

Governance, Risk and Best Value Committee

10am, Tuesday 7 July 2020

Internal Audit: Final Internal Audit reports supporting the 2019/20 Annual Opinion

Item number

Executive/routine

Wards

Council Commitments

1. Recommendations

It is recommended that the Committee:

- 1.1 reviews and scrutinises the final Internal Audit reports that are provided as appendices to this paper.

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Report

Internal Audit: Final Internal Audit reports supporting the 2019/20 Annual Opinion

2. Executive Summary

- 2.1 The purpose of this paper is to provide the Committee with copies of certain final Internal Audit (IA) reports as requested by the Committee, that will form part of the basis of the 2019/20 IA annual opinion for their review and scrutiny.

3. Background

- 3.1 At the June 2020 meeting, the Governance, Risk, and Best Value (GRBV) Committee requested that IA should provide copies of final IA reports that either have an overall red (Significant Improvement Required) outcome, or include any red (High) rated findings for review and scrutiny in advance of presenting the IA annual opinion in August 2020.

4. Main report

- 4.1 Final IA reports that that either have an overall red (Significant Improvement Required) outcome, or include any red (High) rated findings have been provided to GRBV Committee members as they are finalised.
- 4.2 Elected Members have reviewed these reports and the GRBV Convenor has provided details of the reports to be formally presented at the July 2020 Committee
- 4.3 The final reports requested to be presented are included as appendices to this report as detailed below.

5. Next Steps

- 5.1 IA will continue to provide reports that that either have an overall red (Significant Improvement Required) outcome, or include any red (High) rated findings as they are finalised.
- 5.2 The IA annual opinion will be presented to the GRBV Committee in August 2020.

6. Financial impact

6.1 None

7. Stakeholder/Community Impact

7.1 Effective review and scrutiny of IA assurance outcomes performed by the Committee with Directors and relevant Council officers.

8. Background reading/external references

8.1 None

9. Appendices

9.1 Appendix 1 – Findings only report – completion of driver licence checks

9.2 Appendix 2 – School admissions, appeals, and capacity planning

9.3 Appendix 3 – City Region deal funding process

9.4 Appendix 4 – CGI sub contract management

9.5 Appendix 5 – Retention of social work case records (looked after and accommodated children)

9.6 Appendix 6 – revenue budget setting and management

9.7 Appendix 7 – Digital Services – incident and problem management

9.8 Appendix 8 – Health and Social Care Localities

The City of Edinburgh Council

Internal Audit

Findings only report - Completion of Driver Licence Checks

25 November 2019

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The [Internal Audit charter](#) approved by the Council's Governance, Risk and Best Value Committee in March 2019 notes that IA also reserves the right to raise findings on areas that have not been specifically included in the annual plan where significant or systemic control gaps are evident.

This internal audit findings only review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit charter. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The 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 is a number of 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.

1. Background and Scope

Background

Council wide Drivers Health and Safety Audit completed August 2018

Following the fatal Glasgow bin lorry crash in December 2014; the subsequent recommendations from the fatal accident inquiry in December 2015; and increased focus on driver and pedestrian health and safety, Internal Audit completed a council wide review of Drivers Health and Safety in August 2018.

The review assessed the adequacy of the Council's driving procedures; driving policy; supporting guidelines; and the design adequacy and operating effectiveness of key controls established to ensure ongoing compliance with applicable legislation, ensuring that all Council employees and agency staff are and remain legally and medically fit to drive.

The overall conclusion of the review was that significant enhancements were required to ensure that all Council and agency employees remain legally and medically fit to drive, and a total of 8 findings (3 High and 5 Medium) were raised.

The second High rated finding (Pre-employment and ongoing checks for Council Drivers) highlighted the need to ensure that driving eligibility (licence) checks are performed on new employees prior to issuing the formal offer of employment, whilst the third High rated finding recommended that management should decide whether 'grey fleet' drivers who drive their own vehicles for business purposes would be required to hold a driving permit, and (if so) ensure that their details are recorded and maintained on the drivers system operated by Fleet, with annual checks performed to confirm their ongoing eligibility to drive.

The Council has taken the decision that grey fleet drivers are now required to register for and maintain a valid Council driving permit and will be subject to ongoing annual licence checks following approval of the new 'Driving for the Council' policy by the Council's Finance and Resources committee in December 2018.

A Medium rated finding was also raised on management and use of driver permits and fuel FOB cards that included agreed management actions to ensure that leaver driving permits are cancelled and fuel FOB cards returned to prevent completion of ongoing licence checks on leavers' licences.

Current Process for Checking Employee Driving Licences

Completion of annual Driver and Vehicle Licencing Agency (DVLA) driving licence checks is a key control designed to ensure that the risks associated with Council drivers are monitored on an ongoing basis, and that employees do not drive on behalf of the Council when they are not legally eligible to drive. These checks are performed by an external third party (DAVIS) who was engaged in November 2017.

Employee authorisation for completion of driving licence checks is recorded by completing DVLA permission forms. The permission is valid for a three year period from the date of signature by the employee and specifically provides authority for the relevant supplier (currently DAVIS) to complete these checks.

Consequently, each time the Council changes the supplier engaged to perform licence checks, new permissions must be obtained from the full population of circa 4,500 Council drivers (including grey fleet drivers) to support ongoing completion of the checks. Fleet Services management has advised that the driving licence check contract is re procured every three years, and that re procurement of the contract is currently in progress.

DAVIS offers an electronic process to support submission of DVLA permission forms where employees register and complete their forms via a secure portal. Fleet management has advised that this process has been communicated to all Council drivers who have access to the Council network, however, circa 4,500 employees currently have no Council network access and manually completed permission forms are required to be submitted to Fleet Services from both vocational and grey fleet drivers included in this population for onward submission to DAVIS.

Once employee permission forms have been received, DAVIS performs the driving licence checks and provides the Council with details of the outcomes including details of any driving offences, points, and licence annotations. This information is then used by Fleet Services to assess the risks associated with each driver, with the objective of allocating drivers to appropriate driving roles based on the outcomes of the risk assessment, and implementing appropriate actions (for example additional training, reallocating the driver to different category of a vehicle and, in some cases, revocation of the Council driving permit).

Scope

The Internal Audit Charter that was approved by the Governance, Risk and Best Value Committee in March 2019 notes that Internal Audit reserves the right to raise findings on areas that have not been specifically included in the annual plan where significant or systemic control gaps are evident.

Reporting Date

This finding was identified from follow up work performed between 26 August and 2 September 2019.

2. Executive summary

Total number of findings: 1

Summary of findings raised

High

1. Completion of Driver Licence Checks

Opinion

Whilst significant progress is evident with implementation of the agreed management actions raised in the audit of Drivers Health and Safety completed in August 2018, this new finding highlights new risk exposure in relation to the Council's ability to confirm that circa 1,500 current Council drivers are legally eligible to drive as at 30 September 2019, following completion of driving licence checks, and an appropriate driving risk assessment.

The original audit review highlighted that Fleet Services had issued a total of 3,872 driving permits (excluding grey fleet drivers) as at 31 March 2018. As at 30 September 2019, the total volume of issued driving permits was 4,426 which includes grey fleet drivers (based on those submitting mileage claims). It is expected that there is also an additional population of occasional grey fleet drivers (for example in Learning and Teaching and Health and Social Care) who use their personal vehicle on Council business and do not submit mileage claims.

Of the 4,426 permits issued, 2,861 (65%) licence checks have been performed, and 1,565 (35%) drivers with permits have not completed valid licence check permission forms. Consequently, Internal Audit has assessed the risk associated with this new finding as High based on the volume of outstanding permission forms to be returned to Fleet Services, subsequent checks to be performed, and management's capacity to support the process.

The current position is further exacerbated by the requirement to re-procure the driving licence check contract every three years, as any change in supplier requires completion of new driving check permission forms by the full population of Council drivers, in addition to renewing existing permissions once every three years from date of signature in line with applicable DVLA requirements.

Additionally, the Council is currently unable to demonstrate compliance with the requirements of the new 'Driving for the Council' policy that was approved by the Finance and Resources Committee in December 2018.

If this issue is not addressed in a timely manner, the Council will continue to be exposed to a significant level of health and safety and reputational risks associated with Council vocational and grey fleet drivers who may not be legally eligible to drive, or who present a high risk to the Council based on penalties and other information recorded on their Driver and Vehicle Licencing Agency (DVLA) records.

3. Detailed findings

1. Completion of Driver Licence checks

High

During Internal Audit's review of management actions completed to support closure of the Medium rated finding on 'management and use of driver permits and fuel fob cards', we established that the Council's current list of drivers who hold an active fuel fob could not be accurately reconciled to the list of drivers provided to the current third party supplier (DAVIS) for completion of annual licence checks, and confirmed that there were 1,474 drivers with active fuel fobs whose details are not included in the list of drivers currently subject to ongoing licence checks.

This anomaly suggests that there is currently no complete and accurate list of all Council vocational and grey fleet drivers who should be subject to ongoing licence checks as per the frequency specified in the Council's Driving for the Council policy.

Fleet management has advised that as at 30 September 2019, 1,565 employees were employed as either vocational or grey fleet drivers for the Council, who do not hold valid permission forms to support completion of ongoing licence checks as per policy requirements.

Management has advised that this attributable to:

- re procurement of the driving licence check contract every three years which involves obtaining new employee permission forms to support ongoing driving licence checks from the full population of Council drivers, in addition to the ongoing requirement for all drivers to provide a new permission form every three years (in line with DVLA requirements) from the date of signature.

Fleet management has advised that they are not adequately resourced to support the requirement to obtain permission forms from the full population of drivers within a short timeframe following a change in supplier, and whilst the DAVI electronic permission submission process has made some difference, the remaining challenge is the unknown volume of drivers with no access to Council networks to submit the electronic form.

Additionally, there is no guarantee that new suppliers will provide an electronic permission submission process.

- the requirement to include circa 2,000 grey fleet drivers in the Fleet Services Tranman driver database and obtain permission for ongoing completion of licence checks for onward submission to DAVIS. Whilst Fleet management has confirmed the population of grey fleet drivers who are submitting expense claims, it is expected that there is an additional population of occasional grey fleet drivers (for example in Learning and Teaching and Health and Social Care) who use their personal vehicle on Council business and do not submit mileage claims that have not been identified and now required to be registered and have driving licence checks completed.

Risks

The potential risks associated with our findings are:

- Employees who are either vocational or grey fleet drivers who are not legally eligible to drive may currently be driving as part of their Council role.
- Health and safety and reputational risk in the event of a significant incident where the driver is not legally fit to drive.
- Inability to perform driver risk assessments and make appropriate adjustments based on the outcomes of licence checks.

1.1 Recommendation – Re Procurement of the Driving Licence Check Contract

It is recommended that:

1. Fleet Management engages with the Council's Corporate Procurement Team to determine whether it is necessary to re procure the driving licence check contract every three years, or whether the term of the contract could be extended given the associated resourcing implications for Fleet Services and the risks presented to the Council if new permission forms are not obtained from the full population of Council drivers in a timely manner following a change in supplier.
2. Procurement specifications should include the requirement for the new supplier to provide an electronic permission form submission process.
3. Fleet management should consider resourcing requirements and ensure that adequate resources (for example use of agency workers or employees in the redeployment pool) are allocated to support the process of obtaining new permission forms from the full population of Council drivers within one month of the change to the new supplier and providing them to the new supplier.
4. Fleet management should engage with the Council's Continuous Improvement team to determine whether the current process applied when engaging Council employees to obtain completed DVLA licence check permission forms can be improved.

1.1 Agreed Management Action - Re Procurement of the Driving Licence Check Contract

1. Fleet management will engage with Procurement as part of the current procurement exercise to agree future procurement options in relation to the driver licence check supplier.
2. Management will confirm whether the current procurement process includes this requirement and will ensure that it is also included in any future procurement exercises.
3. Resourcing requirements have already been discussed and agreed with the Head of Place Management and it has been agreed that additional resources will be secured to support ongoing employee engagement regarding the requirement to complete DVLA licence check permission forms and their subsequent processing.
4. Fleet management will engage with the Continuous Improvement team and request a review of the current process applied to request completed licence check permissions forms and determine whether the engagement process can be improved.

Owner: Scott Millar, Fleet and Workshops Manager

Contributors: Gareth Barwell, Head of Place Management; Alison Coburn, Operations Manager, Nicole Fraser, Executive Assistant, Graeme Hume, Stores and Scheduling Manager

Implementation Date:

1st June 2020

1.2 Recommendation – Establish an accurate population of Council drivers and complete licence checks

It is recommended that Fleet Management

1. Prepares and issues a Council wide e mail reminding all employees of the definition of grey fleet' drivers; when it is possible to use a personal vehicle for Council business; and the requirement to register with grey fleet and complete and return a DVLA driving licence check permission form.
2. Fleet services should engage with the Business Hub team within Strategy and Communications to determine what support can be provided to enable effective resolution of the current position and the nature of ongoing support required.
3. Performs a full reconciliation between the Council population of drivers with the DAVIS system listing; the list of drivers currently allocated fuel fobs; and the Fleet Services Tranman driving system.
4. Performs a data cleanse to ensure that all leaver details are removed from both the Fleet management and DAVIS licence management system, and that all new driver details (including grey fleet) are recorded.
5. Compiles an accurate list of all known current Council vocational; grey fleet; and agency drivers.
6. Identifies those drivers where licence checks remain valid.

7. Requests DAVIS to complete the remaining licence checks (where permission has been received) prioritising those that are significantly past their due date.

1.2 Agreed Management Action – Establish an accurate population of Council drivers and complete licence checks

1. An e mail will be prepared and issued by the Executive Director of Place. This will include an explanation of the requirement for Council vocational and grey fleet drivers to complete and return the DVLA driver licence check permissions forms to Fleet Services and include a date for completion. The e mail will also reinforce the escalation process to be applied where that driving permission forms are not received and will confirm that driver permits will be revoked where completed forms are not returned on time.
2. Fleet services will engage with the Business Hub team within Strategy and Communications and to determine what support can be provided to enable effective resolution of the current position and the nature of ongoing support required.
3. This action is already in progress as a number of leavers have now been removed from the Fleet Services Tranman driver database. Once all permission forms have been received, a full reconciliation will be performed. Subsequent reconciliations will then be performed monthly and will be moved to quarterly if no significant issues are experienced.
4. Reports are currently received monthly from the Business Hub (Strategy and Communications) and Per Temps for agency workers, but these include all leavers and do not specifically highlight those who are drivers. As part of our engagement with the Strategy and Communications Business Hub, we will determine whether leaver reports can be provided that include details of vocational and grey fleet drivers. If this is not possible, we will engage with Continuous Improvement to determine whether it is possible to design and implement an electronic process that compares the employee data in the leavers reports with the data retained in the Fleet Services Tranman driver database to identify those leavers who are drivers. If this is not possible, a manual comparison will continue to be performed and leavers who are drivers will be removed from the Tranman database and advised to Davis
5. and 6 - Once the data cleanse and reconciliation has been performed, the Council will have an accurate record of all known vocational, grey fleet, and agency drivers that details where checks have been performed and permits issued. The ongoing reconciliation to be performed at 2 above will ensure that this remains complete and accurate
7. E Davis will perform the licence checks as soon as permission forms are received by them. Davis also provides management information in relation to permissions that are due to expire. MI re permissions that are due to expire. Directorate

Owner: Scott Millar, Fleet and Workshops Manager

Contributors: Gareth Barwell, Head of Place Management; Alison Coburn, Operations Manager, Nicole Fraser, Executive Assistant, Graeme Hume, Stores and Scheduling Manager

Implementation Date:

1st November 2020

1.3 Recommendation – Driver permit revocation

Where completed driver permission forms have not been received within the specified timeframes to support completion of outstanding licence checks by DAVIS, Fleet management should:

1. Contact both employees and line managers with a reminder that driver permission forms are outstanding and a request that these are received within a specified timeframe.
2. Advise that where permission forms are not received on time, driving permits will be revoked and employees will be unable to drive on behalf of the Council.
3. Revoke permits where permission forms are not received on time, and

- Contact employees and line managers to advise where driving permits have been revoked and advise that the driver is no longer eligible to drive on behalf of the Council.

1.3 Agreed Management Action – Driver permit revocation

- A standard reminder e mail will be prepared by the Head of Place Development and issued to employees and their line managers where permission forms have not been received 10 days prior to their expiry.
- The e mail will highlight that driver permits will be revoked if they are not received by the required date, and employees and line managers will be made aware that they are no longer eligible to drive for the Council and 9for vocational and agency drivers) that they are no longer covered by Council insurance.
- and 4 Permits will be revoked where permission forms are not received on time and e mail confirmation provided to employees and line managers reminding them that they can no longer drive on behalf of the Council.

Owner: Scott Millar, Fleet and Workshops Manager

Contributors: Gareth Barwell, Head of Place Management; Alison Coburn, Operations Manager, Nicole Fraser, Executive Assistant, Graeme Hume, Stores and Scheduling Manager

Implementation Date:

4th May 2020

1.4 Recommendation – Risk management

The risks noted above in relation to the existing population of Council drivers whose legal eligibility to drive has not been confirmed in line with applicable Driving for the Council policy requirements and driver risk assessments performed should be recorded in relevant Directorate risk registers.

1.4 Agreed Management Action – Risk management

The risks detailed in this Internal Audit finding will be highlighted for inclusion in the Place Management Risk Register.

Owner: Scott Millar, Fleet and Workshops Manager

Contributors: Gareth Barwell, Head of Place Management; Alison Coburn, Operations Manager, Nicole Fraser, Executive Assistant

Implementation Date:

4th May 2020

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

The City of Edinburgh Council

Internal Audit

School admissions, appeals, and capacity planning

Final Report

13 February 2020

CF1901

Overall report rating:

**Significant
improvement
required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2019. 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 is a number of 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.

1. Background and Scope

Background

Under the [Education \(Scotland\) Act 1980](#), the provision and delivery of education at a local level is the statutory responsibility of Local Authorities. Under Section 1 of the Act, it is the Council's duty to provide adequate and efficient school education for all school age children.

The current admissions policy for the City of Edinburgh Council (the Council) was approved by the Education, Children and Families Committee in March 2016. The Council delegates the responsibility for managing the provision of school places to Communities and Families; with day to day administration performed by the Customer Assessment and Finance Transactions Team. Head teachers are then responsible for all admissions after the start of term in August.

The [Education \(Lower Primary Class Sizes\) \(Scotland\) Regulations 1999](#) (as amended) sets out the legislative requirements for maximum class sizes for primaries 1-3. These requirements are included within the Council's admissions policy and used when considering placing requests.

Children and young people are admitted to schools in the areas where they stay; known as the catchment areas for the school. Each catchment area has both a Roman Catholic and non-denominational school at both primary and secondary level.

The Council aims to provide places for P1 and S1 pupils at their chosen catchment school by the end of February each year. If there are places available after catchment demand is met, placing requests for non-catchment pupils at P1, S1 will be allocated by the Customer Assessment and Finance Transactions Team. Non-annual placement requests for all years are managed by schools themselves and decisions made by headteachers.

A template letter which should be used to set out the grounds for refusing a request is available via the Orb, the Council's intranet. The letter must include the reasons for turning down the request; the child's place on the waiting list at that time; the allocated school; and the right of appeal against the decision. Head teachers are also responsible for maintaining waiting lists in line with the Council's procedures.

Placing request appeals

The Council may only refuse a placing request under one of the statutory grounds within Section 28(A) of the Education (Scotland) Act 1980. If a parent wishes to appeal a placing request decision, they must inform the Council no later than 28 days following receipt of a decision letter, although late appeals may be allowed at the discretion of the Appeal Committee.

The table below sets out the number of P1 and S1 appeals and outcomes for 2019/20:

	<u>P1 APPEALS 2019</u>	<u>S1 APPEALS 2019</u>
Appeals heard by Appeal Committee	108	126
Appeals refused by Appeal Committee	67 (62%)	91 (72%)
Appeals granted by Appeal Committee	41 (38%)	35 (28%)

Appeals are heard by an independent Placing in Schools Appeals Committee during May and June each year. The Customer Assessment and Finance Transaction Team are responsible for preparing the common case which includes written statements and evidence for each appeal, outlining the reason for the Council's decision in line with legislation.

Legal Services, supported by the Head Teacher of the School, represent the Council at the Appeal Committee. Committee Services perform the administrative process for the Appeals Committees including arranging committee meetings and distributing papers to Committee members and appellants.

Only one appeal can be made per child per year. If a parent/guardian is unsatisfied with the decision of the Committee, they can lodge a second stage appeal which will be heard by the Sheriff Court.

Non-annual appeals are still heard by the Placing in Schools Appeals Committee which receives a report from the Headteacher detailing the reason for their decision. The Headteacher represents the Council at the appeal. In 2019, there was one non-annual placing request appeal.

School Capacity Planning

It is the responsibility of the Council under the Education (Scotland) Act 1980 to effectively manage the school estate. This includes determining the maximum number of pupils who may be suitably accommodated in every room in a school ([under the Schools General \(Scotland\) Regulations 1975](#)), and the ongoing administration the placing request system in their area.

When calculating school capacity, the Council must take account of statutory regulations and national agreements relating to class size maximums; teacher – pupil ratios; sanitary facilities; health and safety; as well as physical school sizes; timetabling and teaching facilities for specialist subjects such as sports, music and science. For S1 planning, consideration is also given to historic information on pupil numbers, S5/S6 leaver rates, and types and level of subjects studied.

Capacity planning for P1 and S1 is informed by registrations as notified by the Customer Assessment and Finance Transactions Team. Schools submit a return which details current class structure for the school, which is reviewed by the Council's Devolved Finance and Resources Officer. Planning meetings are then held with all Council teams involved to discuss school capacity for the academic year ahead.

