

Governance, Risk and Best Value Committee

10.00am, Thursday, 23 January 2025

Internal Audit Activity Report: December 2024

Executive/routine

Wards

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1. notes overall progress with delivery of the 2024/25 Internal Audit (IA) Plan and expecting timescales for reporting outcomes of audits;
 - 1.1.2. approves deferral of the audits of Short Terms Lets, and the Investigations Team to the 2025/26 IA plan;
 - 1.1.3. notes progress with key issues impacting IA including progress with implementation of the new Global Internal Audit Standards;
 - 1.1.4. notes progress with other IA key activities including completion of the tendering process for a new co-source Internal Audit partner; and
 - 1.1.5. notes progress and timelines for development of the 2025/26 IA Plan.

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 Activity Report: December 2024

2. Executive Summary

- 2.1 This report provides an update to Committee on Internal Audit (IA) key issues and activity including overall progress with delivery of the 2024/25 IA plan. As at 31 December 2024, 20 audits are complete, 1 is in reporting, 10 are in fieldwork, 13 are in planning and 6 are not yet started.
- 2.2 An update on progress in preparing for implementation of the [Global Internal Audit Standards \(GIAS\)](#) which come into effect in January 2025 is provided together with an update on implementation of the UK Public Sector Application Note and a Code of Practice for the Governance of Internal Audit which will apply from 1 April 2025.
- 2.3 In October 2024, the Internal Audit team completed the tendering process to agree a new co-source provider who will support delivery of specialist audit work for the next two years, with an option to extend for a further two years. Onboarding of the provider for delivery of specialist 2024/25 audits has commenced.
- 2.4 Engagement for development of the 2025/26 IA plan has commenced including scheduling engagement sessions with senior officers, elected members, trade unions and other assurance providers such as external audit.
- 2.5 The IA risk register was reviewed in November 2024, actions to mitigate several risks including effective supplier management and ensuring continued legislative and regulatory compliance continue.

3. Background

- 3.1 The 2024/25 IA annual plan was approved by Committee in [March 2024](#), and updated in [May 2024](#) following approval from Committee to add two additional audits to the plan.
- 3.2 In January 2024, the Institute of Internal Auditors launched new [Global Internal Audit Standards \(GIAS\)](#), which will come into effect in January 2025.
- 3.3 To support the GIAS in the UK Public Sector, the UK 'Relevant Internal Audit Standard Setters' (RIASS) have developed a [UK Public Sector Application Note](#) and a [Code of Practice for the Governance of Internal Audit](#) which will apply from 1 April 2025 is currently out for consultation.

- 3.4 In order to ensure relevant expertise and skills are available for specialist audit areas, the Council's Internal Audit function engages a co-source provider to provide support on a contract basis. The contract with the previous provider ended in May 2024.
- 3.5 The IA annual plan is presented to Committee annually for approval. The 2025/26 IA plan will be presented to the Committee in March 2025, alongside the IA Strategy and IA Charter.
- 3.6 The IA risk register is reviewed quarterly, and mitigating actions being taken to address high scoring or emerging risks, issues and priorities are reported to Committee.

4. Main report

- 4.1 The [approved 2024/25 IA plan](#) as at May 2024 consists of 50 engagements (37 for the Council and 13 for other organisations).
- 4.2 As at 31 December 2024, a total of 20 audits are complete. 15 of these are audits for the Council and outcomes of these audits are reported in a separate paper on audit outcomes to this Committee. A further 10 audits are in fieldwork, 1 is in reporting, 13 in planning and 6 are not yet started.
- 4.3 The following audit for Lothian Pension Fund (LPF) was completed in October 2024, with outcomes due to be presented to the Pensions Audit Sub-Committee in [January 2025](#) as part of the IA update report:
- LPF Annual Validation Audit – Substantial Assurance
- 4.4 In addition, the following audits for the Edinburgh Integration Joint Board (EIJB) were completed in November 2024, with outcomes presented to the EIJB Audit and Assurance Committee on 3 December 2024, which will be referred to GRBV for noting:
- EIJB Performance Reporting - Moderate Assurance
 - Annual Validation Audit - Substantial Assurance

