and Procedures	High Priority	SDS policy and procedures will be reviewed and updated and will specifically cover all the findings stated above. They will cover all services of the Council who implement SDS. (To be raised with Operational Director for HSCP). Once the policy and procedures have been updated, they will be approved by senior management and communicated to all relevant officers and a process will be established to ensure regular review. Staff will be trained in the updated policy and procedures. Updated SDS policy and procedures to link in with staff training across the Council.	In Progress	31/07/2024	31/10/2024	44	Policy is being presented to Committee in October.	Executive Director, Children, Education and Justice Services and Chief Officer, HSCP
3	Corporate Services	Finance and Resources Committee	CS2108	Payment Card Industry (PCI) Data Security Standard Compliance July 2022	39% 23 Actions 9 closed 14 in progress 1 overdue	2.1.2 Third Party Security Assurance - Risk Assessment	Medium Priority	System owners will review risks and record the assessment, controls, and mitigating actions.	In Progress	31/08/2024	31/12/2024	13	Implementation date revised to 31/12/2024 as this is linked to the work required from the QSA, and the deadline should have been extended when the other actions were agreed to be extended to December.	Executive Director of Corporate Services
4	Corporate Services	Governance, Risk and Best Value Committee	CW2001	Arms Length External Organisations (ALEOs) August 2021	29% 7 Actions 2 closed 4 in progress 3 overdue	1.1 ALEO Governance Framework	High Priority	Second line responsibilities for the design, implementation, and ongoing maintenance of an ALEO governance framework will be agreed; and an ALEO governance framework will be designed implemented, and communicated that incorporates all of the recommendations.	In Progress	30/09/2022	30/04/2025	714	Work is progressing with the review. Paper will be presented to Committee in January 2025.	Executive Director of Corporate Services
5						2.1 - Conflicts of Interest and Appointments	High Priority	A framework will be designed and provided to all ALEOs that makes recommendations for an appropriate composition of both elected members and independent members for inclusion in ALEO boards to ensure that there is an appropriate balance and mix of skills. The skills, background and experience required for Council Observers who represent the Council's interest at board meetings will be considered; documented; and consistently applied to all appointments. Each Directorate will be asked to confirm annually, that the background, skills and experience of each CO remains appropriate.	In Progress	30/06/2023	30/04/2025	441	Work is progressing with the review. Paper will be presented to Committee in January 2025.	Executive Director of Corporate Services
6						2.2 - Training	High Priority	Training materials will be reviewed. It was agreed at a meeting of full Council in June 2016 that EMs who were directors of Council companies would undertake mandatory training on their duties under the Companies Act. Training will also be made mandatory for COs. Completion of training by both EMs and COs will be monitored and where training has not been completed, Group Leaders will be notified.	In Progress	30/06/2023	30/04/2025	441	Work is progressing with the review. Paper will be presented to Committee in January 2025.	Executive Director of Corporate Services