For both Primary and Secondary Schools, Head Teachers and Business Managers are responsible for allocating pupil numbers to classes, in line with the Council's Devolved School Management Framework which is available via the Orb, the Council's intranet.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to manage the school's admission, appeals and capacity planning processes. This included processes undertaken prior to the beginning of term; and processes for maintaining school rolls during the year.

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period August 2018 to November 2019.

Limitations of Scope

This audit did not review the decisions made by the Placing Appeals Committees as these are independent committees and did not consider the process for managing second stage appeals heard by the Sheriff Court.

Reporting Date

Our audit work concluded on 22 November 2019 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 5

Summary of findings raised	
High	1. Policies, procedures and guidance
High	2. Operational processes – admissions and appeals
Medium	3. Process documentation and delivery responsibilities
Medium	4. Data access, security and retention
Medium	5. Provision of training and support

Opinion

Significant improvements required

Our review identified a number of significant and moderate weaknesses in both the design and operating effectiveness of key governance and operational controls supporting the school admissions, appeals, and capacity planning processes. Consequently, only limited assurance can be provided that the risks associated with these processes are being managed and that the Council's objective of delivering efficient and effective processes that are aligned with applicable legislation and regulations, statutory requirements and Council policies is being achieved.

We established that the Council policies, procedures and guidance published on both the Council's external website and intranet (the Orb) and standard forms and letters used by schools require to be reviewed, refreshed and updated to confirm that they are aligned with applicable legislative, regulatory requirements.

We also confirmed that the end to end holistic admissions, appeals and capacity planning processes delivered by a number of Council divisions have not been documented, and the roles, responsibilities and accountabilities of all teams involved in the process clearly defined and communicated, resulting in communication and engagement gaps that impact on effective delivery (for example, capacity planning and the home to school route measurement process that supports ranking in waiting lists).

Notably, admissions and appeals processes are not consistently applied across schools, and copies of written statements and evidence is not consistently provided to appellants ten days in advance of scheduled Appeal Committee dates in line with applicable legislative requirements.

The school registration and appeals processes involve obtaining and managing a significant volume of personal sensitive information in relation to pupils and their parents or guardians, and we noted some weaknesses in the established processes for securing storing and sharing this information.

We also noted that annual training on the registration, appeals and capacity planning processes is no longer available, and that this is likely to have an impact on the understanding of all teams and divisions involved in delivery, and may also be contributing to the inconsistencies in application of the processes highlighted in our review.

Consequently, 2 High and 3 Medium rated Internal Audit findings have been raised. Further information is included at Section 3.

While a number of high and medium rated issues were identified, it is acknowledged that all services involved demonstrate a willingness to work together to improve processes and services delivered.

3. Detailed findings

1. Policies, procedures and guidance

High

Review of policies, procedures and guidance published on the Council's website; school websites; and the intranet (the Orb) and standard forms and letter templates used by the public and schools to support the school admissions and appeals process established that these have not been reviewed and updated for some time and are not consistently used and applied by schools.

1. Policies, procedures and guidance published on the Council's website

Review of the Council's policies and procedures published on both the Council's external website and the Orb identified that:

- The [Admission to Mainstream Schools Policy](#) published on the Council website has not been reviewed since March 2016, and does not detail key topics such as exceptional circumstance categories or shared care arrangements. A lack of reference to exceptional circumstance the policy was also highlighted in a Sheriff Court Placing Appeal judgement in August 2019. Additionally, the Senior Responsible Officer for the policy is no longer employed by the Council. Management has advised that a review is currently underway.
- The [Placing in Schools guide](#) provides additional operational information for both the public and Council employees via the Council website. Schools advised, however, they were not aware that a revised version which included more detailed information on shared care arrangements, had been published on the website in October 2019. This has since been communicated via [the Schools Transactions Blog](#) on the Orb.
- The [Admissions Procedure](#) available on the Council's website is not dated and does not include any version controls. In addition, Annex 1 of the procedure details a timeline which includes a catchment place 'guarantee' by 28 February. This is contrary to the Admissions Policy and the Placing in Schools guide which refer to 'aims' rather than guarantees. Use of the term 'aims to' is advised against in [Council's style guide](#) as it undermines confidence.
- The Orb includes a link for '[Schools waiting list guidance](#)', however it was noted this is a 2009 committee report, which contains various sections with red text rather than a guidance document.
- Procedures have not been developed to ensure that the Council processes placing request appeals in line with appropriate legislation. Additionally, there are key person dependencies on a limited number of individuals for processing and managing appeals
- An information sheet on Placing in Schools Appeal Committee is provided to appellants following submission of an appeal, however this is not available to download from the council website and does not include a 'happy to translate' footer as provided on other information.

2. Guidance published on individual school websites

Review of school websites and school handbooks for six schools identified inconsistencies and out of date guidance in relation to school admissions and privacy information:

- All three primary schools did not have up to date school handbooks published on their websites. All Head Teachers acknowledged that their websites required review. In contrast, all secondary schools had published their 2019/20 handbooks.
- One school website included an expired link for school placing pages on the Council website. Current links were found for all other schools.

- Only two school websites included a direct link to the City of Edinburgh's Council's [privacy notice](#). Two school websites referred to the Data Protection Act (1998) but not the General Data Protection Regulations (GDPR).

3. Operational forms used by schools

Review of operational forms used by schools for admissions and placing requests identified the following:

- The 'Pupil Admission Form' filled in for primary one registration does not include a 'happy to translate' footer in line with other school admission forms on the Orb.
- The P1-S6 'Request for a School Place' form includes a statement 'how the City of Edinburgh will use and share your information' but does not reference GDPR.
- One secondary school uses non-standard forms for other stage applications, which are available on the school website. These forms include sections for course subjects and level of study not included in the Council's standard admissions form. Another secondary school's website includes a link to a 2009 version of a Children and Families 'Application for a place at a secondary school', which also includes sections for course subject information. None of these forms included privacy statements. Additionally, non-standard forms did not include a 'happy to translate' footer.
- Incorrect forms were accepted by schools. Five instances were noted where the P1 admission form had been completed for other stage applications.

4. Standard letter templates used by schools

Review of letters issued by schools for admissions, placing requests and appeals established that:

- One secondary school used non-standard catchment / non-catchment waiting list letter templates. It was noted that while the letter referenced the appeals process, timescales for appeal and the address for the Council's appeals mailbox were not included in the letter.
- All three primary schools visited did not use the standard refusal template letter as they advised, they did not interpret an addition to the waiting list as a refusal.
- All the schools visited advised they were not aware that they should include frequently asked questions information with refusal letters.
- Non-catchment request granted letters were not in use at any schools visited. Schools notified parents/guardians of successful placing requests either via email, phone or during enrolment meetings.
- As a result of granted letters not being issued by primary schools, schools could not evidence that parents / guardians had agreed to the terms of the placement; namely no sibling guarantee, no entitlement to the associated catchment secondary school, and no provision of home to school transport arrangements and costs.

Risks

The potential risks associated with our findings are:

- Policies and procedures may not be accurately aligned with applicable legislative, regulatory and statutory requirements and current good practice.
- Parents may not receive consistent, clear and up to date guidance and information for the admissions and appeals processes.
- Parents may not be aware of their right to appeal placing request refusals.
- Failure to comply with established admissions processes may impact appeal decisions.

1.1 Recommendations: Review of Operational Policies and Guidance

- a) The Admissions to Mainstream Schools Policy should be reviewed and updated to:
- confirm that it is aligned with current legislation, regulations, and statutory requirements; and
 - reflect current practice and include greater clarity in relation to complex elements of the process such as shared care and determining exceptional circumstances when assessing priority for out of catchment placements.

An appropriate owner (a current Council officer) should be established for the Mainstream Schools Policy who will be responsible for ensuring that the policy is and regularly reviewed and updated in line with applicable legislative, regulatory, and statutory requirements and communicated across schools and relevant Council divisions

- b) All procedural documents; including the Admissions procedure, the Placing in Schools Guide and Schools Waiting List guidance should be reviewed to ensure they reflect current Council policy and processes. Amalgamation of existing procedures into one document should be considered (where possible) to prevent overlap and ensure consistency. Appropriate version controls should also be applied to all documents, including scheduled review dates and ownership.
- c) Appeals procedures should be developed that detail the end to end process to be applied across all Council divisions when dealing with Placing Request Appeals and should include (but not be limited to) clear roles and responsibilities for teams involved.
- d) Procedures and supporting information sheets for all areas such as appeals should be available for the public to download from the Council's website.
- e) Links to policy and associated procedures should be clearly accessible on the School Places landing page on the Council website. Updated guidance and procedures published to the Orb or Council website should be communicated and circulated to all schools with a cover email highlighting the changes included.

1.1a) Agreed Management Action – Review of Admissions Policy

Following review, the policy will be presented to the Education, Children and Families committee for review and approval.

The Executive Director of Communities & Families will be the policy owner, with the Senior Education Officer responsible for operational review and oversight.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer. Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.

Implementation Date:

30 April 2020

1.1b) Agreed Management Action – Review of procedures

A working group led by the Communities and Families Senior Education Officer with representation from all service areas involved in school admissions, appeals and capacity planning, will be established to undertake a review of all procedural documents. This will include consideration of amalgamation of existing procedures where appropriate and implementation of a review schedule and version control.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date:</p> <p>31 August 2020</p>
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1.1c) Agreed Management Action – Placing Appeals Procedures

As part of the working group led by the Communities and Families Senior Education Officer, appeals procedures which detail end to end processes to be applied across all areas involved in placing requests will be established and this will include clear roles and responsibilities.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date:</p> <p>31 August 2020</p>
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1.1d) Agreed Management Action – Communicating guidance on website and Orb

Following review and completion of working group actions, all policies and procedures will be published on the Council's website and Orb, and communicated to all relevant officers, with changes highlighted.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date:</p> <p>30 September 2020</p>
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1.2 Recommendation: Review and update of school websites

All schools should be reminded to regularly review their website content to ensure that it remains accurate and up to date. This should include but not be limited to ensuring that:

- current academic year handbooks are published;
- links to relevant content on the Council website remain current;
- only standard approved Council forms are published; and
- all privacy notices published on School websites are directly linked to the Council's statement.

1.2 Agreed Management Action – Review and update of school websites

A communication will be issued to all schools to request a review of their school website to ensure:

- current academic year handbooks are published;
- links to relevant content on the Council website remain current;
- only standard approved Council forms are published; and
- all privacy notices published on School websites are directly linked to the Council's statement.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.</p>	<p>Implementation Date: 31 December 2020</p>
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1.3 Recommendations: Review of Operational Forms and Standard Letters

- a) All application forms published on the Council website and Orb should be reviewed to ensure that they remain fit for purpose and include all necessary accessibility and privacy statements.
- b) Consideration should be given to designing and implementing an online application form that can be completed using drop down options in relation to the type of application, catchment areas, and year group information as appropriate.
- c) Management should consider whether the ‘request granted’ template letters should continue to be issued or whether an email to parents / guardians is considered an acceptable alternative option. Where e mails can be used, guidance should be provided to schools to ensure that the terms and limitations of the placement offer are included in the email.
- d) Schools should be reminded to comply with placing request processes as outlined on the Orb, this should include, but not be limited to:
 - issuing the standard ‘request refusal’ letter for all application refusals and ensuring all required paragraphs are outlined in the template letter and include a copy of the frequently asked questions document.
 - use of standard Council forms only. Where standard forms are not considered to meet the needs of the school, feedback should be provided to Schools and Life Long Learning management, for example, if an additional section for course subjects studied at secondary school is required.

1.3a) Agreed Management Action – Review of operational forms

The remit of the working group led by the Communities and Families Senior Education Officer, will include a review of all admissions forms published on the Council website and Orb to ensure that they remain fit for purpose and include all necessary accessibility and privacy statements.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager.</p>	<p>Implementation Date: 31 December 2020</p>
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1.3b) Agreed Management Action – Online application form

Development of a single online application form will be led by Customer Transactions Team as discussions already underway with internal automation team and Transactions have successfully introduced online applications in other areas of the business.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager.</p>	<p>Implementation Date: 31 December 2020</p>
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1.3c) Agreed Management Action – Issue of ‘request granted’ letters

The remit of the working group led by the Communities and Families Senior Education Officer, will include consideration of continued need for formal ‘request granted’ template letters or whether an email to parents / guardians is an acceptable alternative option.

Where emails are the preferred option, guidance will be provided to schools to ensure that the terms and limitations of the placement offer are included.

Owner: Alistair Gaw, Executive Director for Communities & Families
Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager.

Implementation Date:
31 December 2020

1.3d) Agreed Management Action – Issuing standard letters and forms

A communication will be issued by Schools and Life Long Learning management to all schools reminding them to comply with placing request processes as outlined on the Orb, including the requirement to:

- issue a standard 'request refusal' letter for all application refusals which includes all required paragraphs and is supported by a copy of the frequently asked questions document; and
- use standard Council forms only.

The communication will advise schools to provide feedback where standard forms are not considered to meet the needs of the school, for example, if an additional section for course subjects studied at secondary school is required.

Feedback from schools will be considered as part of the working group's review of operational forms.

Owner: Alistair Gaw, Executive Director for Communities & Families
Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.

Implementation Date:
31 December 2020

2. Operational processes – admissions and appeals

High

Review of the school admissions; appeals and placing requests operational processes highlighted that key controls supporting the process are not consistently and effectively applied across schools. Specifically:

1. Review of Placing Requests

Officer review and prioritisation outcomes for 2019 P1 / S1 placing requests for oversubscribed schools were not documented prior to submission to the Committee on Pupil Student Support for independent review.

Action notes detailing Committee review decisions and outcomes were not produced, in contrast to the process applied in 2018.

Additionally, officers commented the remit of the Committee would benefit from review and updating to provided clarity on the roles and responsibilities of members and officers in the process.

2. Waiting List Management

Currently no centralised waiting lists are used to monitor and track pupil allocations and spare capacity in schools. Instead, various systems are used across schools, for example spreadsheets or paper files.

SEEMiS (the Council's education information management system) includes a module to record and manage school waiting lists, but this has been deactivated as it was not being used by schools.

Schools visited acknowledged benefits of maintaining centralised lists including:

- visibility of decisions where placing applications are submitted to multiple schools.
- access to parent / guardian contact information for children on the waiting list.

- visibility of capacity at other schools to assist parents with placing decisions where there are no places available on the catchment area.
- potential for parents / guardians to track waiting list positions, reducing the volume of enquiries submitted to schools.

3. Validating registration and enrolment applications

Sample testing highlighted that official proof of birth and address (two items confirming that the pupil's address is within the relevant catchment area) were not consistently obtained. Additionally, where two items confirming address were obtained, they did not consistently provide adequate and valid evidence of residence at the address and did not always match.

There is currently limited independent oversight performed to ensure that schools have obtained complete and accurate evidence of address to support school placements.

In 2018, the Transactions Team validated catchment addresses information to Council Tax records for all pupils automatically allocated to five fully subscribed secondary schools.

Management advised that limited address validation was performed in 2019 due to resourcing constraints. Additionally, there was no clear risk-based methodology applied to the validation process. Management has advised that plans to use automation to map online forms directly to Council Tax data are being considered for future.

4. Conflicts of Interest

The Council's Employee Code of Conduct requires employees to declare any known conflicts of interest with declarations documented, reviewed and signed by the Head of Division.

Currently, there are no established local processes in schools to ensure that conflicts associated with admissions and placements are identified and recorded.

Schools management has advised that teaching and support staff often have local connections, and that there is an expectation that potential conflicts would be declared and addressed.

5. Placing request appeals

Legislation in relation to placing appeals requires that appellants are provided with copies of written statements and evidence ten days in advance of scheduled Appeal Committee dates.

Review of a sample of 20 appeals established that (on average) the Council provided this information five days in advance of the Appeal Committee meeting.

Management has advised this is due to resource constraints and pressure given tight timeframes associated with the appeals process.

Risks

The potential risks associated with our findings are:

- Lack of evidence supporting school placing request decisions.
- Ineffective and inefficient management of school waiting lists and poor customer experience.
- Inappropriate enrolment of pupils who do not live in the catchment area.
- Inability to address any complaints or claims in relation to potential conflicts of interest.
- Non-compliance with appeals legislation.

2.1 Recommendation: Committee on Pupil Student Support remit, review and recording of outcomes

Officer review of the annual placing request list and the rationale supporting recommendations made to the Committee on Pupil Student Support should be documented.

Decisions and outcomes of the annual meeting of the Committee on Pupil Student Support should be documented, and a process implemented to ensure that the outcomes are addressed by the Council.

Consideration should be given to reviewing and updating the remit of the Committee. Committee members should be provided with training and support to enable them to fulfil their role in line with the agreed remit.

2.1a) Agreed Management Actions – Committee on Pupil Student Support recording of officer review

Communities and Families, Committee Services and Transactions will ensure the officer review of the annual placing request list and the rationale supporting recommendations made to the Committee on Pupil Student Support from 2020 onwards is formally documented.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation Date:

30 June 2020

2.1b) Agreed Management Actions – Committee on Pupil Student Support remit, review and recording of outcomes

Decisions and outcomes of the annual meeting of the Committee on Pupil Student Support will be documented, and a process implemented to ensure that the outcomes are addressed by the Council.

Consideration will be given to reviewing and updating the remit of the Committee.

Committee members will be provided with training and support to enable them to fulfil their role in line with the agreed remit.

Owner: Laurence Rockey, Head of Strategy & Communications

Contributors: Alistair Gaw, Executive Director of Resources; Andy Gray, Head of Schools & Lifelong Learning; Hayley Barnett, Corporate Governance Manager; Lesley Birrell, Committee Officer; Arran Finlay, Senior Education Officer.

Implementation Date:

30 June 2020

2.2 Recommendations: Waiting List Management

Management should consider developing an automated centralised waiting list that provides access to both schools and parents, enabling applications and enquiries to be streamlined, open and transparent.

If this is not considered feasible, management should implement a suitable alternative (for example use of the current SEEMiS module) or maintenance and regular publication of manual waiting lists to improve the transparency and effectiveness of the current process.

2.2 Agreed Management Action: Waiting List Management

The remit of the working group led by the Communities and Families Senior Education Officer, will include a review of waiting list management. The working group will consider the risks outlined in this report and should the creation of a centralised system not be feasible, alternative arrangements will be developed to improve customer experience, and the effectiveness and efficiency of waiting list management.

The review will consider if the new SEEMIS schools system currently under development will improve current processes.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.

Implementation Date:
30 June 2021

2.3 Recommendations: Validation of registration and enrolment applications

- a) Schools should be reminded to confirm that adequate and valid evidence is provided to support all registrations and enrolments. This should include two matching proofs of address aligned with the address provided in the application.
- b) Schools business managers should undertake quality assurance checks of evidence obtained to ensure compliance with procedures and request additional evidence from parents where the evidence requested does not meet requirements.
- c) The Transactions Team should be requested to perform risk based annual checks (for example focusing on oversubscribed schools) to confirm the overall adequacy and effectiveness of the registration process. The outcomes of the review process should be recorded with feedback provided to Schools and Lifelong Learning that highlights any significant and systemic weaknesses.
- d) Outcomes of the Transactions Team review should be shared with schools with a request that findings identified from the review are addressed and processes updated to ensure that they do not recur in subsequent years.

2.3a) Agreed Management Action: Validation of registration and enrolment applications

A reminder will be sent to all schools to reinforce the requirement to confirm that adequate and valid evidence is provided to support all registrations and enrolments, including two matching proofs of address aligned with the address provided in the application.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.

Implementation Date:
30 June 2020

2.3b) Agreed Management Action: Quality assurance checks in schools

Schools business managers will be instructed to undertake sample quality assurance checks of evidence obtained from parents to support applications to ensure compliance with procedures. This will include completion of checks prior to completion of enrolment processes. Checking of completion will form part of the Communities and Families Self-Assurance Framework from 2021 onwards.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.</p>	<p>Implementation Date: 30 June 2020</p>
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2.3c) Agreed Management Action: Risk based annual checks

The Transactions Team is currently engaging the Council's Business Transformation team to explore intelligent automation options for completing annual checks. Should this solution not be feasible, a risk-based methodology will be developed and documented to determine scope and extent of future checks.

<p>Owner: Stephen Moir, Executive Director of Resources</p> <p>Contributors: Nicola Harvey, Head of Customer & Digital Services; Neil Jamieson, Customer – Senior Manager; Sheila Haig, Customer Manager; Jane MacIntyre, Transactions Team Manager.</p>	<p>Implementation Date: 30 June 2020</p>
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2.3d) Agreed Management Action: Sharing outcomes of annual checks

Outcomes of annual checks that highlight any significant and systemic weaknesses will be shared with Schools and Lifelong Learning with a request that findings identified from the review are addressed and processes updated to ensure that they do not recur in subsequent years.

<p>Owner: Stephen Moir, Executive Director of Resources</p> <p>Contributors: Alistair Gaw, Executive Director for Communities & Families; Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Neil Jamieson, Customer – Senior Manager; Sheila Haig, Customer Manager; Jane MacIntyre, Transactions Team Manager Arran Finlay, Senior Education Officer.</p>	<p>Implementation Date: 30 November 2020</p>
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2.4 Recommendations: Conflicts of interest

- A centralised process should be established to record any potential conflicts of interest for all Council employees involved in the annual school admissions, placements, and appeals process prior to its commencement.
- Communication should be issued to all directorates / divisions involved in the process requesting relevant team members to update shared with all relevant employees requesting them to update the centralised register.
- The register should be reviewed prior to commencement of the process and appropriate segregation of duties implemented where any potentially significant conflicts are identified.