Deferral of audits to the 2025/25 Internal Audit Plan

- 4.5 Management have requested that the Short Term Lets (STL) audit is delayed until 2025 as the Regulatory Committee is part way through a full review of the STL licensing policy and procedures, with a report is due in February 2025. As the review may result in a change of policy and procedures, it is considered that an audit of compliance later in 2025/26 would provide greater value and use of both audit and service resources.
- 4.6 In addition, due to capacity and workload issues, management have requested that the review of the Council's Investigations Team is delayed until Q1 2025/26.

Global Internal Audit Standards (GIAS) and relevant UK public sector requirements

- 4.7 Delivery of actions to ensure readiness for the implementation of the new GIAS (UK Public Sector) in January 2025 continue. This includes development of an IA Strategy for 2025-28 which incorporates a communications plan and a Digital Strategy to support development of a 'technology driven' IA team.
- 4.8 Training sessions on the new GIAS have been delivered to key stakeholders including elected members, senior management and IA team members. This included specific training to GRBV Committee members with a further session to specifically discuss the 'essential conditions' set out in *Domain 3: Governing the Internal Audit Function* planned for March 2025.
- 4.9 In addition, a new [Code of Practice for the Governance of IA in Local Government](#) has been developed by CIPFA to support compliance with the principles and standards in Domain III (Governing the IA Function) of the GIAS (UK Public Sector). The Council will need to explain how it complies with the Code in its Annual Governance Statement. CIPFA is currently updating its guidance on Annual Governance Statements with publication expected in 2025. The Code must be included in the IA annual internal quality assessment with outcomes reported to the Committee from 2025 onwards and should also be used for the external quality assessment that must be completed at least once every five years (next due 2026/27).

IA Risk register and progress with key priorities

- 4.10 The IA risk register was reviewed in November 2024 and actions to mitigate the following risks are progressing:
- 4.11 Supplier, Contractor, and Partnership Management – a new co-source IA provider has been appointed for the next two years to support the in-house IA team with delivery of assurance and advisory work in specialist areas such as pensions, information technology, treasury and health and safety.
- 4.12 Onboarding of the new provider has been completed and delivery of the two information technology audits for the Council and the two investment audits for Lothian Pension Fund are underway.
- 4.13 Legislative and regulatory compliance – as detailed at section 4.7 – 4.9, work continues to ensure compliance with the new Global Internal Audit Standards (GIAS) ahead of January 2025 and the new GIAS (UK Public Sector) Application Code by April 2025, together with the new Code of Practice for the Governance of IA in Local Government.
- 4.14 Progress with IA key priorities are detailed below:
- continuing progress with the IA Digital Strategy which will support compliance with the GIAS requirement to be 'technology driven' and includes the use of data analytics tools to increase sample sizes and improve reliability of data across audits completed as well as consideration of artificial intelligence.

- engagement for the development of the 2025/26 Internal Audit Plan has commenced including workshop sessions with senior management, GRBV members, wider elected members, trade unions and other assurance providers with the draft plan due to be presented to Committee in March 2025
- coordination of assurance work with the Council's Corporate Risk Team and Governance and Assurance team to support assurance mapping which will support the 2025/26 annual risk assessment process

5. Next Steps

- 5.1 Delivery of the 2024/25 IA plans will continue, together with ongoing follow-up of management actions as a result of audit findings raised.
- 5.2 Internal Audit will progress planning for implementation of the new audit standards and provide training and support to key stakeholders.
- 5.3 The IA 2025-28 Strategy, 2025/26 IA Plan, and Charter will be presented to GRBV for review and approval in March 2025.
- 5.4 Actions to mitigate key risks which may impact effective delivery of internal audit services will continue, as well as key priorities to support continuous improvement.