Ref	Directorate	Committee	Audit Code	Audit Name link to report and date	% Progress	Recommendation Title	Priority Rating	Agreed Management Action	Status	Expected Date	Revised Date	Days Overdue	Status Update	Lead Director
7	HSCP	Policy and Sustainability Committee	HSC1902	Lone Working July 2020	95% 21 Actions 20 Closed 1 In Progress 1 Overdue	1 - Operational Procedures and Monitoring Controls	Medium Priority	1. roll-out of the lone working procedure and purple pack for supporting risk assessment procedures 2. review of lone working technology and devices as appropriate 3. consideration of processes to ensure post incident reviews and investigations for both HSCP and 3rd party lone workers 4. recording, review and monitoring of essential & role specific learning in line with the Council's re-fresh of templates and roadmap for development of MyLearning Hub 5. review of the supervision policy, adoption across all localities and teams as required, and consideration of KPIs for supervision.	In Progress	31/03/2024	31/03/2025	166	Work has been undertaken on lone working arrangements to ensure that we have the assurance of robust implementation of processes. A survey was undertaken with managers to review implementation and this has highlighted that more work needs to be undertaken to ensure these are embedded across all areas of the organisation. While 98% of those highlighted that the existing policies and procedures were shared with staff, further work was required on completion of risk assessments (25% still to be completed). Positively, of those risk assessments (in relation to lone working) undertaken, 89% had risks mitigated. Recognising that further work is still required to provide high levels of assurance that the lone working arrangements are embedded across the Partnership, the Service Director – Operations has agreed to chair the H&S Lone Working Subgroup and review & embed the actions highlighted in the recent survey / audit. This is particularly timely due to the new management structure having been implemented from 12 August. This will ensure that all new managers are familiar with their new portfolios and have assurance of procedure implementation.	Chief Officer, Health and Social Care Partnership
8		Housing, Homelessness and Fair Work Committee	PL2302	Housing Property Services: Management of mixed tenure works November 2023	56% 9 Actions 5 closed 3 in progress 3 overdue	2.1 - Records of Decision Making	Medium Priority	Records of decisions made should currently be electronically stored in the NEC system. This will be specified in the procedures as outlined under action 1.1.	In Progress	31/05/2024	30/11/2024	105	Recording of decisions on NEC is included in the Emergency TMS procedure. This has also been covered in training and is further reinforced via fortnightly ETMS working group consisting of staff group across localities led by Housing Operations Manager. Recording on decisions is made under Service Request tab in NEC repairs module. An ICT requesting is currently being taken forward by NEC to also include capacity to store documents to complement the decision making.	Interim Executive Director of Place
9						3.1 - Quality Assurance Processes	Medium Priority	A quality assurance programme should be created to review the completion and quality of repairs carried out in mixed tenure blocks. The programme will include a clear methodology which sets out: - sample size of cases to be reviewed - how frequently quality reviews will be performed, and by which officers - what elements of the mixed tenure repair process will be checked - lessons learned and remedial work to be performed which officers and groups will receive the associated reporting on the results of quality assurance exercises.	In Progress	31/05/2024	30/11/2024	105	New procedure was implemented 1 August and is being rolled out and tested with the teams, a review is planned for November after 3 months of operation to check how it is working	
10						4.1 - Role Specific Learning and Induction	Low Priority	Housing management will 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 will be maintained and accessible to evidence completion of statutory training.	In Progress	31/05/2024	30/11/2024	105	Housing Services have engaged with Council Learning and Development Team to ensure role specific learning for Emergency TMS are in place and can be monitored by line managers which and is now available on the Orb. Following structure change in line with the review, managers will review training of specific staff within each locality to ensure fully compliant with procedures and training.	
11	Place	Housing, Homelessness and Fair Work Committee	PL2307	Housing Void Management May 2024	20% 15 Actions 3 closed 1 in progress 1 overdue	5.1 Performance Reporting Categories	Medium Priority	The current manual process of using comments to track the status of voids is an interim process in the absence of adequate tracking and reporting in systems. The use of 'Repairs complete / Ready to Let' as one of those statuses will be reviewed, and if decision is made to change it will be implemented.	In Progress	31/08/2024		13	Management has noted that while Repairs complete / Ready to Let comment does not always accurately describe the status of the void, it is currently understood by officers and is giving us accurate information to track movement between Voids Team and locality teams. Management intends to shortly transit to NEC which is an ICT development pipeline. Considering this, it's not considered prudent or efficient to make interim changes to this descriptor and officers to adjust their practice. Internal Audit has requested Housing Operations to submit a risk acceptance form for this which will be presented to Committee.	Interim Executive Director of Place
12	Place	Housing, Homelessness and Fair Work Committee	PL2312	Health and Safety - Outdoor Infrastructure October 2023	58% 12 Actions 7 closed 5 in progress 1 overdue	4.1b Completion of Regular Reviews and Workplace Inspections - Welding Activities	High Priority	Phased implementation - Workplace inspections programme to be designed by the new Workshops Team leader once recruitment has concluded.	In Progress	22/08/2024	15/10/2024	22	The workshop inspection programme for welding activities document is now created and submitted as evidence. Next step is to get it approved by H&S and senior managers. Expected to be completed by 15 October.	Interim Executive Director of Place