2.4 Agreed Management Action: Conflicts of interest

Guidance will be developed for use in all schools to ensure any conflicts of interest are recorded and managed appropriately. This will include Business Manager review and Head Teacher sign off where necessary.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.</p>	<p>Implementation Date: 30 June 2020</p>
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2.5 Recommendations: Placing request appeals

- Resourcing requirements should be considered (based on analysis of the volume of prior year appeals and the approximate time taken to prepare copies of written statements and evidence) in advance of the appeals process to ensure that adequate resources are available to enable

achievement of the legislative requirement for provision of information ten days in advance of scheduled Appeal Committee dates.

- Where workload is higher than anticipated and it seems unlikely that the ten day timeframe will be achieved, this should be escalated to senior management who should either decide to accept the associated risks or provide additional resource.
- Where the risk of potentially breaching the ten day legislative requirement is accepted, this should be documented and recorded in the Directorate risk register.

2.5 Agreed Management Action: Placing request appeals

The working group led by the Communities and Families Senior Education Officer, will establish key dependencies and resource planning requirements. This will include interdependencies and resources required to support preparation of key reports. Changes will be trialled in the current year and the updated process implemented for 2021.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;

Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.

Implementation Date:
31 March 2021

3. Process documentation and delivery responsibilities

Medium

There is currently no holistic end to end process documentation that details the process steps and the roles and responsibilities of all Council divisions (for example the Transactions Team; Committee Services; and Legal Services) involved in supporting the school admissions, appeals, and capacity planning process.

Whilst meetings are held during the year that include all teams involved to plan and prepare for the annual process, these do not consider the effectiveness of the prior year process or potential operational and strategic process improvement opportunities. The Transactions Team has highlighted a number of processes improvement opportunities that have not yet progressed due to budgetary or intelligent automation resource constraints.

Additionally, roles and responsibilities for school admissions outwith the annual P1 / S1 admissions, appeals, and capacity planning process have not been clarified and agreed, resulting in a number of issues. These include:

- inability to redirect enquiries received by the Transactions Team via 'school.placements@edinburgh.gov.uk' due to a lack of clarity regarding Schools and Lifelong Learning responsibilities following the retirement of the Senior Education Manager in July 2019. Examples include queries in relation to home schooling; private schooling; dealing with refugees; and requests for current or future capacity information.
- delayed distribution (two weeks) of posters to schools in advance of the annual registration week and school open days as the Senior Education Manager and Communications Lead both left the Council during 2019. The Senior Transactions Officer had to manage and redirect queries in relation to this non-customer led process.
- home to school route measurements used to rank placement waiting lists are currently calculated by Strategy and Communications, however there is currently uncertainty over future responsibility for this process. Management also highlighted issues with the methodology used to produce this information.

Risks

The potential risks associated with our findings are:

- Elements of the process may not be completed.
- Internal recharging for services may not accurately reflect work performed and costs may not be fully recovered.
- Process efficiency improvements are not identified and implemented.
- Training issues may not be identified and addressed.
- Poor customer experience in relation to queries received and admissions processed outwith the annual process.

3.1 Recommendations: Process documentation and delivery responsibilities

- a) The end to end process for the annual school admissions, appeals, and capacity planning process should be documented, and a matrix developed describing divisional roles and responsibilities for the process detailing who will be responsible; accountable; consulted; and informed for each stage. The end to end procedures and matrix should be discussed and agreed with all divisional teams involved in the process, communicated, and published on the Council's intranet (the Orb) with training provided where required.
- b) Internal recharging arrangements should be reviewed and updated to ensure that they accurately reflect levels of support provided by other divisions as detailed in the new end to end process documentation.
- c) Following completion of the annual process, a debrief meeting should be held with all teams involved to understand what worked well and what areas need to be improved. The outcomes should be recorded in a 'lessons learned' document that is used to implement the improvement opportunities identified and address any process issues in advance of the next annual process.
- d) Roles and responsibilities for school admissions tasks performed outwith the annual process and for dealing with queries received should be documented and communicated to all teams involved in the process to ensure that they can be appropriately redirected and resolved.
- e) Strategy and Communications should be requested to review and confirm accuracy of the methodology support P1/S1 home to school route measurements used to rank placement waiting lists in advance of the next annual process.

3.1a) Agreed Management Action – Development and communication of process documentation and delivery responsibilities

The remit of the working group led by the Communities and Families Senior Education Officer, will include reviewing and documenting end to end processes for the annual school admissions, appeals, and capacity planning process. A matrix describing divisional roles and responsibilities for processes, which details who will be responsible; accountable; consulted; and informed for each stage will also be developed.

The end to end procedures and matrix will be discussed and agreed with all divisional teams involved in the process, communicated, and published on the Council's intranet (the Orb) with training provided where required.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date: 31 August 2020</p>
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3.1b) Agreed Management Action – Internal partnership protocols

Internal partnership protocols will be prepared and implemented for services delivered by other divisions on behalf of Schools and Lifelong Learning, incorporating the scope of services and roles and responsibilities defined in the new end to end process documentation. Where relevant, current internal charging arrangements will be reviewed to ensure that it accurately reflect the levels of support provided.

Partnership protocols and associated key performance measures / indicators will be reviewed at least every two years to ensure they remain aligned with service delivery, operational processes and relevant regulatory and professional standards.

Governance arrangements to support ongoing performance monitoring will be designed and implemented to ensure that both Schools and Lifelong Learning and the service areas that support them are satisfied with the quality of services provided.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date: 31 August 2020</p>
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3.1c) Agreed Management Action – Annual debrief and lessons learned

Following completion of the annual process, a debrief meeting will be held with all teams involved to understand what worked well and what areas need to be improved. The outcomes should be recorded in a ‘lessons learned’ document that is used to implement the improvement opportunities identified and address any process issues in advance of the next annual process.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date: 31 August 2020</p>
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3.1d) Agreed Management Action – Roles and responsibilities – outwith annual process

The working group will review the roles and responsibilities for any tasks performed outwith the annual P1/S1 admissions, appeals and capacity planning process. These will be documented and communicated to all teams involved in the process.

The review will include identifying key contacts for common non-annual admissions queries, for example, home schooling; private schooling; dealing with refugees; and requests for current or future capacity information, to ensure that they can be appropriately redirected and resolved.

<p>Owner: Alistair Gaw, Executive Director for Communities & Families</p> <p>Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Nick Smith, Head of Legal & Risk; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager; Matthew Clarke, Senior Solicitor.</p>	<p>Implementation Date: 31 August 2020</p>
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3.1e) Agreed Management Action – P1/S1 Annual home to school route measurements

Strategy and Communications will provide route measurement process documentation to address concerns raised by management about accuracy.

Strategy and Communications will consider moving this function and will advise the Transactions Team of the outcome and define contacts for this function from 2021 onwards.

<p>Owner: Laurence Rockey, Head of Strategy & Communications</p> <p>Contributors: Alistair Gaw, Executive Director for Communities & Families; Andy Gray, Head of Schools & Lifelong Learning; Catherine Stewart, Lead Delivery and Change Officer; Nicola Harvey, Head of Customer & Digital Services;; Neil Jamieson, Customer – Senior Manager;</p> <p>Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager.</p>	<p>Implementation Date: 30 March 2020</p>
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<h4>4. Data access, security and retention</h4>	<h4>Medium</h4>
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Review of processes for securing, sharing and retaining personal data in relation to school admissions and appeals highlighted the need for improvement to ensure effective ongoing compliance with applicable data protection legislative requirements and Council records management policies. Specifically:

1. Access to personal data

Personal data supporting placing requests, waiting lists, and appeals is regularly transferred between schools and other Council divisions and is not consistently password protected, however, schools advised that personal data is only emailed to relevant staff.

Appeals data is accessed and managed by Committee Services and the Transactions Team through a series of excel spreadsheets stored in network folders with shared access. Some spreadsheets are not password protected to limit access and cell protection is not used to prevent data from being overwritten. It is acknowledged that permission from service areas is required to grant access to the shared folder.

2. Sharing personal data

Communication with placing request appellants is primarily via email, and the e mails often contain sensitive and confidential information on individual cases. Currently, limited checking is performed to prevent and / or detect potential data breaches such as an additional review to confirm accuracy of email addresses prior to sending. Microsoft Outlook automatically remembers and stores (caches) previously used email addresses which whilst a useful feature, could result in personal data being accidentally sent to the wrong recipient.

Additionally, when processing school admissions, the Transactions Team routinely provide pupil data with neighbouring local authorities (Midlothian, East Lothian and West Lothian Councils) via email, however no data sharing agreements have been established to support this process.

Additionally, the Council does not currently apply security classifications (such as Official, Sensitive, Confidential) for emails that convey the sensitivity of information included to the recipient, to encourage recipients to take appropriate measures to ensure that the information is not compromised or misused. Other Council's such as West Lothian and Glasgow City Council consistently apply security classifications to emails.

3. Data and document retention

The Council's Retention Schedule for admissions records advises that placing request application forms containing family details and rationale for requests should be retained for two years, however, date retention guidance has not been developed for supporting evidence such as copies of birth certificates, council tax, and bank statements. Data retention practices applied across schools are inconsistent, and management advised that further clarity is required in relation to retention and destruction timeframes. No consistent approach is in place across schools visited, and management advised clarity is required.

Review of placing requests appeals documentation and supporting evidence established that it is retained for more than two years with information dating back to 2008 retained.

Risks

The potential risks associated with our findings are:

- Non-compliance with applicable data protection legislative requirements (for example GDPR) and Council record management policies.
- Sensitive data and information may be inappropriately accessed or sent to incorrect recipients.
- Documents and sensitive information may be held longer than permitted and disposed of insecurely.

4.1 Recommendations: Access to personal data

Shared admissions and appeals files and records retained on network drives and shared via e mail should be reviewed to understand the sensitivity of the data included and password and cell protection implemented (where appropriate) to ensure that the data cannot be inappropriately accessed or inadvertently overwritten.

4.1 Agreed Management Action: Access to personal data

Files and shared folders will be reviewed, and appropriate access permissions and password controls implemented.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation

Date:

31 July 2020

4.2 Recommendations: Secure email transmission

Management should engage with both the Information Governance Unit and Digital Services to discuss the nature and sensitivity of schools admission and appeals information transmitted via e mail and the types of recipients (for example, other local authorities; parents; and internal stakeholders) to determine whether the current e mail transmission process is appropriately secured in line with

relevant [UK government guidance](#), or whether additional steps are required to ensure secure transmission.

Use of e mail data classification labels to categorise the type of information included (for example 'official – sensitive' where an email contains personal or business sensitive information) should also be discussed with the Information Governance Unit and implemented where appropriate.

Where additional e mail security steps are required and use of data classification labels considered appropriate, these should be designed implemented and communicated to all employees involved in the school admissions and appeals process.

4.2 Agreed Management Actions: Secure email transmission

The Information Governance Unit and Digital Services will be engaged to discuss the recipients; nature and sensitivity of information transmitted via email to establish whether the current method is appropriately secure or whether additional steps are required. This will include consideration of email data classification labels where deemed appropriate.

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation Date:
30 September 2020

4.3 Recommendations: Data sharing agreements

Data sharing agreements should be designed (with support from Information Governance) and established with Midlothian, East Lothian and West Lothian Councils, clearly setting out the processes and principles for sharing personal information between Authorities.

Agreed Management Actions: Data sharing agreements

The Information Governance Unit will be consulted to determine if data sharing agreements which meet these requirements, are currently in place with Midlothian, East Lothian and West Lothian Councils.

If current agreements are not in place, or do not cover the required categories of data, specific data sharing agreements will be established.

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation Date:
30 September 2020

4.4 Recommendations: Document Retention and disposal

- a) Confirmation on the data retention period and disposal requirements for all school admissions and appeals documentation including images; hardcopies, emails, phones and scanning systems) should be requested from Information Governance. The data retention schedule should be updated to reflect the outcomes of these discussions, published on the Council's intranet (the Orb) and communicated to all divisions involved in the end to end process with a request that divisional data retention and destruction schedules are updated to reflect these requirements.

- b) Schools should be instructed to establish record retention and destruction logs to record all relevant documents, with regular ongoing checks performed to ensure that documents are archived and destroyed within required timescales.

4.4a) Agreed Management Action: Document Retention and disposal

The Information Governance Unit will be engaged to confirm data retention and disposal requirements. Where necessary the data retention schedule will be updated.

Document retention and disposal requirements will be reinforced across all services processing admissions and appeals including schools.

All appeals information currently retained outwith the relevant period will be destroyed in line with the Council's disposal guidelines and a retention schedule and destruction log maintained.

Owner: Alistair Gaw, Executive Director for Communities and Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager;

Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation

Date:
30 June 2020

4.4b) Agreed Management Action: Document Retention and disposal

A communication will be issued to schools to request that retention schedules and destruction logs are established to ensure records are managed and disposed of in line with the Council's retention schedule.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Arran Finlay, Senior Education Officer; Claire Thompson, Schools Business Development Manager; Michelle McMillan, Operations Manager.

Implementation

Date:
30 June 2020

5. Provision of training and support

Medium

School management teams advised annual school admissions and appeals training is no longer available. Training had been provided previously that focused on the process timeframes; key processes and policies (including management of waiting lists; preparation of appeals information; and capacity planning); and guidance on how to manage parent / carer engagement and enquiries.

School management also advised there is currently limited engagement with schools to discuss capacity planning issues such as pupil number variances due to late catchments registration and appeals outcomes that impact on class sizes and often require significant readjustments within schools.

Risks

The potential risks associated with our findings are:

- Ineffective management of the school capacity planning, admissions, and appeals process.
- Inadequate monitoring and oversight of capacity planning resulting in overcrowding of classes and potential legislative breaches.

5.1 Recommendations: Training and support

A programme of induction and annual refresher training covering all key processes and stages for admissions, appeals and capacity planning process should be developed with input from all divisions involved and delivered annually to all teams and employees involved in the process including head teachers and business managers. The training should include, but not limited to:

- Applicable legislative and regulatory requirements and Council policies
- The end to end capacity planning, admissions and appeals process; including management of waiting lists
- Roles, responsibilities and accountabilities of all teams involved in the process
- Data access, security, and retention requirements
- Conflicts of interest requirements
- Parent and carer engagement guidance
- Details of ongoing support and information available to manage capacity planning in relation to late placing requests and upheld appeals, including timetabling and accommodation adjustments.

5.1 Agreed Management Actions: Training and support

Following conclusion of the working group, Communities and Families will develop a programme of training which includes input across all services areas involved will be designed and delivered to schools' senior leadership teams to ensure that they are aware of and understand:

- Revised policy and procedures where relevant
- Applicable legislative and regulatory requirements and Council policies
- The end to end capacity planning, admissions and appeals process, including management of waiting lists
- Roles, responsibilities and accountabilities of all teams involved in the process
- Data access, security, and retention requirements
- Conflicts of interest requirements
- Parent and carer engagement guidance
- Details of ongoing support and information available to manage capacity planning in relation to late placing requests and upheld appeals, including timetabling and accommodation adjustments.

Owner: Alistair Gaw, Executive Director for Communities & Families

Contributors: Andy Gray, Head of Schools & Lifelong Learning; Nicola Harvey, Head of Customer & Digital Services; Laurence Rockey, Head of Strategy & Communications; Neil Jamieson, Customer – Senior Manager; Arran Finlay, Senior Education Officer; Sheila Haig, Customer Manager; Hayley Barnett, Corporate Governance Manager.

Implementation Date:
31 October 2020

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

1. Provision of advice and information

- 1.1 The Council provides comprehensive information and guidance on school's admissions, appeals and capacity planning. This includes how services can be accessed, clearly defined timescales and the roles and responsibilities of service users, the Council and relevant committees;
- 1.2 Information is available in a range of accessible formats and channels (such as information leaflets, internet and social media) and is regularly reviewed and updated where required;
- 1.3 The Council has developed a range of policies and procedures for school admissions; appeals and capacity planning which are up to date and aligned to best practice and legislative requirements;
- 1.4 Roles and responsibilities have been clearly defined for all Council areas involved in admissions; appeals and capacity planning processes; and
- 1.5 Engagement protocols are in place to monitor the quality and timeliness of work undertaken by the Council's Customer Transactions Team; Legal Services and Committee Services on behalf of Communities and Families.

2. P1 and S1 placing requests

- 2.1 The Council engages on a regular and timely basis with parents, guardians, and other professionals where relevant, at key stages during the admissions process;
- 2.2 Data verification checks are undertaken to ensure that placement decisions are based on valid proofs of residence, baptism, and guardianship status;
- 2.3 Placing requests for oversubscribed P1 and S1 schools are reviewed and prioritised in line with agreed criteria and documented committee decisions; and
- 2.4 Applicants are notified of placing request refusals and the school place allocated to the child in writing and advised of their right to appeal.

3. Capacity Planning

- 3.1. Clearly documented and understood roles and responsibilities for capacity planning are in place for devolved school management, school estates and individual school head teachers;
- 3.2. Arrangements are in place to ensure capacity planning takes account of the impact of any appeals upheld by the Placing Appeals Committees;
- 3.3. Capacity arrangements for each class and school are clearly documented taking into account maximum class size requirements, with any exceptions approved as required;
- 3.4. Placement and catchment data for all schools is recorded and updated in a timely manner, and subject to regular checks throughout the year, to ensure that accurate and up to date capacity figures are available; and
- 3.5. Ongoing monitoring, oversight and regular reporting of capacity planning at a senior level is undertaken with action taken to address any issues.

4. Placing request appeals

- 4.1. Arrangements are in place to ensure all appeals are managed in a transparent, timely and consistent manner;
- 4.2. Copies of written statements or evidence from Children's Services is sent to appellants at least 10 days before the Appeals Committee date;
- 4.3. The Council provides sufficient and up to date evidence to the Appeals Committee in support of placing request refusals; and
- 4.4. Applicants are notified in writing of the Appeals Committee's decision and reasons within 14 days of the hearing and advised of their further right of appeal to the Sheriff's Court.

5. Management of school waiting lists and school roll

- 5.1. Placement checks are performed by schools at the start of the school year with all relevant systems and lists updated;
- 5.2. School rolls are maintained by individual schools throughout the year, with effective and timely monitoring and maintenance of waiting lists and enrolments; and
- 5.3. Schools manage non-annual placing requests and any subsequent refusals processed in line with Council policy.

6. Information Governance

- 6.1. The Council clearly states how it will use personal data gathered through the admissions and appeals processes;
- 6.2. Access to and visibility of personal data is controlled through system access permissions which are reviewed regularly to ensure appropriate; and
- 6.3. Data sharing agreements are in place which clearly set out the processes and principles for sharing information between services.

The City of Edinburgh Council

Internal Audit

City Region Deal Funding Processes

Final Report

4 June 2020

CE1903

Effective

The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in August 2019. 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 is a number of 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.

1. Background and Scope

Background

The [Edinburgh and South-East Scotland City Region Deal](#) (the City Region Deal), signed on 7 August 2018, sets out a vision to deliver a number of transformational programmes and projects across Innovation, Skills, Transport, Culture and Housing themes that will deliver a step-change in inclusive growth to benefit the city region, Scotland and the United Kingdom.

Over £1.3 billion is being invested into the city region over 15 years, with the UK and Scottish Governments investing a combined total of £600m, and contributions of £730m from regional partners (the City of Edinburgh; East Lothian; Fife; Midlothian; Scottish Borders; and West Lothian Councils, Heriot-Watt University, Queen Margaret University, and the University of Edinburgh).

In line with [Section 57 of the Local Government \(Scotland\) Act 1973](#), the Council has established a Joint Committee with representatives from East Lothian, Fife, Midlothian, West Lothian and Scottish Borders Councils to oversee governance arrangements for the City Region Deal.

Grant funding totalling £41.3m was drawn down in 2018/19 for the first projects to be approved. As at quarter 3 of 2019/20; £25.4m has so far been drawn down from the £50.73m 2019/20 grant allocation.

Under the terms of the June 2018 City Region Deal Financial Agreement the Council, as Accountable Body, is responsible for overseeing financial stewardship of the programme and providing a comprehensive view of the programme's finances to the Scottish Government (SG) and the City Region Deal partners over the life of the deal. This involves receiving funds from the SG and distributing them to the regional partners for each approved City Region Deal project.

Funding for the Sheriffhall Roundabout improvements project is managed and delivered by Transport Scotland. However, the project delivery progress and associated financial spend will still require to be submitted to the Council and reported as part of the total City Region Deal.

Funding for the Housing Infrastructure Fund and Edinburgh Living is issued directly by the Scottish Government's Housing Department. There is a separate SG Grant letter for Edinburgh Living in place, and it is envisaged that the Housing Infrastructure Fund will be similar with a separate letter for each individual proposal. Therefore, funding for these projects will not be administered through the Accountable Body.

Governance and accountability for the Winchburgh risk sharing guarantee will be in accordance with the tripartite agreement signed by the Scottish Government, West Lothian Council and the lead developer at Winchburgh.

Management of City Region Deal finances should follow the financial protocols agreed with the Governments, including the [Scottish Public Finance Manual](#), the [Financial Reporting Manual](#) and [Scottish Government Procurement Strategy](#), and any financial processes specific to the City Region Deal, including the Council's internal processes where required.

The Council has set up a dedicated Project Management Office to ensure that it works collaboratively with all regional partners. The key responsibilities of the Programme Management Office are:

- providing secretariat support to the Joint Committee and other forums supporting the City Region Deal;
- coordination and management of the funding process including financial reporting; profiling and drawdown and actuals management;
- monitoring income and expenditure performance against project delivery profiles;

- capturing the added value across City Region Deal activity and helping to exploit new opportunities for additional outcomes and impacts;
- supporting the development of the multi-partner regional partnership to help drive additional value; and
- reporting performance outcomes to the lead officers' group, City Region Deal Joint Committee and both the UK and Scottish Governments.