6. Financial impacts

- 6.1 Costs for delivery of co-sourced audit services for the remainder of 2024/25 will be completed within the agreed budget with use of co-sourced resource limited to specialist areas, where possible.

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 Council officers and elected members are consulted on the outcomes of Internal Audit work 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 [Global Internal Audit Standards](#)
- 10.3 [GIAS \(UK Public Sector\)](#)
- 10.4 [CIPFA Consultation - Code of Governance for IA in Local Government](#)
- 10.4 [Approved 2024/25 IA Plan GRBV March 2024 – item 8.2](#)
- 10.5 [Internal Audit Activity Report GRBV October 2024 – item 8.2](#)

11. Appendices

- 11.1 Appendix 1 – 2024/25 Internal Audit Plan delivery and timescales as at 31 December 2024

Appendix 1 – 2024/25 Internal Audit Plan delivery as at 31 December 2024

Audits complete			Outcome
1.	Cross Directorate	Non-Contracted Spend and Waivers – review of arrangements for managing and limiting non-contracted spend (the procurement of goods and services out with the approved suppliers list or contract frameworks) and waivers (where requirement to comply with Contract Standing Orders has been waived).	Reasonable Assurance
2.		Security of Council Premises – review of processes in place for managing physical and building security across the Council estate, included a review of a sample of buildings.	Limited Assurance
3.		Partnership Working (Edinburgh Partnership Board) - review of the adequacy of design of the key controls established to ensure that the Council realises proposed partnership working benefits, efficiencies and improved outcomes as set out in the 2023-27 Business Plan.	Limited Assurance
4.	Corporate Services	Voter Photo ID - review of arrangements established including awareness raising and processing acceptable forms of ID, Voter Authority Certificates, Anonymous Elector's Documents and working with partner agencies to support voters as required.	Substantial Assurance
5.	Children, Education and Justice Services	Educational Support Provision – review of the removal of Educational Support Base (ESB) provision in schools and the decision to provide no places for the next school year from a risk, planning and budgetary perspective.	Reasonable Assurance
6.		Early Years Cross Boundary Places – review of proposals for early years funding and cross boundary places to ensure that the arrangements meet the Statutory Guidance and that the Council is ensuring that all funding due is being received or is otherwise offsetting the costs to the children's home authorities.	Substantial Assurance
7.	Place	Transfer of the Management Development Funding - bi-annual review of the key controls supporting TMDF from the Council to registered social landlords in line with Scottish Government requirements.	Reasonable Assurance
8.		City Deal Cost Inflation – review of approach to managing cost inflation via an advisory workshop-based advisory review to consider a review of risks associated with cost inflation and scrutiny of project costs set out in business cases.	Advisory
9.		Safety of Council Operated Heavy Vehicles - review of Council operated heavy vehicles and whether Council drivers meet all the qualifications for driving such vehicles linked to previous internal audit work on Council Drivers.	Limited Assurance
10.		Port Facility Security Plan - annual review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	Reasonable Assurance