Appendix 3: Action closed by management acceptance of risk during 2 April to 13 September 2024

Directorate	Health and Social Care Partnership	Action owner	Pat Togher, Chief Officer	
Audit and Recommendation Title	HSC2301 Recommendation 1.1: Use of the JSNA		Date raised	09/04/2024
			Date closed	23/08/2024
Risk Description	<ul style="list-style-type: none"> Strategic Delivery – members may be unaware of potential changes to costs, which would affect delivery of services Financial and Budget Management – if future costs are not fully known there is an increased risk that budgets are inaccurate, and savings plans are not sufficient to achieve financial sustainability. 			
Internal Audit Recommendation	<p>The JSNA should be used to determine future changes in service demand for each individual service area, with these changes then being fully costed and reflected in EIJB budgets.</p> <p>This information should then be reported to the EIJB Board.</p>			
Management Action	<p>We would partially agree with this recommendation. We recognise the need to continue to develop and refine the methodology used to determine the cost of purchased services and note that further work is necessary to ensure accurate budget forecasting wherever possible. However, population changes (as captured in the JSNA) are only one element of the drivers of purchasing costs and we should be cognisant of complexity of need and trends associated with adult protection, multiple complex needs, mental health, and addiction as well as the impact of an ageing population. Other factors (which have more impact on the final costs) are the hourly rates paid, the ability of the market to flex capacity, the rate at which assessments are completed etc.</p> <p>The projections reflected in the 2024/25-26/27 MTFS have been calculated on a service-by-service basis and we will continue to improve the methodology which underpins this calculation. We also accept that there is a requirement to forecast costs associated with medium- and long-term statutory requirements and will undertake this work with immediate effect.</p>			
Risk Rating	Initial Rating in Audit report	Medium	Residual rating at closure	Medium
Mitigating Key Controls in Place	<p>Purchasing expenditure growth in the MTFP is currently calculated based on the prevailing growth in the previous 12 months, this snapshot is taken as close to setting the budget as possible but is kept under constant review as we go through the budget process. This gives us a good idea of the current trajectory of purchasing spend for which we need to make plans for.</p> <p>Growth in purchasing is complex and is impacted by various factors, some direct and some indirect. Some of these factors are as follows (not in any order):</p>			

1. Performance levels in Delayed Discharge, Assessments, Reviews.
2. Market stability and availability of services.
3. Price pressures impacted by capacity. Less capacity, higher prices.
4. Policy changes.
5. Provider failure.
6. Reprovisioning costs.
7. Balance of internal and external provision.
8. Balance of home and building based services.
9. Commissioning activity.
10. Transitions from Children's Services.
11. Self-Directed Support Options.
12. Poor or good budget management.
13. Population changes.
14. Current practice.

Purchasing growth is an amalgam of all of the above, many of which are quite unpredictable in nature. The method currently used to project future purchasing costs is high level but is based on prevailing conditions.

Population changes indirectly impact on purchasing expenditure, as it is about how that change in need is met, which may not be through the purchasing budget. The JSNA is more suited to be used in the EIJB Strategic Plan, which should look at what services will be required in the future to meet the changing need and commissioning plans can then be developed on top of this, which can then be fed into the MTFP. The MTFP is not the place to do this directly. The purpose of the MTFP is to give us an indication of where costs are going, in order to develop things like savings programmes etc.

Management feel there is a greater risk in trying to apply the JSNA in the MTFP, which it isn't suited for and would make the whole process a lot more complicated, as opposed to using a high level calculation, which gives us a good estimate for something that is extremely volatile.