The detail and funding profile for each project is stated in the City Region Deal Financial Plan dated 1 August 2018. The success of each project is measured by the milestones stated in individual business cases, and a summary is included in the City Region Deal Implementation Plan.

Payment of grant funding can only be made for projects where the UK and Scottish Government have approved business cases and implementation plans, or where an exception is agreed. For City Region Partner organisations to draw down funding for approved projects they must provide the Council with completed grant claims and evidence of expenditure incurred. The Council's finance team will then review the evidence provided to confirm that expenditure has been incurred as part of an approved project and meets other relevant conditions specified in the City Region Deal Financial Agreement and Grant Offer Letter before requesting the SG to issue the funds. The Council then receives the funds and distributes them to the relevant partner organisation, with payments made quarterly in arrears.

Under the terms of the Scottish Government Grant Offer Letter dated 13 August 2019, the Council as 'grantee' must meet certain conditions and fulfil a number of responsibilities in its role as the Lead Authority for City Region Deal. These terms and conditions should be replicated in separate legal agreements between the Council as Accountable Body and each of the regional partners. As the grantee, the Council is also required to provide a statement of compliance in relation to these conditions, which should be evidenced in the final capital return made to Scottish Ministers by the Council's Section 95 Officer (the Head of Finance).

The Council is also required to ensure that Regional Partners are complying with requirements of their individual grants and that their submissions requesting funding are fully evidenced. Legal agreements have been put in place between the Council and each of the Regional Partner organisations which set out their respective responsibilities in line with the conditions set out in the Grant Offer Letter.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council effectively manages its responsibilities in its role as Accountable Body for the City Region Deal.

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period January 2019 to February 2020.

Limitations of Scope

The scope of our review was limited to the Council's Accountable Body responsibilities in relation to financial stewardship of the City Region Deal as specified in the City Region Deal Financial Agreement and the 2018/19 and 2019/20 Grant Offer Letters and did not cover any other aspects of the City Region Deal governance arrangements.

Reporting Date

Our audit work concluded on 9 April 2020, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 2

Summary of findings raised	
Medium	1. Operating procedures, roles and responsibilities
Low	2. Information governance – data processing and storage

Opinion

Effective

Whilst some moderate and minor control weaknesses were identified in the design and effectiveness of the control environment established to support the Council in fulfilling its responsibilities as Accountable Body for the Edinburgh and South East Scotland City Region Deal, they provide reasonable assurance that risks are being managed and that the Council's objective to accurately process and verify grant claims in line with Scottish Government requirements should be achieved.

Consequently, one Medium rated finding and one Low rated finding have been raised.

Our review of sample of grant claims and payments did not identify any errors, and review of operational controls including those in place to prevent and detect fraud and manage any potential conflicts of interest are deemed sufficient.

The Medium rated finding identifies that although sufficient processes are in operation, documented procedures which detail the full end to end process applied, including alignment to other Council processes such as Treasury Management and detail roles and responsibilities, including the role of senior officers in performing supervisory checks are not in place.

The Low rated finding highlights the requirement to engage with the Council's Information Governance Unit to confirm if a Data Protection Impact Assessment is required to identify and mitigate any potential data protection risks associated with the Council's finance team collecting, processing and storing partner organisation data and information which has been provided to the Council to support grant claims.

Further information on the findings raised is included at Section 3.

Areas of good practice

The following areas of good practice were noted:

- Grant claims made by partner organisations and the Council are effectively validated to ensure that only claims that meet the terms of grant offer letters are processed.
- Funding requests are sent to the Scottish Government on time with adequate supporting documentation included to provide the Scottish Government with assurance on the validity and accuracy of claims.
- Payments are approved at an appropriate senior level in line with the Council's financial delegated authorities and paid out to partner organisations in a timely manner following receipt of grant funding from the Scottish Government.
- Grant offer letters are reviewed and adjusted with assistance from the Council's Legal division to include appropriate clauses prior to partner organisations signing, providing assurance that the Council is not exposed to unnecessary commercial and legal risks.
- A reporting timetable is in place to ensure complete, accurate and timely submission of regular reporting to the Scottish Government and relevant City Region Deal Committees as required.

3. Detailed findings

1. Operating procedures, roles and responsibilities

Medium

Review of a sample of ten City Region Deal grant claims and payments processed between March 2019 and January 2020 confirmed that these were processed and verified in line with all applicable grant requirements.

Our review also confirmed that operational processes followed to support processing and payment of grant claims are aligned to existing Council controls such as Treasury Management and Fraud Prevention policies. It was noted however, there are currently no documented procedures that specifically detail the Council's end to end process for preparing grant offer letters and verifying and processing grant claims in accordance with grant conditions and Accountable Body responsibilities.

In addition, while we confirmed that a dedicated officer is in post and is supported by a senior officer, and claims are approved by the Head of Finance, formal roles and responsibilities to provide assurance of segregation of duties, limited key person dependency and completion of supervisory checks have not documented.

Risks

The potential risks associated with our findings are:

- Lack of documented procedures impact the Council's ability to verify and process claims accurately and in a timely manner in the event of an extended period of dedicated officer absence.
- Non-compliance with the Council's [Policy on Fraud Prevention](#) to ensure appropriate internal controls to be established to enable prevention and detection of fraud.
- Failure to consistently comply with grant requirements and Accountable Body responsibilities as set out by the Scottish Government.

1.1 Recommendations: End to end operating procedures

Full end to end procedures for processing and verifying grant claims, aligned with the Council's responsibilities as Accountable Body, should be prepared. The procedures should include (but not be limited to):

1. Clear roles and responsibilities for finance officers and other Council divisions involved in the process (such as Legal Services, and Banking and Payment Services).
2. Details of arrangements established to ensure appropriate segregation of duties including processing grant claims received from the Council (see recommendation 1.2 below).
3. Detailed steps for processing, validating and recording grant claims including:
 - clear links to relevant documents including Scottish Government guidance and templates; the [Scottish Public Finance Manual](#), the [Financial Reporting Manual](#) and [Scottish Government Procurement Strategy](#), and any financial processes specific to the City Region Deal, including the Council's [financial rules](#) and internal processes where required.
 - supporting evidence requirements for claims in line with Scottish Government conditions.
 - instructions for confirming the validity of claims, including capital expenditure definitions.
 - an authorisation process for where claims exceed the annual financial allocation from the Scottish Government.
 - the process for submitting claims and requesting monies from the Scottish Government.

- an approval process for requesting transfer of monies to partner organisations, aligned to the Council's [financial regulations](#) and delegated authorities.
 - clear timescales for key requirements including submission of funding requests to the Scottish Government and subsequent payments to partner organisations.
 - regular reporting arrangements aligned to all Scottish Government requirements and timescales. This should include frequency of reporting; specific requirements and details of City Region Deal Joint Committee review and approval where relevant.
 - information governance arrangements such as record retention and disposal requirements and data storage, access and security arrangements for supporting evidence; data and information provided by partner organisations in line with Data Protection Impact Assessment (DPIA) requirements. (See recommendation 2.1a below).
 - a statement on how the Council will ensure adequate arrangements are in place for prevention and detection of fraud, including managing conflicts of interest; gifts and hospitality; and whistleblowing and complaints that is aligned to relevant Council policies.
 - the process for engaging the Council's Legal division to ensure that grant offer letters are fit for purpose and adjusted to include additional clauses where relevant, together with the process for agreeing grant offer letters with partner organisations.
4. The procedures should detail the processes in place to ensure segregation of duties, and supervisory checks (for example, alignment with the Council's Treasury Management procedures). The procedures should also detail contingency arrangements to ensure the Council can continue to deliver its Accountable Body responsibilities should the designated officer be on extended leave.

Following preparation, the procedures should be reviewed and approved by an appropriate senior officer in line with the [Council's Policy Management Framework](#), implemented, and consistently applied.

The procedures should then be reviewed regularly or immediately following any change to Scottish Government guidance or requirements.

1.1 Agreed Management Action: Operating procedures, roles and responsibilities

This recommendation will be implemented as described above. The first phase will be the drafting and approval of a set of procedures and appropriate documentation.

These procedures will then be formally implemented, and this implementation will be monitored. The implementation date of October 2021 is to allow sufficient time to provide evidence that the procedures are fully embedded.

Owner: Stephen Moir, Executive Director for Resources

Contributors: Laurence Rockey, Head of Strategy and Communications; Hugh Dunn, Head of Finance; Alison Henry, Senior Manager - Corporate Finance; Rebecca Andrew, Principal Accountant.

Implementation Date:
29 October 2021

2. Information governance - data processing and storage

Low

Our review confirmed that a Data Protection Impact Assessment (DPIA) has been completed for the City Region Deal's Project Management Office (PMO) use of the electronic system SharePoint.

The Council collects and stores information required for processing and validating grant claims from City Region Deal partners. An assessment of General Data Protection Regulation (GDPR) readiness was completed by the Council's Capital and Projects Team in March 2018 (prior to the

commencement of City Region Deal grant processing). However, a further assessment has not been performed to ensure that the processes in operation for the City Region Deal continue to meet GDPR requirements in relation to collecting, processing and storing City Region Deal partner organisation data.

Risks

The potential risks associated with our findings are:

- Failure to comply with applicable data protection regulatory requirements (including the UK Data Protection Act 2018 and the General Data Protection Regulation (GDPR)) and the Council's Information Governance and Records Management policies.
- Unauthorised access to commercially sensitive information.
- Accidental loss, destruction or damage to data and supporting evidence.

2.1 Recommendation: Data Protection Impact Assessment and access controls

Finance should engage with the Council's Information Governance Unit to establish whether a Data Protection Impact Assessment (DPIA) should be completed to assess the privacy risks associated with collecting, processing and storage of City Region Deal partner organisation's data provided to the Council to support grant claims.

If required, the DPIA should be completed in line with the Council's [DPIA procedure and guidance](#) and should be submitted to the Council's Information Governance Unit for review and any subsequent actions completed as required.

2.1 Agreed Management Action: Data Protection Impact Assessment

Initial contact has been made with the Council's Information Governance Unit. If required, Finance will complete a Data Protection Impact Assessment (DPIA) and undertake any follow-up actions required.

Owner: Stephen Moir, Executive Director for Resources

Contributors: Laurence Rockey, Head of Strategy and Communications; Hugh Dunn, Head of Finance; Alison Henry, Senior Manager - Corporate Finance; Rebecca Andrew, Principal Accountant.

Implementation Date:
30 June 2021

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
<p>1. Compliance with grant terms and conditions</p>	<p>1.1 The Council has established appropriate financial management procedures that are aligned with the Accountable Body conditions and responsibilities set out in the financial agreement and grant offer and complies with all relevant financial agreement conditions and applicable financial protocols.</p> <p>1.2 The Council supports delivery of its role as the Accountable Body by ensuring that an adequate resource of appropriately skilled and experienced finance team members, responsible for ongoing management and disbursement of funding, have been allocated to the programme.</p> <p>1.3 The Council has established appropriate and robust controls to:</p> <ul style="list-style-type: none"> • where applicable, ensure expenditure meets the definition of capital expenditure as set out within the grant offer; • prevent and detect irregular or fraudulent activity (both internal and external) which may impact the Programme or result in inappropriate use of any part of the grant, and procedures have been established to report any suspicions to Scottish Ministers immediately; • ensure confidentiality of commercially sensitive information and compliance with relevant Data Protection Legislation; • prevent bribery and ensure ongoing compliance with the Bribery Act 2010, including maintenance of a gifts and hospitality register; and • ensure Programme expenditure is spent in accordance with all legal requirements including state aid and public procurement law. <p>1.4 Signed legal agreements are in place between the Council and all Regional Partners that:</p> <ul style="list-style-type: none"> • replicate the terms and conditions of the grant award letter and associated schedules for payments and timing of claims; • include relevant clauses to ensure that the Council is not exposed to or liable for any legal or financial risks arising from the activities of partner organisations; • ensure that accountability in meeting the terms and conditions of the Financial Agreement and Grant Offer Letter has been passed from the Council to regional partners, where appropriate; and • are reviewed regularly and amended to ensure any changes to terms and conditions or associated schedules are reflected.

<p>2. Receipt and disbursement of grant funds</p>	<p>2.1 Processes are in place to ensure grant claims from Regional Partners meet information and evidence requirements, with a second review carried out by another officer prior to submission to the SG.</p> <p>2.2 The Council has implemented processes to ensure processing of any City of Edinburgh City Region Deal Projects adhere to financial procedures with a second review completed by a senior officer prior to submission to the SG.</p> <p>2.3 Grant claim forms are submitted by the Council to the SG quarterly in arrears together with progress reports and monitoring information as set out in the grant award letter. Copies all evidence is retained to verify that conditions are met.</p> <p>2.4 The Council settles all approved claims promptly with any reasons for delays to payments recorded and approved appropriately.</p> <p>2.5 The Council maintains accurate and complete records of the budget and expenditure for the programme, including the profile for the whole programme and each project, planned expenditure, budget to date and budget remaining.</p> <p>2.6 Financial records are held in the Council's general ledger, separate from other Council financial records.</p>
<p>3. Governance and reporting</p>	<p>3.1 The Council has established procedures to ensure it complies with the following reporting requirements set out in City Region Deal documentation, with accurate submissions provided to the Scottish Government within expected timeframes:</p> <ul style="list-style-type: none"> • Monthly Financial Forecast Table (no later than 10th working day) detailing monthly expenditure of each project and overall programme, cumulative spend and profile spend for the remainder of the financial year. • Quarterly performance reports (no later than 10th working day of month following quarter end) which includes RAG status for overall programme and each project, latest financial information highlighting over/underspends, RAG status and details of met and upcoming milestones, reviewed and approved by the Joint Committee prior to submission. • Submission of an Annual Statement of Compliance of Conditions of Grant (by 30th April). • Annual Benefits Realisation Plan including alignment to wider regional and economic development benefits achieved by utilising partner resources (by 30th June). • Annual Implementation Plan with target milestones/activities (by 30th June). The plan is also reviewed quarterly by the City Region Deal Joint Committee. • Annual Performance Report based previous year's activity at both Programme and Project level (by 31 July). This should be based on the annual report template. • Annual Financial Forecast Table for the next financial year with spend profiles for programme and each project (by 31 August). <p>3.2 A change control system has been established between the Council as Accountable Body and all regional partners to ensure all partners remain</p>

informed of any changes to financial forecasts, and that these are reported to the SG.

- 3.3 An annual audit of the finances of the programme is undertaken both internally and externally to the Accountable Body and the outcome of this shared with the Joint Committee and Scottish Government.

The City of Edinburgh Council

Internal Audit

CGI Subcontract Management

Final Report

29 November 2019

RES1901

Overall report rating:

Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.
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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2019. 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 is a number of 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.

1. Background and Scope

Background

The Council's digital operational technology services (including security) are fully outsourced to CGI, who work in partnership with the Council's Digital Services team to maintain appropriate levels of service and support delivery of technology projects. CGI service delivery for the Council is supported by a total of 67 sub-contractors.

Whilst service delivery can be fully outsourced to contractors and sub-contractors, responsibility for any significant legislative; regulatory; or security breaches (for example a malware attack that results in a breach of GDPR regulations) remains with the Council.

Consequently, it is essential that the Council obtains appropriate assurance from CGI confirming that sub-contractors supporting delivery of Council services are effectively managed.

The contract established between the Council and CGI requires CGI to ensure that effective supplier management arrangements have been established for 'key subcontractors' and report any issues with their operational performance to the Council.

The contract defines 'key sub-contractors' as any sub-contractors:

- which, in the opinion of the Authority (the Council), performs (or would perform if appointed) a critical role in the provision of all or any part of the Services; and/or
- with a Sub-contract with a contract value which at the time of appointment exceeds (or would exceed if appointed) 10% of the aggregate Charges forecast to be payable under this Agreement (as set out in the Financial Model).

Two of the 67 sub-contractors (Commsworld and Dacoll) have been classified as key sub-contractors and are subject to ongoing supplier management by CGI, with details of their ongoing performance reported to the Council via the monthly ICT Services Client Service Report provided by CGI that highlights any serious service incidents attributable to these suppliers.

Both suppliers provide different types of service to the Council. Commsworld is responsible for supporting the Council's communication systems (Contact Centres and Telephony) and wider area networks whilst Dacoll is responsible for the Council's local area networks and end user infrastructure.

The remaining 65 subcontractors are allocated to either technology applications or infrastructure services, with their delivery and performance managed by the two senior CGI managers responsible for these areas. As none of these sub-contractors have been identified by the Council as 'key sub-contractors', CGI is not contractually required to establish formal supplier management arrangements for these sub-contractors and provide updates on their performance to the Council.

CGI management has advised that the majority of subcontractors supporting Council applications have not been classified as 'key-subcontractors' as the existing contractual arrangements between the Council and CGI require a full 'flow down' of terms from the main contract to key subcontractors, and where software applications are proprietary to an organisation, it is a significant commercial challenge achieve a full-flow down approach.

CGI is required to advise the Council (per section 18 of the contract) of changes in the sub-contractor population and / or the technology services that existing sub-contractors provide to the Council to enable them to assess whether any of the remaining population of sub-contractors should be classified as 'key-subcontractors'.

Scope

The objective of the audit was to assess the design adequacy and operating effectiveness of the CGI model for ongoing management of performance and delivery of sub-contractors engaged to support delivery of operational technology services and projects for the Council. Our areas of audit focus as detailed in our terms of reference are included at Appendix 3.

This review was performed by exercising the 'right to audit' clause included in the CGI contract.

Testing was performed across the period 1 April 2018 to 31 March 2019.

Limitations of Scope

The contract management framework applied by the Council to manage CGI performance was specifically excluded from the scope of this review, as a separate review of CGI partnership management and governance is included in the 2019/20 approved Internal Audit plan.

Reporting Date

Our audit work concluded on 15 August 2019, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 2

Summary of findings raised	
Medium	1. Council oversight of CGI sub contract management
Low	2. CGI – ongoing Dacoll performance monitoring

Opinion

Our review confirmed that some improvement is required to ensure effective ongoing management of third party sub-contractors engaged by CGI to support delivery of operational technology services and projects for the Council.

We established that CGI is providing reasonable assurance that the risks associated with third party suppliers are being managed, as the two key sub-contractors engaged by CGI to work on the Council's account are being managed in line with the third party contractual obligations specified in the CGI contract.

However, no recent review has been performed by Digital Services management to determine whether any of the remaining population of 65 sub-contractors that CGI has engaged to work on the Council account should also be classified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract.

Consequently, CGI is not contractually required to establish formal supplier management arrangements for these sub-contractors and provide ongoing updates on their performance to the Council.

This presents the risk that poor supplier performance in relation to delivery of services that may be assessed as critical for the Council is not proactively identified and addressed through established supplier management arrangements and could potentially result in unnecessary incidents that impact the Council's ability to deliver services. Digital Services management has advised that where this risk crystallised, CGI would be held accountable for any incidents and their effective resolution, regardless of any established underlying sub-contract arrangements.

Digital Services management has advised that delivery of contractual outbased based specifications (OBS) services by CGI are contracted through to 2023, and that CGI has annual agreements in place with the underlying subcontractors providing these services. Consequently, CGI could change their subcontractors supporting delivery of Council services annually. Management has confirmed that any changes in CGI subcontractors would be advised to Digital Services through the established contract change procedure. This would then trigger a discussion with the Council's Digital Services team to determine whether any new contractors should be classified as 'key-subcontractors'. Internal Audit has been unable to test this control as no changes to CGI subcontractors were identified during the period that we reviewed.

There is also opportunity for management to consider the adequacy of the sub-contract management clauses included in the current CGI contract at the time of the next scheduled contract review to determine whether they adequately address the risks associated with CGI's use of sub-contractors to support delivery of critical services to the Council.

We also noted that different approaches are applied by CGI to ongoing supplier performance management of the two key sub-contractors, with one subcontractor subject to a more specific set of key performance indicators and performance reporting in comparison to the other. It is acknowledged that this may be attributable to differences in the type of services delivered by these sub-contractors and the risks associated with them.

Consequently, two Internal Audit findings (one Medium and one Low) have been raised. Further information on the findings raised is included at Section 3 below.

3. Detailed findings

1. Council oversight of CGI subcontract management

Medium

We established that the remaining population of 65 sub-contractors engaged by CGI to support delivery of technology services to the Council has not been reviewed by Digital Services potentially since the inception of the CGI contract to establish whether they should be classified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract.

Digital Services management provided a '3rd Party Contracts Novation Tracker' ('CNT') spreadsheet to Internal Audit on 7 October 2019, which was substantially after conclusion of our fieldwork on 15 August 2019 as evidence of ongoing monitoring of CGI subcontractors performed by Digital Services.

Review of the CNT spreadsheet confirmed that it had been created in June 2019 and includes a list of subcontractors aligned to specific services that were cross referenced to relevant contract output based specifications (OBS), with applications allocated a priority / criticality rating. Additionally:

- The CNT spreadsheet appears to be incomplete. CGI confirmed that they currently manage a total of 69 subcontractors including the 2 key subcontractors, however the spreadsheet provided by the CEC ICT includes only 52 subcontractors.
- The CNT spreadsheet includes a total of 18 applications / services where purchase orders for the services had expired as at 30 September 2019, which raises questions regarding whether these services continue to be provided or have changed, or whether the spreadsheet has not updated to reflect the current position. Further details of these applications are included at Appendix 2.
- The CNT spreadsheet includes a total of 7 applications where no priority / criticality rating has been applied. Further details of these applications are included at Appendix 2.