11.	Health and Social Care Partnership	Social Care Direct (Adult Services) - review of Social Care Direct Team with a specific focus on processes for screening referrals received, initial triage for adult concern and the response service for people to meet immediate needs.	Reasonable Assurance
12.	Lothian Pension Fund (LPF)	Pensions Committee Governance & Operational Effectiveness – review of the governance arrangements for the Pensions Committee to provide assurance on operational effectiveness in line with the delegated functions set out in the Terms of Reference and relevant regulations as well as consideration of fiduciary duties. Will also consider member skills, knowledge, and training.	Reasonable Assurance
13.	Edinburgh Integrated Joint Board	EIJB Governance and Assurance – review of the effectiveness of governance arrangements for the EIJB Board and Committee structure including preparation and review of committee assurance statements.	Substantial Assurance
14.	Cross Directorate	Attendance Management – review of cross directorate adherence to the Council’s Sickness Absence Policy and supporting guidance including managing thresholds, return to work conversations, formal review meetings, referrals, and provision of support.	Reasonable Assurance
15.		Flexible Workforce - This review will consider the Council’s strategic approach to utilising a flexible workforce, as well as monitoring, reporting and governance of use of overtime, agency staff and temporary/casual contracts.	Reasonable Assurance
16.		CEC Annual Validation Audit - review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained	Reasonable Assurance
17.	Place	Reinforced Autoclaved Aerated Concrete (RAAC) – review of the Council’s response to managing RAAC including monitoring, reporting and governance of the programme of building assessments and progress with remedial actions.	Reasonable Assurance
18.	Lothian Pension Fund (LPF)	LPF Annual Validation review - review of a sample of previously implemented and closed audit actions to confirm that they have been effectively sustained.	Substantial Assurance
19.	Edinburgh Integrated Joint Board	Performance Reporting (NHSL) – review of arrangements to support collation and validation of accurate and timely performance data to the EIJB and its Committees including preparation of the EIJB Annual Performance Report.	Reasonable Assurance
20.		EIJB Annual Validation Audit – review of a sample of previously implemented audit actions to ensure they remain implemented and associated risks are adequately managed.	Substantial Assurance

Total audits completed			20
Audits in reporting			Reporting Date
21.	Lothian Pension Fund (LPF)	Member Payments – review of design adequacy and operating effectiveness of key controls and processes established to ensure member payments are accurate and on time, including payment administration of regular payments, pro-rata payments, one-off lump sum payments, change of bank details, and management of under/overpayments.	March 2025
Total audits in reporting			1
Audits in fieldwork			Reporting Date
22.	Cross Directorate	Value for Money – initial design review of the Council’s approach to delivering value for money with consideration of governance and how the Council’s demonstrates the principles of economy, efficiency, effectiveness including review of cost and performance information to improve and manage delivery of services. Further work will be undertaken in 2025/26 as the programme progressed.	March 2025
23.		Implementation of Whistleblowing and Assurance Actions - in line with the Tanner Review, review of progress with implementation of a sample of whistleblowing recommendations and other assurance actions. Will consider effectiveness of directorate oversight arrangements.	March 2025
24.	Corporate Services	Democracy and Governance: Committee Reporting – review of administrative arrangements established to support effective committee reporting and review of a sample of meetings/papers/action logs to ensure adequate and timely information is provided as required and requested to aid informed decision making.	March 2025
25.	Children, Education and Justice Services	Getting it Right for Every Child (GIRFEC) – assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council has embedded GIRFEC processes in practice, taking into account GIRFEC pathways and practitioner guidance.	March 2025
26.	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. Will also consider approach to unaccompanied asylum-seeking children.	June 2025
27.	Place	Food Hygiene and Food Standards – review of Council arrangements to discharge the statutory duties set out in the Food Law Code. The audit will be aligned to the Food Standards Scotland local authority performance and auditing programme.	June 2025

28.		New Parking Rules - review of the Council's arrangements established for managing prohibited parking including parking on pavements, double parking, parking at crossing points and parking on verges. Will consider the enforcement and awareness campaign.	June 2025
29.	Major Projects	New Social Care Operating System (Agile Review) – ongoing agile review of progress with designing, implementing, and rolling out the new Social Care Operating System (Mosaic) which will replace SWIFT. Will consider governance, oversight, project management, system development lifecycle including testing and data migration.	September 2025
30.	Health and Social Care Partnership	Waiting lists and assessments – review of the design and effectiveness of the key controls established to ensure that the Partnership effectively prioritises adult social care assessments and manages waiting lists effectively and in line with applicable legislation and guidance.	March 2025
31.	Other Organisations	Royal Edinburgh Military Tattoo - One audit delivered for Royal Edinburgh Military Tattoo as part of established audit service arrangement.	May 2025
Total audits in fieldwork			10
Audits in planning			Reporting Date
32.	Cross Directorate	Integrated Impact Assessments - review of adherence to the Council's Integrated Impact Assessment guidance and toolkit to ensure legal obligations in relation to equality, socioeconomic disadvantage, climate change, sustainability, the environment and human rights are adequately considered when making decisions, developing proposals, and delivering services.	June 2025
33.		Quality Assurance – review of arrangements for improving the quality of planning and delivery of social work and social care services including monitoring processes, practice evaluations, case file reviews and progress towards improving practice outcomes identified by the Care Inspectorate.	June 2025
34.	Major Projects	Financial Management/Governance of Major Projects – review of the monitoring and oversight arrangements to oversee governance and financial management of major projects. 2024/25 will focus on Granton Waterfront and Community Transport.	June 2025
35.		Change Programme and Delivery of Medium Term Financial Plan (MTFP) – agile review of established arrangements for governance and oversight of the Change Programme established to address the significant MTFP gaps beyond 2024/25 including monitoring delivery of proposed savings.	September 2025