Consequently, no proactive direct ongoing supplier performance management is performed by CGI for these non 'key' subcontractors) and reported to the Council. Instead they are managed reactively in response to any critical or significant service incidents that relate to the technology applications and infrastructure support services that they provide.

Risks

The potential risks associated with our findings are:

- Critical services delivered by, and high value contracts associated with, the remaining population of 65 CGI sub-contractors that are not currently classified as 'key sub-contractors' have not been completely identified, and their service delivery is not proactively monitored by CGI to prevent the occurrence of incidents.
- The Council does not receive adequate information from CGI on the performance of the remaining population of 'non-key' sub-contractors enabling providing them with appropriate assurance that their performance and delivery is being effectively managed and monitored by CGI.

1.1 Recommendation: Assessment of the criticality of CGI sub-contractors

It is recommended that Digital Services in conjunction with CGI:

- Performs a review of the remaining population of 65 sub-contractors that are currently not classified as key sub-contractors to determine whether they should be reclassified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract. This review should consider the criticality of Council applications and infrastructure

supported by these sub-contractors in comparison to divisional application and system recovery requirements and should also address the gaps identified in the CNT spreadsheet that are detailed above.

- Implements regular ongoing risk based reviews (for example, monthly; quarterly; or annual) review of the performance of existing CGI sub-contractors that are not classified as key sub-contractors to determine whether the services provided, or the value of their contracts have changed, requiring them to be reclassified as key sub-contractors.
- Provide details of the outcomes of these reviews to the relevant Council and CGI partnership governance forums.

1.1 Agreed Management Action - Assessment of the criticality of CGI sub-contractors

Digital Services will:

- Perform a review, with the assistance of CGI where appropriate, of the remaining population of 65 sub-contractors that are not currently classified as key sub-contractors to determine whether they should be reclassified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract. This review will consider the criticality of Council applications and infrastructure supported by these sub-contractors in comparison to divisional application and system recovery requirements and will ensure that the gaps noted in the CNT spreadsheet in relation to missing contractors; expired purchase orders; and criticality of applications have been addressed.
- Where the review highlights any significant changes, the outcomes will be provided to the relevant Council and CGI partnership governance forums together with a request that CGI implements the supplier management arrangements specified in the contract to any new key sub contractors.
- Review of CGI sub contractors will be scheduled for completion annually, and the process outlined above applied.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Nicola Harvey, Head of Customer and Digital Services; Heather Robb, Chief Digital Officer; Jackie Galloway, Commercial Manager; Alison Roarty, Commercial Team Lead; Layla Smith, Business Manager

Implementation Date:

30 April 2020

1.2 Recommendation: Review of CGI contract sub-contract management clauses

The adequacy of the sub-contract management clauses included in the current CGI contract should be considered at the time of the next scheduled contract review / refresh to determine whether existing contractual requirements adequately address the risks associated with CGI's use of sub-contractors to support delivery of services to the Council.

This should include consideration of a wider range of classifications for sub-contractors based on the criticality and risks associated with the services that they provide to the Council, and the nature and extent of assurance required from CGI and provided to relevant partnership governance forums to confirm that services delivered by sub-contractors are being effectively managed.

1.2 Agreed Management Action - Review of CGI contract sub-contract management clauses

The adequacy of the sub-contract management clauses included in the current CGI contract will be considered at the time of the next scheduled contract review / refresh to determine whether existing

contractual requirements adequately address the risks associated with CGI's use of sub-contractors to support delivery of services to the Council.

This will include consideration of a wider range of classifications for sub-contractors based on the criticality and risks associated with the services that they provide to the Council, and the nature and extent of assurance required from CGI and provided to relevant partnership governance forums to confirm that services delivered by sub-contractors are being effectively managed

Owner: Stephen Moir, Executive Director of Resources

Contributors: Nicola Harvey, Head of Customer and Digital Services; Heather Robb, Chief Digital Officer; Jackie Galloway, Commercial Manager; Alison Roarty, Commercial Team Lead; Layla Smith, Business Manager

Implementation Date:

31 March 2023

2. CGI – ongoing Dacoll performance monitoring

Low

Both Dacoll and Commsworld are sub-contracted by CGI to provide services for the Council and are classified as a 'key sub-contractors' as per the definition included in the CGI contract. Consequently, CGI is required to perform ongoing delivery and performance management for these suppliers in line with the terms of the contract.

Both suppliers provide different types of service to the Council. Commsworld is responsible for supporting the Council's communication systems (Contact Centres and Telephony) and wider area networks whilst Dacoll is responsible for the Council's local area networks and end user infrastructure.

Our review established that the extent and quality of CGI's ongoing performance monitoring varies for these key sub-contractors, with Commsworld subject to a more specific and detailed set of key performance indicators and ongoing performance reporting in comparison to Dacoll, where performance monitoring is limited to maintenance of a rolling actions log based on the outcomes of monthly supplier performance meetings; progress with open actions owned by Dacoll; and any new incidents reported by CGI that are attributable to Dacoll.

Whilst this supplier management process does not breach contractual requirements as the contract does not specify the extent of supplier performance monitoring to be performed by CGI, there is opportunity for CGI to review the supplier management processes applied to these sub-contractors and consider whether they should be more consistent and aligned. It is acknowledged that there will be variances in supplier key performance indicators and ongoing performance reporting that reflect the different nature of the services provided by the sub-contractors.

Risk

The potential risks associated with our findings are:

- Instances of poor service delivery by Dacoll are not identified and addressed by CGI in a timely manner, potentially resulting in technology incidents that impact upon the Council's networks and end user solutions.
- Completeness of the Dacoll rolling actions log is dependent on how effectively CGI identifies incidents that are attributable to Dacoll.
- The Council can only evaluate Dacoll's efficiency in resolving incidents rather than their overall ongoing supplier performance.

2.1 Recommendation: Ongoing Dacoll supplier management

CGI should review their Dacoll supplier performance management arrangements to determine whether these should be enhanced to provide additional assurance to the Council in relation to the ongoing performance of this key sub-contractor. This review should consider whether:

- Enhanced key performance indicators are required to assess Dacoll's service delivery effectiveness.
- Enhanced performance monitoring reports should be prepared and provided to the Council.
- The process for identifying incidents that are attributable to Dacoll is fully effective.

Where improvements to the existing Dacoll supplier management process are identified, these should be implemented and consistently applied.

2.1 Agreed Management Action - Ongoing Dacoll supplier management

CGI management response

As the draft Internal Audit report of CGI sub contract management has correctly identified CGI are delivering their contractual obligations and these are not breached.

In accordance with Clause 15, Supply Chain Rights and Protections, of the Substantive Terms, CGI have an obligation under 15.1.2(a) to 'Manage any Sub-contractors in accordance with Good Industry Practice'.

This is applicable to all of the sub-contractors CGI utilise in delivering services to the Council. CGI do recognise that, while we are compliant with the contract, the method of managing sub-contractors can vary.

If the Council wishes to change this contractual requirement and request enhanced KPI's, to mitigate the low risks identified by audit it is recommended that this is included in the wider discussions regarding a contract extension.

Customer and Digital Services management response

Customer and Digital Services are happy to accept this risk until the wider discussions regarding a contract extension in April 2023 as the varied nature of technology contracts and the factors that would constitute a service failure means that it would be difficult to manage sub contractors consistently in the same way.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Nicola Harvey, Head of Customer and Digital Services; Heather Robb, Chief Digital Officer; Jackie Galloway, Commercial Manager; Alison Roarty, Commercial Team Lead; Layla Smith, Business Manager

Implementation Date:

1 April 2023

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2 – Gaps in the contract novation tracker spreadsheet

Table 1: Applications where purchase orders for services had expired as at 30 September 2019

	Application / Service Name	Application / Service Detail	Renewal Period	Current Contract Owner	Current PO Period End Date
1.	IBM Maint Contract - InfoSphere	IBM InfoSphere Master Data Management Individual Hub, IBM InfoSphere Master Data Management Organization Hub	2019-06	CGI	30/06/19
2.	Microstation, Hevacomp, Openroads	Microstation x3 Hevacomp x2 Openroads Designer x 1	2019-03	CGI	31/03/19
3.	Edina Hosting	Edina Hosting - Key to Choice	2018-11	CGI	30/11/18
4.	ITrent HR	Itrent HR Support and Maint	2018-12	CGI	31/12/18
5.	Teleopti	Teleopti - workforce management	2019-07	CGI	31/07/19
6.	Web Performance	Synthetic Transactions	2019-09	CGI	23/09/19
7.	Apricot	Ecco/Apricot Online Data Management	2019-09	CGI	30/09/19
8.	Citizen Account Portal	housing performance mangement application, externally hosted Online portal	2019-09	CGI	30/09/19
9.	Covalent	Performance Management System	2019-04	CGI	17/04/19
10.	MACS	Money Advice Casework System (MACS)	2019-03	CGI	31/03/19
11.	RouteSmart	RouteSmart Licence Annual Subscription 2 concurrent users	2019-08	CGI	23/08/19
12.	Navigator and Fusion	Navigator Annual Software Licence Fusion Annual Software Licence	2019-08	CGI	23/08/19
13.	Kirona MDRS	Optitime / MDRS	2019-05	CGI	31/05/19
14.	Frontier	Licence and Support	2019-03	CGI	31/03/19
15.	Support for IBM Security Products	Support for Security Management System (SMS) platform (Tivoli / Websphere)	2019-05	CGI	30/05/19
16.	Proactis	Proactis eCommerce Solution	2019-02	CGI	28/02/19
17.	Intranet Hosting	Intranet Web Hosting	2019-06	CGI	30/06/19
18.	Zipporah Room Booking (Hosting)	Room Booking System Hosting	2019-09	CGI	30/09/19

Table 2: Applications where no priority / criticality rating has been applied

	Vendor	Full Vendor Name	Priority	All OBS	Application / Service Name	Application / Service Detail
1.					Edina Hosting	Edina Hosting - Key to Choice
2.	Commsworld	COMMSWORLD LIMITED	TBC	301;	Teleopti	Teleopti - workforce management
3.					NPS Housing Online	NPS Housing Online CRQUK0000728135
4.	ParentPay	PARENTPAY LIMITED	TBC	200;	ParentPay Pebble	Online School Payments (Pebble)
5.			TBC	200;	ParentPay Annual Fee	Online School Payments (Annual Schools and Pupil Charge)
6.	Proactis	PROACTIS GROUP LIMITED			Proactis	Proactis eCommerce Solution
7.	TotalMobile	TOTALMOBILE LIMITED	TBC	307;	Mobilise, Optimise, TotalRepairs	Housing Repair SAAS incl Mobilese and Optimise

Appendix 3: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
Contract management framework	<ol style="list-style-type: none"> 1. Confirm that there is an established contract register that includes details of all sub-contractors engaged to support service delivery for the Council; 2. Confirm that an effective process has been established to support ongoing maintenance of the contracts register, with new contracts added and expired contracts removed; 3. Select a representative sample of CGI sub-contractors¹ involved in supporting Council service delivery and confirm that: <ul style="list-style-type: none"> • appropriate contract owners and managers have been established and are aware of their ongoing contract management responsibilities; • baseline performance measures and SMART (specific; measurable; achievable; relevant; and time bound) key performance indicators (KPIs) have been defined and agreed with the supplier to ensure that anticipated contractual benefits are delivered; • regular supplier performance meetings have been established at an appropriate frequency that reflects the scale and complexity of the contract; • supplier meetings follow a standard agenda; with actions documented; allocated to appropriate owners for delivery within agreed timeframes; and completion progress monitored; • the design; content; and frequency of performance management information (MI) to be provided by the sub-contractor and / or CGI has been discussed and agreed; • performance MI is provided within agreed timeframes; is reviewed by the contract manager (and owner if required) and is discussed at ongoing supplier performance meetings; and • a process has been established and is consistently applied to address any performance and financial viability issues; new and emerging contractual risks (including potential conflicts of interests); and contractual and operational performance changes.
Training	<ol style="list-style-type: none"> 1. Training is provided for all new contract owners and managers, with refresher training also provided at appropriate frequencies; 2. Training is comprehensive and covers all aspects of the contract management process throughout the contract lifecycle; and 3. Using the sample of contracts selected above, establish whether and when contract owners and managers have recently attended contract management training.

¹ Due to limitations imposed by CGI, sample has been reduced to cover only “Key” suppliers - in respect to the “non-Key” suppliers, CGI confirmed that no such arrangements are in place and process relies on the ‘silo-level’ management outlined in pt. Co2 of Appendix 3 below
 The City of Edinburgh Council
 Internal Audit Report – RES 1901; CGI Subcontract Management

Ongoing monitoring	<ol style="list-style-type: none"> 1. Ongoing monitoring is performed to confirm that the contract management framework is consistently applied by contract owners and managers; 2. The methodology applied to select the contracts to be reviewed is adequate and effective, resulting in an appropriately representative risk-based sample; 3. Review scopes adequately determine whether the contract management process is consistently and effectively applied by contract owners and managers; 4. Review outcomes are documented, and action plans developed to address any significant instances of noncompliance; and 5. Systemic weaknesses are escalated to appropriate governance forums (for example Directorate risk committees and / or the Corporate Leadership Team); and 6. Follow-up is performed to confirm that all agreed actions have been effectively implemented and sustained.
Escalation	<ol style="list-style-type: none"> 1. A process has been established to ensure that any significant sub-contractor performance and financial viability issues; and conflicts of interest are escalated to the Council, together with any associated risks; and 2. The Council is updated on an ongoing basis in relation to progress towards resolution

The City of Edinburgh Council

Internal Audit

Retention of Social Work Case Records (Looked After and Accommodated Children)

Final Report

13 January 2020

CW1705

Overall report rating:

**Some
improvement
required**

Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.

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Although there is a number of 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.

1. Background and Scope

Background

In 2017 the Council discovered that records for a citizen who was a Looked After and Accommodated (LAAC) child in the Council's care had been securely destroyed in error in 2016 as the full statutory retention period of 100 years had not been applied.

The existing moratorium on file destruction, already in place for children's files to support the Scottish Child Abuse Inquiry was immediately extended to include all Health And Social Care files and has remained in place.

At the August 2017 Governance Risk and Best Valued Committee meeting, the Director of Communities and Families provided an update on the incident and advised that whilst procedures and policies have been established to ensure safe keeping of social work files in line with statutory retention periods, in this case an error had occurred and was being investigated.

Investigation outcomes

The investigation was completed in August 2017 and concluded that historic records management policies and procedures had not been consistently applied as an inaccurate retention period had been applied to the citizen's social work paper files when the records were archived for storage, and the error was not identified when the records were authorised for disposal. The investigation confirmed that this error was attributable to:

- Combining the citizen's child and adult social work files prior to being archived. Management has advised that this practise ceased in 2012; and
- the duration of the citizen's care across use of both the Council's legacy (CIS) and current (Swift) digital social work case management case systems.

The investigation also highlighted that different processes were applied by the Communities and Families Directorate and the Health and Social Care Partnership as a qualified social worker is responsible for review of files prior to their destruction in Communities and Families, whilst pre destruction reviews in Health and Social Care is performed by business support.

It was agreed that a new business as usual process would be established for review of files prior to destruction that would be applied by both the Communities and Families Directorate and the Health and Social Care Partnership, that would require review of all files by a qualified social worker to identify any potentially merged files and ensure that correct current destruction dates had been applied.

Project establishment

A project was then established to determine whether this incident was unique, or whether there were additional files at risk of early disposal.

The project confirmed that changes in recording practices and recording errors have made data extraction and analysis pre 1974 difficult. For example, there are cases where client details are recorded in the case management system with no supporting information on the existence of supporting paper files.

Consequently, the scope of the project was limited to identifying citizens who are likely to have received care as a LAAC child and were born after 1974, and a population of 6,300 citizens was identified.

The project has advised that due to the large number of variations in the data, it is likely that this population is not fully complete, and that some files that may have been merged have not yet been identified.

A sample of 65 of the 6,300 files was selected and reviewed to determine how their records were physically stored and recorded in Council systems. This review identified inconsistencies with retention and destruction of some LAAC paper files due to changes in retention rules and records management practices over the last forty years. These were:

- as LAAC files have the retention period applied when they are archived, destruction dates may no longer reflect current statutory retention periods;
- historically, some LAAC paper files were filed together with adult files or files of other family members;
- some LAAC client digital records are recorded only in the CIS legacy social work management system and have not been recorded in the current Swift system.

Physical file reviews

Funding was then secured to establish a team to support completion of manual reviews of the 6,300 files identified where citizens are likely to have received care as a LAAC child, with the objective of:

- identifying and separating merged files and applying accurate retention dates that are aligned with legislative and statutory requirements;
- updating files with historic retention rules to reflect current requirements; and
- identifying files where electronic records are recorded in the CIS legacy case management system and recording an entry in the Swift case management system to ensure that adult records can be linked to care as a child (where relevant).

Progress to date

The file review process commenced in July 2019 and a total of 586 files had been reviewed as at 30 September 2019. Progress has been impacted by changes in the project team, however the team is now fully resourced and funded through to July 2020 and will progress the remainder of the file reviews from November 2019.

Scope

The objective of this review was to confirm:

- whether the process applied by the project team is appropriately designed to identify potentially merged files;
- that appropriate actions were implemented to address merged files where these were identified;
- that appropriate quality assurance and management oversight processes had been established as part of the review process;
- that effective controls had been implemented to confirm the location of all files throughout the review process; and
- that revised processes have been implemented to support file reviews of child and adult social work files prior to their destruction.

Limitations of Scope

There were no specific limitations to the scope of our review.

Reporting Date

Our audit work concluded on 30 October 2019, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 3

Summary of findings raised	
Medium	1. File review process
Medium	2. Review of additional files
Medium	3. Pre destruction business as usual file review process

Opinion

The overall 'some improvement required' rating reflects that the project is still at the early stages of inception with only 9% of the established population of 6,300 potentially merged files reviewed, providing sufficient time to address the control weaknesses identified in relation to the design of the key controls supporting the file review process, prior to reviewing the remainder of the files.

It is also important to ensure that regular progress reporting is provided to the project Senior Responsible Officers to confirm progress with and quality of file reviews; adequacy of project resources; and highlight any new risks, issues and dependencies that could impact upon completion of the file's reviews and implementation of actions to address merged files.

Project management has also advised that a significant (as yet unquantified) volume of social work files has been identified at the Westerhailes Healthy Living Centre that could potentially include merged files. It is essential that an initial review is performed to quantify this population of files and determine whether they should be incorporated within the project, and an assessment performed to confirm the associated impact on project resources and funding to enable identification of options and implementation of appropriate solutions.

Whilst it is acknowledged that the existing file destruction moratorium implemented in August 2017 currently mitigates the risk of early destruction of files, it is important to ensure that a consistent 'business as usual' file review and destruction process is designed and implemented across both Communities and Families and Health and Social Care to ensure that the risk of early destruction of merged files is effectively managed in future.

Consequently, three Medium rated findings have been raised.

3. Detailed findings

1. Project file review process

Medium

The review of the processes that have been applied to the 586 files already reviewed by the project highlighted that:

1. process documentation detailing the process to be applied to file reviews (including application of correct retention dates) is incomplete and currently does not include all relevant stages of the process in the correct order;
2. emails issued and received by the project team that could potentially contain personal client information in relation to the ongoing review of case files are stored within a shared Microsoft Outlook mail box created specifically for the project;
3. progress and outcomes of the file reviews are not being consistently classified and recorded on the Swift System (paper files tab) and within individual project workflow management spreadsheet trackers. For example, files are classified as 'complete' in instances where they have been forwarded to Health and Social Care Localities for further action and no confirmation is received from the Localities to confirm that the required actions have been implemented;
4. whilst progress reporting is provided to the Council's major projects board, there is currently no regular progress reporting to the Director of Communities and Families; the Director of Resources; and the Head of Strategy and Communications to provide assurance that the project will complete the review of the case files within budget;
5. whilst the location of the files is consistently recorded by the project team there is no requirement included in project processes to ensure that subsequent recipients of case files in both Health and Social Care and Communities and Families consistently record receipt of the files and their location within Swift System; and
6. no quality assurance checks are performed to ensure that the project team are consistently applying the established process to all files reviewed.

Risks

The potential risks associated with our findings are:

- merged files are not identified and appropriately addressed;
- appropriate outcomes may not have been consistently applied to the population of reviewed files;
- potential risk of non-compliance with the Councils Records Management Policy;
- files are potentially lost in transit between the project team and Council divisions; and
- insufficient oversight of project capacity to ensure that the case file review can be completed within budget.

1.1 Recommendation: Review and refresh of the project file review process

- The project file review process should be reviewed and supporting process documentation refreshed. The revised process documentation should include, but not be restricted to implementation of:
 - a. file structure protocols to ensure that all relevant electronic (including e mails received via the shared email account) and paper documentation supporting review of individual files are appropriately named; referenced; and retained in a consistent manner that is compliant with the Council's records management policy;
 - b. appropriate file status classifications that accurately detail progress with completion of files and support progress reporting;

- c. application of accurate file retention dates; and
- d. recording the location of files on Swift by all divisions involved in the file review process to ensure that files do not become 'lost' when transferred between the project and divisions for further action.
- Regular progress reporting to management to provide assurance that the project will be able to complete the review of the case files on time and within budget.
- The refreshed process should be approved by Senior Responsible Officers for the project and Health and Social Care and Community and Families management prior to implementation.

Agreed Management Action: Review and refresh of the project file review process

Agreed actions will be implemented as recommended by Internal Audit.

The project team will work to an end of January date for implementation of quality assurance within the project team with an end of February date for Internal Audit to review the process applied.

<p>Owner: Alistair Gaw, Executive Director of Communities and Families</p> <p>Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer and Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.</p>	<p>Implementation Date: 28 February 2020</p>
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1.2 Recommendation: Process communication and training

The revised file review process should be communicated to all employees within the Project Team, Health and Social Care, and Community and Families, who will be involved in the file review process, with training provided where required.

Agreed Management Action: Process communication and training

Agreed actions will be implemented as recommended by Internal Audit.

The project team will work to an end of January date for implementation of quality assurance within the project team with an end of February date for Internal Audit to review the process applied.

<p>Owner: Alistair Gaw, Executive Director of Communities and Families</p> <p>Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.</p>	<p>Implementation Date: 28 February 2020</p>
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1.3 Recommendation: Quality assurance checks

- A risk based quality assurance review should be designed and implemented to ensure that the file review process is being consistently and effectively applied, and should include but not be limited to:
 - a. a retrospective sample of cases already reviewed to confirm that appropriate action has been taken to address any merged files and / or data quality issues identified; and
 - b. an ongoing risk based sample of the remaining cases to be reviewed that covers all project team members.

- Outcomes of the quality assurance checks should be recorded, and appropriate action taken to ensure that issues identified are appropriately resolved; and
- Quality assurance outcomes should be included in progress reporting provided to management.

Agreed Management Action: Quality assurance checks

Project management information will be monitored weekly to identify the volume of files that have been reviewed by the project team and an independent risk based quality assurance approach developed and implemented that focuses on files that have not been 'split' by the project team, to confirm that they have been accurately classified as files that have not been merged prior to their return to Iron Mountain for archiving.

Quality assurance sample sizes will be selected at the start of each week and will depend on the volumes of files reviewed by the project team and the relevant proportion of non-merged and merged files.

Where merged files have been identified and split by the project team, a lighter touch approach involving peer reviews will be adopted to ensure that the project file review process has been consistently applied and appropriate actions implemented.

Quality assurance outcomes will be recorded and all significant errors (for example failure to identify merged files), areas of good practices, and areas for improvement will be shared with the project team.

Availability of quality resource will be monitored throughout the project to ensure that it remains adequate to complete an appropriate number of QA reviews based on file outcomes.

A retrospective sample of cases already reviewed by the project team will also be selected for retrospective review based on the approach outlined above.

The project team will work to an end of February date for implementation of quality assurance within the project team with an end of March date for Internal Audit to review the process applied.

Owner: Alistair Gaw, Executive Director of Communities and Families

Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of customer and Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.

Implementation Date:
31 March 2020

2. Review of additional files

Medium

The project has established that there is a storage room at the Westerhailes Healthy Living Centre office where a significant number of files that have not yet been quantified are located that require to be investigated to identify whether there are any merged / missing social work files. These files are not included within the original figure of 6,300 files identified for review by the Project Team.

The project team has not yet performed an assessment to establish the potential impact that the review of these additional files will have on the project resources and completion timescales. It is understood that the project currently has funding available for one year.

Risk

The potential risks associated with our findings are that the project may not have the necessary resources and funding to support completion of review of additional files identified at the Westerhailes office.

2.1 Recommendation: Review of additional files

A review of the files at the Westerhailes Healthy Living Centre office should be performed using a set of clearly specified criteria to determine whether any of the files could potentially be merged files that should be incorporated within the detailed review of files to be performed by the project.

Agreed Management Action: Review of additional files

The total volume of files at Westerhailes will be quantified. Once this has been completed, a risk based sample approach will be applied to review the files and identify any that may have been merged.

Owner: Alistair Gaw, Executive Director of Communities and Families

Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.

Implementation Date:
31 March 2020

2.2 Recommendation: Impact analysis

An impact analysis should be performed to determine the resourcing and cost impacts associated with additional case file reviews to be incorporated within the project.

Where the additional impacts are significant, the project manager should engage with the senior responsible officers for the project to discuss the risks associated with the additional files and agree solutions. These should include, but should not be limited to:

- the option to transfer the files to storage based on currently applied archiving and destruction dates, and place reliance on the new business as usual process (refer finding 2) to identify and address any merged files; and
- the option to increase project resources to review the additional files.

Agreed Management Action: Impact analysis

The outcomes of the review of additional files (as detailed at recommendation 2.1) will be shared with the Senior Responsible Officers together with an impact analysis detailing the resourcing and associated costs of including the files within the project scope, and recommendations made as to whether the scope of the project should be extended to include these files, or whether reliance should be placed on the new business as usual process to be implemented as detailed at Finding 3.

Where the decision is taken to include the potentially merged files within the scope of the project, they will be transferred across to the project team and logged for review.

The project team will work to a completion 29 May with a date of 26 June for validation by Internal Audit.

Owner: Alistair Gaw, Executive Director of Communities and Families

Implementation Date:

Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.	26 June 2020
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3. Pre destruction business as usual file review process	Medium
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Whilst it is acknowledged that the moratorium on file destruction remains in place and reduces the risk of early destruction of merged files, the refreshed process detailing responsibilities for completion of file reviews prior to destruction; details of the review to be performed; and actions to be taken where merged files, inaccurate file retention periods, and data quality issues are identified has not yet been designed and implemented.

Risk

The potential risks associated with our findings are that merged files that are not included within the scope of the project are not identified as part of ongoing business as usual processes and could potentially be destroyed early following removal of the file destruction moratorium.

3.1 Recommendation: Pre destruction business as usual file review process
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A business as usual process for review of files prior to their destruction should be prepared by the project team and agreed by management in both Communities and Families and Health and Social Care. The process should include, but not be limited to:

- the requirement for the pre destruction review to be completed (or at least reviewed) by a qualified social worker;
- details of the checks to be performed to identify any potentially merged files;
- details of the correct destruction dates that should be applied to the files, aligned with applicable legislation and regulatory requirements;
- actions to be taken to address merged files and any data quality issues identified; and
- the requirement to document the review process and details of action taken, together with the location of any new files created (for example where adult and child files are split and new files created).

3.1 Agreed Management Action: Pre destruction business as usual file review process
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The pre destruction business as usual file review process is currently being developed and will cover all of the points recommended by Internal Audit. The process will be prepared by the end January 2020 and agreed with the Health and Social Care and Communities and Families Directorates by the end of February 2020.

Owner: Alistair Gaw, Executive Director of Communities and Families	Implementation Date: 28 February 2020
Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.	

3.2 Recommendation: Communication and training

- The refreshed process should be communicated across all relevant teams within Communities and Families and Health and Social Care, and uploaded on the relevant pages of the Council's internet (the Orb) for reference; and
- Training on the new process should be designed and delivered across all relevant teams.

3.2a Agreed Management Action (Communities and Families): Communication, training, and implementation

Children's Practice team managers have already been briefed regarding the outcomes of the audit and a refreshed process will soon be implemented. The process will be co-produced with Business Support Team Managers, communicated and uploaded to the Orb.

Given the scale of training to be provided, a CECiL based approach will be applied with support provided by Business Support and requested from Learning and Organisational Development (Human Resources), with divisions requested to track completion of the CECiL module.

Locality Management teams will also receive face to face training on the new process.

Owner: Alistair Gaw, Executive Director of Communities and Families

Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.

Implementation

Date:

30 June 2020

3.2b Agreed Management Action (Health and Social Care): Communication, training, and implementation

Health and Social Care will adopt a similar approach to Communities and Families with the new process communicated and uploaded to the Orb.

A CECiL based approach will also be applied with support provided by Business Support and requested from Learning and Organisational Development (Human Resources), with completion of the CECiL module by the relevant teams tracked.

Locality Management teams will also receive face to face training on the new process.

Owner: Judith Proctor, Chief Officer, Health and Social Care Partnership

Contributors: Tom Cowan, Head of Operations, Health and Social Care Partnership; Jacqui Macrae, Chief Nurse and Head of Quality (NHS); Cathy Wilson, Operations Manager, Health and Social Care Partnership.

Implementation

Date:

30 June 2020

3.3 Recommendation: Quality assurance process

An appropriate risk based quality assurance process should be designed and implemented to provide ongoing assurance that the new process for review of files prior to their destruction is being consistently and effectively applied. This should include, but not be limited to:

- inclusion of a clear sample selection methodology that covers all areas and employees involved in the file archiving and destruction process;
- documentation of the quality assurance outcomes together with details of actions taken to address any errors identified; and

- provision of feedback across all teams detailing key themes emerging from quality assurance reviews.

3.3a Agreed Management Action (Communities and Families): Quality assurance process

A joint risk based quality assurance process will be established between Business Support and Team Managers in Localities.

Quality assurance outcomes will be recorded, and learnings shared with team managers at Children's Practice Team meetings, enabling city wide service improvement actions to be identified and implemented where appropriate.

Owner: Alistair Gaw, Executive Director of Communities and Families

Contributors: Laurence Rockey, Head of Strategy & Communications; Nicola Harvey, Head of Customer & Digital Services; John Arthur, Senior Manager Business Support; Louise McRae, Business Support Manager; Freeha Ahmed Business Support Team Manager; Ani Barclay, Business Support Officer; Ruth Currie, Executive Assistant; Donna Rodger, Executive Assistant; Alison Roarty, Commercial Team Lead.

Implementation Date:

30 June 2020

3.3b Agreed Management Action (Health and Social Care): Quality assurance process

A joint quality assurance process will be established between Business Support and Team Managers in Localities.

The new Health and Social Care Partnership Chief Nurse and Head of Quality will be responsible for managerial oversight of the quality assurance processes, ensuring that lessons learned are fed back to the Localities and outcomes reported to the Clinical and Care Governance Committee for scrutiny and oversight.

Owner: Judith Proctor, Chief Officer, Health and Social Care Partnership

Contributors: Tom Cowan, Head of Operations, Health and Social Care Partnership; Jacqui Macrae, Chief Nurse and Head of Quality (NHS); Cathy Wilson, Operations Manager, Health and Social Care Partnership.

Implementation Date:

30 June 2020

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Council which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Council.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Council.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Council.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Processes, Procedures and Training

- Current and historic processes and procedures are fully aligned with regulatory and legislative requirements.
- Processes and procedures are clear, easily accessible by staff, and subject to regular review.
- Appropriate training has been provided to all staff involved in records management.

Retention and Disposal of Records

- The correct regulatory retention period is applied when archiving records.
- The correct retention and disposal dates are recorded on the relevant systems (CIS; Swift and the Council's Records Management System).
- Records are only disposed of following review and authorisation by an officer at an appropriate level.
- Records are only disposed of in accordance with set retention periods and regulatory / legislative requirements.

The City of Edinburgh Council

Internal Audit

Revenue Budget Setting and Management

Final Report

5 February 2020

RES1903

Overall report rating:

**Some
improvement
required**

Whilst some control weaknesses were identified in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2019. 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 is a number of 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.

1. Background and Scope

Background

Councils receive the majority of their funding from the Scottish Government (SG). This comprises revenue support grant; non-domestic rates; and ring-fenced grants (for example, pupil equity funding, early years expansion and grant funding provided for affordable housing). Councils also generate additional income through Council Tax, with rates set by each individual Council, and application of fees and charges for services provided.

Scottish councils co-operate through, and are represented collectively by, the Convention of Scottish Local Authorities (COSLA).

The Council's [Financial Regulations](#) is a key governance document that details the Council's arrangements for the proper administration of its financial affairs in line with the requirements of section 95 of the Local Government (Scotland) Act 1973, and includes details of the Council's key financial statutory responsibilities and requirements including individual financial management responsibilities; internal and external audit and risk management; provision of budgetary reports to executive committees; the prescribed format for production of annual accounts; management of revenue and capital budgets; transfers between revenue and capital budgets, and revenue budget virements.

The annual budget setting timetable

In recent years, both the Scottish Government Draft Budget and provisional Local Authority specific figures have been provided in December with final funding allocations being confirmed in late January or early February following parliamentary approval. The Scottish Government Budget has been approved annually through the Scottish Parliament in February. The Council sets its budget in February annually to align to the council tax annual billing cycle requirements and statutory provisions to set a balanced budget. The Council's gross General Fund revenue budget for 2019/20 is approximately £1.3 billion.

Current budget pressures

In common with other local authorities, the Council continues to operate and deliver services in a challenging context, with the combined influences of demographic-led demand, inflationary pressures, and legislative reform affecting its budget, all against a backdrop of reducing core grant funding. The Council is managing significant financial pressures with a requirement to deliver £39m of approved savings in the 2019/20 financial year, with a further £25m of savings needed to manage service pressures. The Council has a strong track record in delivering a balanced budget, with 2018/19 representing the twelfth successive year in which net expenditure has been maintained within approved levels. The latest half-year report for 2019/20 notes that a balanced overall position is being forecast for the current financial year.

Executive Directors are accountable for managing expenditure within their approved budgets, in accordance with the Council's Financial Regulations and with advice from their aligned service accountants. This often involves establishing projects that are expected to deliver savings. Documentation supporting the feasibility of planned savings initiatives is prepared as part of the annual budget setting process and reviewed, approved and tracked by the Corporate Leadership Team (CLT), with ongoing savings progress reports provided to Directorate Management Teams, CLT and relevant Council committees during the year. This work is prepared by the Change Strategy Team (Strategy and Communications Division), who liaise with Finance before providing documentation to committee, senior officers, and elected members.

The annual budget setting process

The Council's budget setting process begins with a review of the assumptions underpinning the medium-term financial framework. Following this, an initial report is taken to the Finance and Resources Committee (FRC) setting out the updated financial position and assumptions. The CLT consider the budget position and will work with elected members over a period of several months to prepare a draft revenue budget. The draft revenue budget is then considered and scrutinised through a detailed process, which includes submission to both the FRC and to the full Council in line with applicable standing orders and statutory provisions for the setting of a balanced budget.

Revenue budgets

The Council's revenue expenditure relates to the day-to-day costs incurred by the Council in providing services. This includes payroll-related expenditure, buildings running costs, interest payments, and debt repayment. Revenue expenditure on all services except council housing is charged to the General Fund and financed through a combination of council tax, fees and charges, government grants, and non-domestic rates. The Council's Financial Regulations supplemented by the Finance Rules include guidance on revenue budgets.

There is a statutory requirement for local authorities to maintain a Housing Revenue Account (HRA) separate from the General Fund. All expenditure incurred, and income received, in the provision of rented social housing accommodation must be included in the HRA. The Council is not allowed to subsidise the HRA by making contributions from the General Fund. Accordingly, the HRA must break even in its own right. Most of the HRA's income is derived from housing rents, and this must be sufficient to cover the expenditure on the HRA.

Capital budgets

The Council's capital budget details planned expenditure on providing or improving non-current assets, which include operational land and buildings (including schools and offices), vehicles, plant and equipment; and infrastructure and community assets (for example, roads and parks), which will be of use or benefit in providing services for more than one financial year.

When setting capital budgets, the Council must consider (as per Part 7 of the Local Government in Scotland Act 2003) the requirements of the Prudential Code developed by the Chartered Institute of Public Finance and Accountancy in 2004/05. The objective of the code is to provide a framework to support local authorities in their capital investment decisions to ensure that:

- Capital expenditure plans are affordable;
- All external borrowing and other long-term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

The Three Lines of Defence

The Three Lines of Defence model can be applied to the Council's annual budget setting and ongoing budget management processes where the 'first line' is the divisions and directorates who own their budgets and savings plans and are responsible for ensuring that they are realistic, achievable and effectively monitored, whilst the 'second line' are the Finance Division and the Change Strategy Team who are responsible for developing and maintaining the Council's budget setting and management framework and supporting guidance; ensuring it is communicated across the Council; and providing ongoing support and guidance to first line budget managers. The 'third line' provides independent assurance (for example, External and Internal Audit) on key controls established within the first and second lines to manage risks associated with the annual budget setting process and ongoing budget management. The Council's External Auditor reports annually to the Council and the most recent report (September 2019) on the 2018/19 financial year noted that the Council had appropriate arrangements in place for managing its financial position during the year. The extent of the reliance on non-service

budgets in achieving this position (and the consequent need for spend within directorates to be maintained within approved levels in current and future years) was, however, emphasised.

The Finance Division and Change Strategy Team

The Finance Division includes business aligned service accountants who are responsible for providing ongoing professional advice, challenge, and support to budget managers in relation to budget setting and ongoing budget management.

Budget holders receive monthly budget reports for their areas which are produced from the Frontier system. The Discoverer system can also be used to produce more specialised reporting as required. There is also regular reporting of financial information to Directorate Service Management Teams, CLT, FRC; Executive Committees; the Governance, Risk and Best Value Committee; and full Council.

The Change Strategy Team sit within the Strategy and Communications Division, and their work includes the presentation of financial information and analysis to senior managers, elected members, and executive committees related to the budget setting process. In addition, the Change Strategy Team and Finance provide joint reports to committee, e.g. FRC, which include predictions of longer-term changes to income and expenditure, estimates of savings required, and proposed savings plans.

In the summer of 2018 Finance undertook an exercise to seek feedback from budget managers from across the Council to give service users an opportunity to inform service improvement. The results of the exercise were shared across directorates and divisions and a number of improvements were implemented including: full budget realignment exercises were undertaken in 2018/19 and 2019/20 in consultation with Place Service Management Teams; a full realignment of the £160m Health and Social Care Partnership (HSCP) purchasing budget was completed to reflect locality management structures; bespoke financial management support and training has been provided to service managers including: development of an HSCP purchasing budget monitoring tool and delivery of training to relevant staff; regular workshops and management of a central mailbox to provide support and guidance to school business managers.

In early 2019 Finance undertook a separate exercise to seek feedback from Finance staff to prioritise further service improvements. Actions implemented during 2019 included improved reporting to CLT, Directorate Service Management Teams and Council Committees on service budget pressures and progress with development and implementation of Directorate plans to mitigate pressures.

Strategy and Communications are seeking to develop links between budget management and change management through the Council's Change Strategy process. Actions undertaken during 2019 included the investment of £1m to supplement project management capacity to support delivery of more challenging approved savings measures; completion of a general "lessons learned" review in March 2019; and presenting a more specific "lessons learned" review in relation to the development of the Council's Efficiency Programme to CLT in October 2019.

Training for budget managers

Training available to budget managers through Human Resources (Learning and Development) includes an essential learning module on the City of Edinburgh Council Interactive Learning (CECiL) platform that provides general training on budget setting and management, and a one-day course on the Frontier financial systems that includes practical examples on using the system to monitor and review budgets.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure that there is effective control over budget setting and management for the General Fund and consider the high-level budget setting and management process for three

Council directorates (Resources, Place, and Communities and Families) for the period 1 April to 30 September 2019.

The review provides assurance in relation to the following Corporate Leadership Team (CLT) risk:

- Medium-term financial planning (to 2022) – “Due to reduced funding available for Local Government, increasing demand for health social care services, challenges in achieving planned revenue and/or capital savings, public perception of (and reaction to) proposed changes, competing priorities, the requirement to ring-fence particular budgets, and potential legislative changes following Brexit, the Council could find it more difficult to successfully undertake medium-term financial planning. The effects of this could include additional unplanned in-year financial pressures, and failure to achieve the Council’s medium-to-long term objectives across all areas of service delivery.”

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period April 2018 to October 2019.

Limitations of Scope

Review of the budget setting and management processes applied by the Edinburgh Health and Social Care Partnership was specifically excluded from the scope of this review as that was subject to a separate review as part of the Edinburgh Integration Joint Board 2018/19 Internal Audit plan.

Additionally, our review did not cover the ring fenced and capital budget setting and management processes. These areas will be considered for inclusion in future Internal Audit annual plans.

Reporting Date

Our audit work concluded on 9 January 2020, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 4

Summary of findings raised	
Medium	1. Savings proposals documentation and risk assessments
Medium	2. Budget setting and management processes
Medium	3. Continuous improvement: Lessons learned and customer feedback
Medium	4. Training for budget managers

Opinion

Whilst some weaknesses were identified in the design and effectiveness of the controls established to support budget setting and ongoing management for general funds across the Resources, Place, and Communities and Families Directorates and Divisions, they provide reasonable assurance that the operational risks associated with medium-term financial planning are being managed, and that the Council's objectives to set and manage budgets in line with the Local Government (Scotland) Act 1973 requirements should be achieved.

Our review identified some moderate control weaknesses in relation to the adequacy and consistency of information provided to support savings proposals prepared as part of the annual budget setting process; and the red, amber, green (RAG) savings plan delivery risk assessments included in delivery progress updates provided to executive committees during the year. Consequently, it may not be possible to adequately determine the feasibility of proposed savings projects, or fully understand the risks associated with their delivery.

We also identified some moderate control weaknesses in relation to lack of budget setting and management process documentation and guidance for both second line Finance and Change Strategy teams, and first line budget managers (including their respective roles and responsibilities); ongoing improvement of the effectiveness of the budget setting and management processes by implementing actions from lessons learned and customer feedback; and the need to refresh currently available training and ensure that is completed by all first-line budget managers.

Consequently, 4 Medium rated findings have been raised. Further details on the findings raised are included at Section 3.

Areas of good practice

- The Frontier system enables first-line budget managers to review and manage their budgets effectively by producing monthly budget reports and allowing for the analysis of financial transactions;
- Service accountants within the Finance division have a strong knowledge and understanding of both public sector budget setting and management requirements, and the services delivered by the divisions that they support; and
- The annual budget and savings plans are reviewed and approved by the full Council prior to the start of each financial year.

3. Detailed findings

1. Savings proposals documentation and risk assessments

Medium

Review of the process applied to prepare savings proposals as part of the annual budget setting process confirmed that there is currently no written procedural guidance available that details what information should be prepared by directorates and divisions and then provided to Finance to support their proposals. However, all savings proposals are stated using standard templates which help to provide staff with some degree of guidance on what information to include.