36.	Corporate Services	CGI Service Stability – review of CGI’s arrangements to limit service disruptions and ensure service stability including lessons learned to analyse and identify the root cause of service outages to reduce future occurrences.	June 2025
37.		CGI Incident Response – review of CGI’s Incident Response Plan for the Council including lifecycle, governance and oversight and testing/exercising the plan.	June 2025
38.	Children, Education and Justice Services	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 review of processes for a sample of schools.	September 2025
39.	Place	Flooding and Surface Water Management - the audit will consider the Council’s strategic approach to managing flooding and surface water management and preparedness for a major incident involving flooding.	June 2025
40.	Health and Social Care Partnership	Support for carers – including respite support – review of established processes to provide information, advice and support for unpaid carers including short breaks and respite support.	September 2025
41.	Lothian Pension Fund (LPF)	Infrastructure Asset Selection, Management & Oversight – review of will consider how infrastructure assets are selected and managed including the investment strategy, costs, investment risk management, investment performance and consideration of climate change.	March 2025
42.		Investment Governance Improvement Plan (IGIP) Implementation – review of progress with implementation of the improvement actions set out in the IGIP, to address the gaps and weaknesses identified in the themed review of Investment Services.	June 2025
43.	Edinburgh Integrated Joint Board	EIJB Financial monitoring, reporting and oversight – review of EIJB financial monitoring, reporting and oversight processes including progress with delivery of medium-term financial plan, savings recovery programme and general cost and budget monitoring.	June 2025
44.		EIJB Strategic Planning - recognising delays to finalising the 2023- 26 EIJB Strategic Plan, this follow-up review of the previous audit completed in 2019 will consider the administrative arrangements for resourcing strategic planning in line with relevant guidance including Healthcare Improvement Scotland’s Strategic Planning – Good Practice Framework.	June 2025
Total audits in planning			13

Audits not yet started			Start Date
45.	Cross Directorate	Service Level Agreements (SLAs) – review of established processes for managing SLAs for both internal and externally provided services to ensure they provide clarity about what is required of a service provider and vice versa, are up to date and are supported by robust processes for the management, monitoring, and evaluation of performance with corrective action taken as necessary.	March 2025
46.		Customer Contact Journey – review will consider the customer journey from the point of contact to resolution including liaison between teams, service standards, complaints and lessons learned.	March 2025
47.	Corporate Services	Investigations Team – This review will consider the overall strategy and service delivery planning for the newly established Investigations Team including delivery timescales, monitoring, reporting and oversight arrangements.	Request to defer to 25/26
48.	Place	Short Term Lets Licencing – review of arrangements established to manage licencing of short-term lets including submission of required supporting information, fees, statutory notices, exemptions, compliance, and enforcement.	Request to defer to 25/26
49.	Other Organisations	LVJB - One audit delivered for Lothian Valuation Joint Board (LVJB) as part of established audit service arrangement.	January 2025
50.		SEStran - One audit delivered for South-East of Scotland Transport Network (SEStran) as part of established audit service arrangement.	January 2025
Total audits not yet started			6