Review of a sample of savings proposals provided to Council Executive Committees confirmed that some savings templates are completed that provide a high level overview of proposals, whilst others were supported by business cases that provided more granular information. Finance has advised that whilst there is no available guidance detailing whether a high level overview or detailed business case should be prepared, the level of detail provided is usually based on the associated costs and complexity of the work involved. However, Finance have stated that further work is required to ensure that all business cases are suitably robust with detailed implementation plans and realistic timescales.

During the financial year committees are provided with updates on the progress of savings plans which include red, amber, green (RAG) delivery risk assessments. However, there is no standard definition supporting the red, amber, and green (RAG) risk assessments applied.

Risk

The potential risks associated with our findings are that:

- Committee members do not have a complete understanding of the scope and the associated costs and risks associated with delivery of all savings plans presented throughout the course of the financial year; and
- Savings plans cannot be compared against each other to identify potential dependencies and synergies, and action then appropriately prioritised.

1.1 Recommendation: Savings proposals documentation and risk assessments

1. Standard savings templates and business case documentation should be reviewed to ensure that they are aligned with the project documentation used for major projects, with clear instructions provided to directorates and divisions that detail which documents should be prepared based on the outcomes of the prioritisation matrix and the initial feasibility risk assessment.
2. The RAG (Red, Amber, Green) delivery risk assessments applied to assess the risks associated with ongoing delivery of proposed savings should be clearly defined; communicated across all Council divisions and directorates, and consistently applied to all savings delivery progress updates provided to directorate management teams, CLT, and committees.

1.1 Agreed Management Action: Savings proposals documentation and risk assessments

1. Savings plan and business case templates will both be reviewed to ensure that they align to major projects documentation. In addition, a procedural document will be created which details the amount and depth of documentation which is required to support savings plans, based on outcomes of the prioritisation matrix assessment.
2. The Finance budget monitoring RAG (Red, Amber, Green) delivery risk assessment categories will each be formally defined, and consistently applied to all savings delivery progress updates provided to Directorate management teams, CLT, and service committees.

Owner: Laurence Rockey, Head of Strategy and Communications

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Emma Baker, Change Manager (Strategy); Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

30 September 2020

2. Budget setting and management processes

Medium

Whilst high-level roles and responsibilities are set out within the Financial Regulations and Finance Rules, no detailed operational guidance on the annual budget setting and ongoing budget management processes is currently available for Finance team members, Change Strategy Team members, and divisional and directorate budget managers to support effective delivery of the Council's statutory budget setting, management, and reporting requirements.

Additionally, the respective roles and responsibilities for (second line) Finance staff and Change Strategy Team staff, and (first line) divisional and directorate budget managers in relation to budget setting and ongoing budget management have not been clearly defined and agreed.

Risks

The potential risks associated with our findings are:

- Budget setting and management is not consistently and effectively performed across the Council, and potentially not in line with CIPFA and Audit Scotland requirements;
- Finance and Change Strategy Team employees are not aware of all the assumptions made by CLT, service management teams and budget managers in the creation of their budgets, and are unable to provide effective challenge; and
- Budgets do not accurately reflect expected future income and expenditure, resulting in unexpected budget variances.

2.1 Recommendation: Budget setting and management processes and timetable

1. Detailed guidance on budget setting and ongoing budget management for the Finance team, and Change Strategy Teams, and divisional / directorate budget managers should be developed and communicated. This should include, but not be limited to, guidance in relation to:
 - preparing complete and accurate annual budgets and performing ongoing budget management;
 - determining cost pressures and their likelihood and impact for consideration in the budget setting process. This guidance should be supported by a checklist that details all of the key points to be considered by budget managers;
 - creating savings plans that are realistic and will help to achieve a balanced budget;
 - accurately determining the initial priority and ongoing delivery risks for individual savings plans.
2. Similar budget setting and management procedures should be obtained (where possible) from other councils, and then analysed in order to identify areas of best practice for potential inclusion in the new guidance; and
3. The guidance should be published on the Finance pages on the Council's intranet (the Orb).

2.1 Agreed Management Action: Budget setting and management processes and timetable

Guidance will be developed for budget setting and management as described in the recommendation above and issued to support the 2021/22 budget setting process.

Owner: Stephen Moir, Director of Resources

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Emma Baker, Change Manager (Strategy); Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

31 December 2020

2.2 Recommendation: Clarity of roles and responsibilities

The respective roles and responsibilities of first line budget managers and second line Finance and Change Strategy teams in relation to the annual budget setting and ongoing budget management process should be clearly defined, agreed, and communicated across all Council divisions and directorates.

This should specify the second line activities that will be performed by Finance and Change Strategy to support first line budget holders, and the activities to be completed by budget holders.

These roles and responsibilities should be included in the procedures to be designed and implemented as per recommendation 2.1.

2.2 Agreed Management Action: Clarity of roles and responsibilities

The respective roles and responsibilities for first line budget managers and second line Finance and Change Strategy teams in relation to the annual budget setting and ongoing budget management process will be clearly defined in a procedure document, and communicated with documentation reflecting guidance on this matter issued by CIPFA.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Emma Baker, Change Manager (Strategy); Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

31 December 2020

3. Continuous improvement: Lessons learned and customer feedback.

Medium

While lessons learned from the 2019-20 annual budgeting process were collated by Strategy and Communications and reported to the Corporate Leadership Team in March 2019, and Finance customer and staff surveys were performed in late 2018 / early 2019, these feedback exercises are not routinely performed by Strategy and Communications and Finance. Management have confirmed that there are no immediate plans to obtain further customer feedback.

Review of the lessons learned process showed that the follow-up process has not yet been formalised to ensure that all appropriate actions are agreed and implemented to address the key outcomes and that they are resolved in advance of the next annual budget setting process.

A formal process is, however, in place for dealing with customer feedback survey results. Although evidence is available to demonstrate that actions have been taken to deal with issues noted, a key issue for budget managers was the need for the effective training of budget holders but this issue has not yet been fully addressed.

Risk

The potential risks associated with our findings are:

- limited ability to continuously improve the annual budget setting and ongoing budget management processes across the Council, and further enhance the reputation of the Finance division as an

effective second line business partner;

- recurring inefficiencies and errors in budget setting and ongoing budget management processes are not identified and resolved;
- budget managers do not receive an effective service from Finance, and so are not able to manage their budgets as effectively as possible.

3.1 Recommendation: Annual budget setting lessons learned methodology

Lessons learned methodology should be further developed and implemented as part of the annual budget setting process. The methodology should include, but not be limited to:

- roles and responsibilities for ongoing management of the lessons learned process as part of the annual budget setting process;
- the process for collating and consolidating lessons learned by stakeholders including elected members, Finance, Strategy and Communications and divisional and directorate budget holders, including details of lessons learned risks; potential impacts; and significance;
- the process for sharing lessons learned outcomes with budget holders; the Corporate Leadership Team; and relevant elected members; and
- the process to be applied to ensure that appropriate solutions are designed to address key lessons learned and are incorporated into the next annual budget setting process, including roles; responsibilities; and timeframes for ensuring that they are fully implemented.

3.1 Agreed Management Action: Lessons learned methodology

A methodology for the lessons learned process will be developed and stated in a procedure document. This work will be performed through liaison between the Change Strategy Team and Finance. The methodology will include the requirements stated above.

Owner: Laurence Rockey, Head of Strategy and Communications

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Emma Baker, Change Manager (Strategy); Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

31 May 2020

3.2 Recommendation: Finance customer and staff feedback surveys

Finance management should assess the benefits associated with customer and staff feedback surveys to determine whether these should be performed in the future, and at what frequency.

Where management decides that surveys should be performed, an appropriate methodology that is aligned with the lessons learned methodology noted at recommendation 3.1 should be designed and implemented, with the key outcomes consolidated, reported and addressed with lessons learned outcomes from the annual budgeting process.

3.2 Agreed Management Action: Customer feedback surveys

Finance will conduct customer and staff feedback exercises every two years. A feedback process will be developed and implemented that is aligned with the lessons learned methodology as described in recommendation 3.1.

In addition, feedback from each exercise will be consolidated and used to generate improvement actions. The survey results and improvement actions will be reported to service managers and staff.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

31 December 2020

4. Training for budget managers

Medium

The review of a sample of 6 budget managers who had been granted access to the Frontier system after March 2019 highlighted that:

- 5 (83%) had not attended Frontier training; and
- 3 (50%) had not completed CECiL training.

It was also noted that there is currently no established process to ensure that all new budget managers complete the available training. It is currently the responsibility of each budget holder's line manager to request that they complete the training.

Additionally, the content of the CECiL module has not been reviewed for several years. Learning and Organisational Development has advised that they expected the module to be reviewed in the near future.

Risk

The potential risks associated with our findings are that:

- Budget managers do not have sufficient knowledge and understanding of the Council's budget setting and management processes to effectively determine and manage their budgets; and
- Budget managers are unable to use the Frontier system effectively and have a reduced ability to review and manage overspends.

4.1 Recommendation: Training for budget managers

1. When budget managers are provided with Frontier access, Finance should contact them to request that they complete the CECiL training module and attend Frontier training; and
2. Finance should then periodically check to confirm that all budget managers have completed this training.

4.1 Agreed Management Action: Training for budget managers

Finance is not currently responsible for providing training for budget managers as this was centralised into, Learning and Development in 2016. However, following discussions earlier this year, it has been agreed that responsibility for budget managers training will transfer back from Learning and Development to Finance.

Once these responsibilities have been transferred, Finance will establish a process to ensure that all first line budget managers have completed the two training modules with supporting checks performed to ensure that the training has been completed.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Hugh Dunn, Head of Finance; John Connarty, Business Partnering Senior Manager; Alison Henry, Corporate Finance Senior Manager; Layla Smith, Operations Manager; Annette Smith, Executive Assistant

Implementation Date:

30 September 2020

4.2 Recommendation: CECiL training module

Learning and Organisational Development should review and update the CECiL budget setting and management training module. The review should include consultation with Finance.

4.2 Agreed Management Action: CECiL training module

This is underway and will be completed by the end of May 2020.

Owner: Stephen Moir, Executive Director of Resources

Contributors: Katy Miller, Head of Human Resources; Margaret-Ann Love, Lead Consultant, HR Consultancy, Case and Learning; Christine Bayne, Learning and Development Team Leader; Louise Hitchings, Learning and Development Adviser; Layla Smith, Operations Manager; Adam Fergie, Executive Assistant.

Implementation Date:

31 May 2020

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review are:

Audit Area	Control Objectives
Budget Management processes and procedures	<ul style="list-style-type: none"> • Budget setting and management procedures have been established which reflect best practice standards and include the process for approving budget virements or transfers; • Procedures cover the entire budget process from creation, approval, and monitoring and reporting; • Roles and responsibilities for finance staff and budget managers have been clearly stated and communicated, and are understood; and • A timetable for the budget setting process is in place, and has been provided to all relevant staff.
Accuracy and completeness of budgets	<ul style="list-style-type: none"> • Finance staff and budget managers have determined lessons learned from previous years and reflected them in current revenue budgets; • Finance perform a review prior to the start of each year to identify both internal and external factors that could affect budgets across the Council, e.g. inflation and demography; • Directorates/Divisions have provided Finance with complete and accurate information about issues which could affect their budgets for the forthcoming year, and cost pressures are noted where these have been identified; • Assumptions used for the creation of budgets have been clearly stated, are comprehensive, and are reasonable; • Budgets for all Directorates and Divisions are created using a standard methodology; • Budgets accurately reflect all expected income and costs, including cost savings; • Budgets are sufficiently detailed; • Divisional and Directorate budgets are accurately consolidated into the overall budget for the Council; and • Budgets have been approved by Committee and Full Council, where relevant, prior to the start of the financial year.
Budget holder support	<ul style="list-style-type: none"> • Named Finance staff are in place to provide support and advice (for example on the management of overspends) to all budget holders; • The level of service expected of Finance contact staff has been communicated, agreed, and delivered for all parts of the

	<p>organisation. The service provided should include the provision of telephone support and regular meetings; and</p> <ul style="list-style-type: none"> • Appropriate learning and development is provided for all budget managers including access to relevant financial systems and reporting tools.
In-year budget management	<ul style="list-style-type: none"> • Overspends are quickly identified and dealt with in a timely manner, with recovery plans created where relevant; • There is effective reporting of overspends to committee; and • There is appropriate committee approval for any budget virements, or new funding provided, which are used to manage overspends.
Monitoring and reporting	<ul style="list-style-type: none"> • Comprehensive and accurate reports are provided to both budget managers and all relevant committees in a timely manner; • Budget reports provide sufficient detail to enable effective monitoring by budget managers and all relevant committees; • Management staff, both Finance and budget holders, attend committee meetings to answer committee questions on budget reports; and • Budget reports are standardised for all parts of the organisation and follow best practice guidelines.

The City of Edinburgh Council

Internal Audit

Digital Services Incident and Problem Management

Final Report

16th June 2020

RES1907

Overall report rating:

Effective

The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed and the Council's objectives should be achieved.

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2019. 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 is a number of 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.

1. Background and Scope

Background

Incident and problem management are important and related technology service management processes that support the use and reliability of technology resources.

A well planned and prepared incident management process includes incident identification; quantification of the impact; escalation; reporting; and closure, ensuring the relevant functions are involved to achieve effective recovery.

Problem management involves a further root cause analysis step, in addition to the incident response process, to ensure that recurring incidents are identified and resolved. A concise problem management process includes detection; recording; investigation; diagnosis; resolution; and closure.

Management of the City of Edinburgh Council's (the Council) technology systems is outsourced to CGI who work in partnership with the Council's Digital Services team to deliver incident and problem management services using the BMC Remedy system.

CGI use the [Information Technology Infrastructure Library](#) (ITIL) standard to differentiate between incident and problem resolution and closure.

ITIL describes technology processes, procedures, tasks, and checklists that can be applied by an organisation to support delivery of its technology strategy; deliver value; and maintain a minimum level of competency and allows the organisation to establish a baseline from which it can plan, implement, and measure. Whilst ITIL can be used to demonstrate compliance and measure improvement, there is currently no formal independent third party compliance assessment available to assess ITIL compliance.

Scope

The objective of this audit was to assess the design adequacy and operating effectiveness of the incident and problem management processes (from identification through to resolution) provided for the Council by CGI using the BMC Remedy system.

This review was performed by exercising the 'right to audit' clause included in the CGI contract.

Testing was performed on incidents logged between 1 January and 31 December 2019.

Limitations of Scope

There were no specific scope limitations.

Reporting Date

Our audit work concluded on 20/03/2020, and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 1

Summary of findings raised

Low

1. Next steps for incident resolution

Opinion

Our review confirmed that the control environment and governance and risk management frameworks supporting the technology incident and problem management processes provided for the Council by CGI have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed and the Council's objectives in relation to the ongoing management and timely resolution of technology incidents and problems should be achieved.

We noted some minor control weaknesses in relation to the adequacy of documentation of follow-up actions that have either been implemented, or are required to prevent potential recurrence of incidents and / or their escalation into more holistic problems impacting a wider number of Council employees.

Additionally, review of Partnership Board and Client Service reports confirmed that whilst High and Critical rated incidents are analysed and reported collectively in relevant categories, there are no clearly defined actions included in these reports that detail how incidents and problems that have adversely impacted on agreed key performance measures (for example Service Incident Response and Resolution; Application Availability; and Service Desk) have been, or will be addressed

Taking a proactive approach to identify; resolve; and document solutions applied to common root causes of incidents could potentially reduce instances of recurring future incidents and / or problems by either effectively addressing the root cause, or provide a reference source detailing how similar incidents or problems have been addressed previously.

Areas of good practice

- The CGI incident and problem management process is aligned with the ITIL framework and incorporates automation (where possible) reducing the potential risks of error associated with manual processes.
- CGI has a defined and robust mechanism that identifies incidents using three points of origination (phone, email or portal).
- The recording of incident details is automated by importing key user details from user directories. Additionally, directories are refreshed daily to ensure that all new details (such as recent joiners) or changes to existing details are included, which ensures the ongoing accuracy of user information required to support incident resolution
- Categorisation of incidents is system-enforced which supports accurate collation of information and an effective incident triage process.

- The governance and reporting of incidents is thorough and comprehensive, with well-defined key performance measures and suitable use of analytics to support themes and messages that require to be communicated to stakeholders.

3. Detailed findings

1. Next steps for incident resolution

Low

Incident Reports

Incident reports are generated for incidents that have been resolved and include details such as a summary of the incident; timeline; business impact; and what actions taken to resolve the incident.

However, incident reports do not consistently include details of actions taken or required to prevent recurrence of similar future incidents.

For example, incident INCUK0009621339 impacted users across the Council in November 2019 and resulted in the creation of problem record PBIUK0000196444, which highlighted the need for the CGI Wintel GB Team to resolve the problem however, the final problem record did not include details of preventative actions implemented or required to prevent future recurrence.

In contrast, incident record INCUK0009326597, which was an incident of a similar scale, included specific recommended actions to prevent recurrence, which included ownership, status, and a due date. Whilst this incident was not recorded as a problem, it was included together with the problem detailed above in the Partnership Board report provided to both Council and CGI senior management.

Partnership Board and Client Service Reports

A detailed analysis of performance against agreed incident and problem management key performance measures is provided in both the Partner Board and Client Service reports. However, no clear actions are included detailing plans and timeframes to address instances where incident and problem management key performance measures have not been achieved.

For example, the aforementioned incident INCUK0009621339 was included in the November 2019 Partnership Board Report, but no supporting root cause analysis and details of preventative measures implemented to prevent future recurrence and maintain ongoing incident and problem management performance were included.

Risks

The potential risks associated with our findings are:

- if incidents and problems are not properly investigated and resolved with appropriate measures to prevent recurrence implemented and recorded, incidents or problems of a similar nature could recur unnecessarily, adversely impacting Council employees and requiring additional time and effort from the CGI Service Centre to achieve effective resolution.

1.1 Recommendation: Next steps for incident resolution

1. Ensure that incident and subsequent problem management reports include details of actions implemented or required to prevent future recurrence. These should include (but not be limited to) details of the actions implemented / to be completed; their current status; ownership; and action dates.

2. The Partnership Board and Client Service reports should also be updated to include details of the root causes of incidents and problems that resulted in inability to achieve incident and problem management key performance measures, together with details of actions implemented or required to prevent future recurrence; their current status; ownership and implementation timeframes as recorded in relevant incident and problem management reports.

1.1 Agreed Management Action: Next steps for incident resolution

1. Agreed – updates will be provided into the problem management records that feed into the Problem Review Board
2. Agreed – the Client Service reports and Partnership Board documents will be amended in relation to problem records to make reference to updates of the problem records being recorded in the Problem Review Board input.

Owner: Stephen Moir, Executive Director of Resources, and Alan Dickie, Vice President Scotland, CGI.

Contributors: Nicola Harvey, Head of Customer and Digital Services; Heather Robb, Chief Digital Officer; Derek Masson, Digital Services Programme and Delivery Manager; Jackie Galloway, Digital Services Commercial Manager; Alison Roarty, Digital Services Commercial Team Lead; Layla Smith, Resources Operations Manager; James Farrel, CGI Senior Service Delivery Director

Implementation Date:

31 December 2020

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> ● Critical impact on the operational performance; or ● Critical monetary or financial statement impact; or ● Critical breach in laws and regulations that could result in material fines or consequences; or ● Critical impact on the reputation of the organisation which could threaten its future viability.
High	A finding that could have a: <ul style="list-style-type: none"> ● Significant impact on operational performance; or ● Significant monetary or financial statement impact; or ● Significant breach in laws and regulations resulting in significant fines and consequences; or ● Significant impact on the reputation of the organisation.
Medium	A finding that could have a: <ul style="list-style-type: none"> ● Moderate impact on operational performance; or ● Moderate monetary or financial statement impact; or ● Moderate breach in laws and regulations resulting in fines and consequences; or ● Moderate impact on the reputation of the organisation.
Low	A finding that could have a: <ul style="list-style-type: none"> ● Minor impact on operational performance; or ● Minor monetary or financial statement impact; or ● Minor breach in laws and regulations with limited consequences; or ● Minor impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Please see the [Internal Audit Charter](#) for full details of opinion ratings and classifications.

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

Audit Area	Control Objectives
Identification	<ul style="list-style-type: none"> ● Incident identification and reporting requirements have been defined and communicated to relevant staff. ● The service desk is set-up to identify incidents from different sources including phone calls, emails, web portal entry, general support and automated notification from network monitoring software and system alerting.
Logging and categorisation	<ul style="list-style-type: none"> ● Incidents are accurately recorded in the Remedy ticket system and are appropriately categorised with consistent and complete supporting information recorded. ● An appropriate sequential referencing process is applied to all reported incidents. ● Controls exist to safeguard tickets not being lost, closed incorrectly or incorrectly classified as an incident. ● Tickets require user details, contact information, appropriate description of the issue, and the date and time to allow accurate service level agreement (SLA) calculation. ● Categories and subcategories are assigned to incidents to allow incident management to sort, resolve and analyse incidents effectively through to resolution.
Prioritisation	<ul style="list-style-type: none"> ● Controls exist (Remedy-driven where possible) to appropriately manage the priority of each issue. ● Issues of a similar nature are treated together to quickly identify issues affecting groups of users.
Diagnosis	<ul style="list-style-type: none"> ● Incidents are triaged and routed to first, second and third levels of support using the appropriate categorisation, priority and resolver groups within Remedy.
Escalation	<ul style="list-style-type: none"> ● Incidents are continually monitored until resolution and, where necessary, are escalated (in line with agreed and communicated thresholds) to advanced support in order to bring back service levels in a timely and effective manner. ● The escalation of incidents that require advanced support, such as sending engineers or use of specific certified staff, is recorded in Remedy.

Audit Area	Control Objectives
Investigation	<ul style="list-style-type: none"> ● Controlled and methodical troubleshooting exists in Remedy to allow initial incident resolution. The majority of incidents are resolved by first line support staff using the first time fix principle. Once the incident is diagnosed service desk staff can access and apply a known solution.
Resolution	<ul style="list-style-type: none"> ● The service desk confirms that the incident has been resolved with no further expected impact to service.
Closure and evaluation	<ul style="list-style-type: none"> ● Incidents are closed only after effective resolution has been achieved. Remedy is updated to indicate that the incident is resolved and that no further actions are to be taken. ● Key findings from incidents are retained for future use in resolving additional occurrences and, where necessary, to share with problem management teams.
Reporting	<ul style="list-style-type: none"> ● Incident information is completely and accurately captured with performance against agreed key performance indicators reported to appropriate forums and committees within both CGI and the Council in order to identify themes and areas for service improvement. ● Controls exist to regularly analyse incident data to quantify incident categories and subcategories and isolate trends that require training or problem management.
Problem management	<ul style="list-style-type: none"> ● Incidents that frequently occur, either for the same or multiple users, are subject to prompt investigation to identify if a systematic problem exists. ● Identified 'problems' are suitably prioritised with appropriate staff assigned to investigate solutions. ● The CGI contract includes the requirement to ensure that systemic problems are subject to the same reporting procedures as incidents in order to alert key stakeholders to potential issues.
Customer Feedback	<ul style="list-style-type: none"> ● An appropriate customer feedback mechanism has been established with customer feedback requested for appropriate incidents (e.g. on a sample or priority basis) ● Customer feedback is completely and accurately collated and used to identify and implement service improvement opportunities ● Customer feedback is included in performance management information provided to the Council.

Audit Area	Control Objectives
Skills, experience and resources	<p>The requirement for CGI to provide suitably skilled and experienced resources to support the incident and problem management service is clearly specified in the contract.</p> <p>The requirement for CGI to ensure that adequate resources are available to support agreed service levels is clearly defined in the contract.</p>

The City of Edinburgh Council

Internal Audit

Health and Social Care Localities

Final Report

10 June 2020

HSC1901

**Significant
improvement
required**

Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2019/20 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2019. 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 is a number of 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.

1. Background and Scope

Background

The [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) (the Act) provided the legislative framework to integrate health and social care services in Scotland. Section 29(3)(a) of the Act requires each Integration Authority to establish at least two localities within its area.

A locality is defined in the Act as a smaller area within the borders of an Integration Authority. Their purpose is to provide an organisational mechanism for local leadership of service planning, which is fed upwards into the Integration Authority's strategic commissioning plan, with localities having an influence on how resources are spent in their area.

Locality areas should relate to natural communities and take account of clusters of GP practices. The Edinburgh Health and Social Care Partnership (the Partnership) has four localities (South West, South East, North East, and North West) which were created in April 2016.

Section 53 of the Act requires Local Authorities, Health Boards and Integration Authorities to pay regard to Scottish Government [guidance](#) for establishing localities. In line with this guidance localities must:

- a. Support the principles that underpin collaborative working to ensure a strong vision for service delivery is achieved, using robust communication and engagement methods to assure the effectiveness of locality arrangements.
- b. Support GPs to play a central role in providing and co-ordinating care to local communities, by working more closely with the wider primary care team, secondary care and social care colleagues, and third sector providers – to help improve outcomes for local people.
- c. Support a proactive approach to capacity building in communities, by forging the connections necessary for participation, and help to foster better integrated working between primary and secondary care.

Strategic and Locality level planning

The Edinburgh Integration Joint Board (EIJB) is required by the Act to produce a strategic plan for delivery of the health and social care services. The 2019-2022 EIJB Strategic Plan was approved in August 2019.

Scottish Governance guidance states that the strategic plan must detail how the EIJB will carry out its functions in relation to each locality, and that this information must be set out separately for each locality and cannot just be a generic statement that assumes that all localities will work in the same way as one another.

Information provided should include:

- A list of all the services under the management of the Integration Authority of which the locality is a part
- A note of priorities for each locality under each of the service headings
- Planned expenditure under each service heading, using the locality budget

The EIJB's Strategic Planning Group must also include a representative for each locality to ensure the views and priorities of localities are into account in the development of the Strategic Plan.

Health and Social Care Locality Budget Management

In March 2019, the Partnership aligned Council budgetary reporting with the localities structure,

reflecting the budgetary reporting model already established by the NHS. Management has advised that regular budgetary reporting is provided by the Council and NHS Lothian Finance teams to each locality and to strategic leads, with Finance business partners providing ad-hoc advice and attending locality management team meetings to present financial reports, discuss current and potential overspends, and to provide financial advice as required.

Locality Management and Performance Reporting

Each locality in Edinburgh has a Locality Manager who reports to the Partnership's Head of Operations, who in turn reports to the Chief Officer of the EIJB, who is responsible for delivery of Partnership services.

Locality managers are responsible for the effective delivery of Partnership services within their respective localities, including budget management; workforce planning, management, and scheduling; and timely completion and ongoing management of care needs assessments in line with the requirements of the [2014 Care Act](#).

Under the Public Bodies (Joint Working) (Content of Performance Reports) (Scotland) Regulations 2014, the EIJB is required to report annually on locality performance. The annual performance report must include an assessment of performance in planning and carrying out functions in localities, including:

- a description of the arrangements made in relation to consulting and involving localities;
- an assessment of how these arrangements have contributed to the provision of services and support in each locality; and
- the proportion of the IJB's total budget that was spent on each locality, including a comparison with previous periods.

Workforce Planning

A [Baseline Workforce Plan](#) for the Partnership was presented to the EIJB in December 2018. The initial plan focussed on the Council and NHS Lothian workforce in place for the Partnership. A wider workforce strategy is currently under development, with delivery of the workforce strategy incorporated into the EIJB's cross cutting and enabling transformation programme workstream. The workstream will focus on development of an overarching approach to building a skilled and sustainable workforce, including:

- staff development and training programmes;
- workforce planning for the future;
- building a Partnership ethos and culture; and
- recruitment and retention strategies.

Scope

The objective of this review was to assess the adequacy of design of locality plans and the operating effectiveness of first line operational controls in relation to budget management; workforce planning and management across locality services; and completion of ongoing health and social care assessments across the localities.

The review also sought to provide assurance in relation to the following City of Edinburgh Council Corporate Leadership Team (CLT) risk:

- Health & Social Care – There is a risk that increased demand for services and associated demographic changes outside planned forecasts result in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, could result in the Council failing to deliver its responsibilities under the Public Bodies (Joint Working) (Scotland) Act

2014 in relation to health and social care services delegated from the EIJB.

Our areas of audit focus as detailed in our terms of reference are included at Appendix 2.

Testing was performed across the period September 2016 to January 2020, which covered the period from the issue of the former EIJB Strategic plan to the end of audit fieldwork.

Limitations of Scope

- This review did not consider the content of the EIJB 2019-22 Strategic Plan in detail as this was reviewed as part of the EIJB 2018/19 annual plan.
- Additionally, Directions Setting was not considered as this was reviewed separately as part of the 2019/20 EIJB Internal Audit plan.

Reporting Date

Our audit work concluded on 13 February 2020 and our findings and opinion are based on the conclusion of our work as at that date.

2. Executive summary

Total number of findings: 2

Summary of findings raised

High	Locality and Workforce Planning
High	Locality Performance and Risk Management Frameworks

Opinion

Significant improvement required

Significant weaknesses were identified in both the design and operating effectiveness of first line operational controls and the risk management framework established to support the delivery of delegated EIJB strategic priorities by Localities. Consequently, only limited assurance can be provided that risks associated with delivering locality services in line with the Public Bodies (Joint Working) (Scotland) Act 2014 are being managed and that the EIJB's strategic priorities delegated to the Partnership will be achieved.

Consequently, two High rated findings have been raised.

The first high rated finding reflects the need to ensure that Localities have a clearly defined strategic direction that is aligned with the strategic objectives delegated to the Partnership by the EIJB to support effective delivery of the 2019 – 22 EIJB Strategic Plan.

Management has advised that Locality Operational Plans aligned to the Strategic Plan are currently being developed and will be presented to the EIJB Strategic Planning Group by March 2021. Our finding also highlights the importance of ensuring that locality plans are supported by a workforce strategy that details the future workforce requirements of both the Partnership and external third parties supporting delivery of partnership services, to confirm that locality plans are either achievable based on existing workforce supply or ensure that additional requirements are addressed.

The second high rated finding confirms the requirement to establish locality operational performance and risk management frameworks to confirm that Localities are delivering services and managing both operational service delivery and strategic risks effectively.

Management has advised that the Partnership's performance management framework is currently being aligned with the EIJB's 2019-22 Strategic Plan. It is important to ensure that this includes a locality performance framework which is aligned with both Locality Operational Plans and national performance measures to support effective ongoing assessment of locality performance.

Locality managers have also advised that implementation of a locality risk management framework has been delayed pending refinement of the overall Risk Management Framework for the Partnership. A locality risk management framework should be implemented to provide management with assurance that risks are being effectively identified and managed, and that there are no significant or systemic risks that should be escalated for inclusion in either the Partnership or EIJB risk registers.

Management has advised there is regular reporting of social care statistics to committees and to senior staff in order to facilitate the monitoring of assessments and reviews undertaken. This audit did not perform detailed testing of the effectiveness of this process (e.g. the completeness, accuracy, and timeliness of the information provided), but this work will be performed in separate audit contained in the 2020-21 Internal Audit Annual Plan.

Areas of good practice

The following areas of good practice were identified during the audit:

- Effective locality budget management processes are in place, with detailed budgets and regular financial reporting established and strong relationships evident between Locality Managers; Council and NHS Lothian finance teams.
- The Partnership has recently approved Quality Management Arrangements including creation of two new sub-groups to support Clinical and Care Governance and establishment of a centralised Quality Hub to improve the quality of city wide and locality-based data gathered and reported on across Council and NHS Lothian systems.

3. Detailed findings

1. Locality and Workforce Planning

High

Locality planning

No locality plans were created which detailed the actions each of the four Localities would deliver to support the key priorities in the EIJB's previous 2016-19 Strategic Plan.

The EIJB's 2019-22 Strategic Plan was approved in August 2019. Management has advised that Locality Operational Plans, which will detail how the current strategic plan will be delivered across localities are in the early stages of development and will be presented to the EIJB Strategic Planning Group in March 2021.

Workforce planning

Whilst a baseline Workforce Plan is in place for the Partnership, further work is required to ensure that the Partnership's available workforce is sufficient to adequately support delivery of strategic priorities at a locality level, including priorities that will be delivered in collaboration with key stakeholders and commissioning partners.

Management has advised that a workforce strategy for the Partnership is currently being developed and is due to be presented to the EIJB for review and approval prior to submission to the Scottish Government by 31 December 2020.

Risks

The potential risks associated with our findings are:

- Failure to deliver health and social care integration priorities within localities.
- Limited understanding of key service demand drivers at a locality level including changing population demographics; workforce supply; and funding.
- Inability to respond to workforce challenges and develop a workforce that meets the changing needs of localities.

1.1 Recommendation: Locality Operational Plans

Locality Operational Plans which detail the locality actions to support delivery of the priorities set out in the EIJB's 2019-22 Strategic Plan should be developed in consultation with key stakeholders. In line with Scottish Government guidance, Locality Operational Plans should be specific to each area and should:

- detail how the Partnership will meet strategic plan objectives at a local level;
- include locality profiles which provide a demographic, public health and inequalities overview for each of the four localities;
- demonstrate consultation with key stakeholders (including service users and local staff) and local representatives to ensure inclusion of priorities to meet the specific needs of the local area;
- include a list of all the services under the management of Partnership;
- include priorities for each locality under each of the service headings;
- include detailed [SMART](#) action plans and key performance indicators for each priority, setting out impact, timeframes and lead officers/agencies;
- detail budgets and resources available for each locality including staffing, planned expenditure and accommodation requirements;

- be published on the Partnerships website, and made available to a wide range of key stakeholders and local representative groups; and
- be reviewed annually to ensure they continue to reflect priorities set out in the strategic plan and take account of any additional Directions set by the EIJB.

1.1 Agreed Management Action: Development of Locality Operational Plans

The Partnership is currently developing a template and detailed action plan to support creation of Locality Operational Plans.

Following this, development and delivery of the Locality Operational Plans will be overseen by the Partnership's newly established Strategic and Operational Planning Forum. This forum will ensure there is alignment and synergy between the Strategic Plan and the Local Operational Plans.

The draft Locality Operational Plans will be presented to the EIJB Strategic Planning Group when this is re established. It would be intended to do this by end of July 2021.

Owner: Judith Proctor, Chief Officer

Contributors: Tom Cowan, Head of Operations, Edinburgh Health and Social Care Partnership; Deborah Mackle, South West Edinburgh Locality Manager; Nikki Conway, South East Edinburgh Locality Manager; Angela Lindsay, North East Edinburgh Locality Manager; Mike Massaro-Mallinson, North West Edinburgh Locality Manager

Implementation Date:

31 October 2021

1.2 Recommendation: Development of Locality Workforce Plans

The Partnership's overall workforce strategy should be aligned with the priorities detailed in Locality Operational Plans and include analysis of locality workforce requirements to enable their delivery, whilst reflecting the unique challenges, needs and demands of each locality population.

Locality workforce plans should also consider the adequacy of workforce planning arrangements supporting delivery of hosted and set aside services, and services delivered by other organisations (for example the third sector) across Localities.

1.2 Agreed Management Action: Locality level Workforce Plans

The Partnership's Workforce Strategy is currently being developed and will be submitted to the Scottish Government for review in line with their timescales (31st March 2021 at the time of writing). This will include consideration of locality workforce requirements which will be incorporated into the Locality Operational Plans.

Owner: Judith Proctor, Chief Officer

Contributors: Tom Cowan, Head of Operations, Edinburgh Health and Social Care Partnership; Deborah Mackle, South West Edinburgh Locality Manager; Nikki Conway, South East Edinburgh Locality Manager; Angela Lindsay, North East Edinburgh Locality Manager; Mike Massaro-Mallinson, North West Edinburgh Locality Manager

Implementation Date:

30 September 2021

2. Locality Performance and Risk Management Frameworks

High

Performance reporting and monitoring

The Partnership performance management framework is in development and currently being refined to align with the EIJB's 2019-22 Strategic Plan.

This draft framework includes regular monitoring and reporting to the EIJB's Performance and Delivery

Committee on performance towards national priorities and core indicators at both a city wide and locality level via a performance scorecard.

However, due to the lack of established Locality Plans, the draft framework does not currently include a holistic view of performance in comparison to the EIJB's Strategic Plan objectives, and an assessment of whether performance adequately meets the generic and unique needs and demands of each locality area.

Risk Management

Locality risk management arrangements that ongoing use of locality risk registers and clear escalation routes for notification of new and emerging significant locality risks for inclusion in Partnership/EIJB risk registers have not been established.

Locality Managers advised that creation of locality risk registers has been delayed pending development of a corporate locality risk register template.

Risks

The potential risks associated with our findings are:

- Limited assurance that key priorities at locality and city-wide levels are delivered and achieved.
- Failure to identify and effectively manage risks which could impact achievement of both locality and wider strategic priorities.

2.1 Recommendation: Locality Performance Framework

A framework that is designed to monitor and report on delivery towards achieving key performance indicators (KPIs) and outcomes set out in Locality Operational Plans should be established with assistance from the Partnership Quality Hub. This should include but not be limited to:

- Development of a suite of [SMART](#) (Specific, Measurable, Achievable, Realistic and Time-bound) KPIs and outcomes for each locality aligned to the Strategic Plan.
- Technical guidance, definitions and descriptions for all KPIs to ensure accuracy in data input, measurement and processing across all four localities
- Regular reporting and scrutiny of locality performance at an operational management, executive management and appropriate governance forum level.
- Approval of set targets and tolerances by an appropriate governance forum.
- Annual reporting of progress in delivering Locality Operational Plans and contribution towards the overall 2019-22 Strategic Plan to relevant governance forums and publicly via the Partnership's website.

2.1 Agreed Management Action: Locality Performance Framework

A Locality Performance Framework aligned to the Locality Operational Plans will be established. The framework will be developed with assistance from the Partnership Quality Hub and will take into consideration the points set out in the recommendation.

Owner: Judith Proctor, Chief Officer

Contributors: Tom Cowan, Head of Operations, Edinburgh Health and Social Care Partnership; Deborah Mackle, South West Edinburgh Locality Manager; Nikki Conway, South East Edinburgh Locality Manager; Angela Lindsay, North East Edinburgh Locality Manager; Mike Massaro-Mallinson, North West Edinburgh Locality Manager

Implementation Date:
31 December 2021

2.2 Recommendation: Locality Risk Management Framework

A Risk Management framework should be established across all four localities that include development of a risk register for each locality to ensure all relevant locality level risks are identified; assessed; managed; and mitigated effectively. All risks and actions to address them should be assigned to a lead officer and target delivery timescales agreed and monitored.

Risk registers should be live documents that are reviewed and updated regularly by locality management and reviewed by Partnership management at an appropriate governance forum to identify any new and emerging risks; design and implement appropriate controls to ensure that they are effectively managed; and confirm the ongoing effectiveness of controls established to manage existing risks.

A process should be established to ensure that any significant and systemic locality risks are escalated for inclusion in Partnership and EIJB risk registers, where appropriate.

2.2 Agreed Management Action: Locality Risk Management Framework

Completion of this action is part of a wider action to refine the Risk Management Framework for the Partnership, which will include Localities. Management will provide an update and further detailed actions once the overall Risk Management Framework has been approved. Consideration will be given to the points set out in the recommendation.

Owner: Judith Proctor, Chief Officer

Contributors: Tom Cowan, Head of Operations, Edinburgh Health and Social Care Partnership; Deborah Mackle, South West Edinburgh Locality Manager; Nikki Conway, South East Edinburgh Locality Manager; Angela Lindsay, North East Edinburgh Locality Manager; Mike Massaro-Mallinson, North West Edinburgh Locality Manager

Implementation Date:
30 June 2022

Appendix 1: Basis of our classifications

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on the operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation of the Partnership which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation of the Partnership.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation of the Partnership.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the Partnership.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2: Areas of audit focus

The areas of audit focus and related control objectives included in the review were:

Audit Area	Control Objectives
<p>Locality planning</p>	<p>Locality plans have been prepared and approved which:</p> <ul style="list-style-type: none"> • detail how the Partnership will meet strategic plan objectives at a local level; • are informed by locality profiles which provide a demographic, public health and inequalities overview for each of the four localities; • demonstrate consultation with key stakeholders (including service users and local staff) and local representatives to ensure inclusion of priorities to meet the specific needs of the local area; • include a list of all the services under the management of Partnership; • include a note of priorities for each locality under each of the service headings; • include detailed SMART action plans for each priority, setting out impact, timeframes and lead officers/agencies; • are published on the Partnerships website, and made available to a wide range of key stakeholders and local representative groups; and • are reviewed annually to ensure they continue to reflect priorities set out in the strategic plan and take account of any additional Directions which have been set by the EIJB.
<p>Locality Budget management</p>	<ul style="list-style-type: none"> • Detailed budgets have been developed for each locality aligned to the priorities and service headings set out in locality plans and the overarching strategic plan; and • Real-time budget information which includes current and forecasted figures is used by Locality Managers to ensure effective monitoring of committed spend and facilitate informed decision making.
<p>Performance management and reporting</p>	<ul style="list-style-type: none"> • Performance frameworks have been developed for each locality and the Edinburgh area as a whole to measure, and monitor operational and financial performance (including workforce planning and completion of social care assessments); • Key performance indicators and agreed targets are in place to measure success in achieving Locality plan objectives; • Performance reporting is accurate and transparent, identifying areas of good performance, and where improvement is required; • Regular performance reporting has been established to report on progress towards delivering locality priorities; and • The EIJB's Annual performance report includes all areas relevant to Localities in line with performance reporting regulations.
<p>Risk Management</p>	<ul style="list-style-type: none"> • Risk management processes have been established to ensure locality level risks are identified, managed and mitigated effectively; with processes in place to monitor effectiveness of key controls; and • Escalation arrangements are in place to ensure prompt and effective action is taken to resolve any issues arising including detailed action planning with lead

	officers and target timescales.
Workforce planning and management	<p>Management have controls in place to provide assurance that workforce planning processes for all localities:</p> <ul style="list-style-type: none"> • Assess workforce requirements in line with anticipated demand for services across the short; medium; and long term; • Develop appropriate solutions for any gaps identified (for example use of contract resources); and • Support effective ongoing workforce daily; weekly; and monthly scheduling to ensure that employees are allocated the most appropriate shift patterns and work allocation schedules that satisfy both employee and client needs
Health and Social Care Assessments	<p>Management have controls in place for health and social care assessments that provide assurance that:</p> <ul style="list-style-type: none"> • care needs assessment requests are completely and accurately recorded and appropriately prioritised; • An appropriate process has been established to support transfer of assessments performed by hospitals across to localities; • Urgent assessments are completed within appropriate timeframes; • Assessments are performed in line with pre-determined eligibility criteria; • Care packages are subject to review and approval and are agreed with clients and implemented in a timely manner; • All care packages are subject to at least an annual review, and requests for reassessments are completed in a timely manner; and • Details of clients who are moving home are passed in a timely manner to the relevant local authority to ensure continuation of care • There is effective reporting of relevant KPIs to committee.