

# Finance and Resources Committee

10.00am, Thursday 21 September 2023

## Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 22 June 2023 – referral from the Governance, Risk and Best Value Committee

Executive/routine

Wards

Council Commitments

### 1. For Decision/Action

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- 1.1 The Governance, Risk and Best Value Committee has referred the attached report to the Finance and Resources Committee for information.

**Dr Deborah Smart**

Executive Director of Corporate Services

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# Referral Report

## Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 22 June 2023 – referral from the Governance, Risk and Best Value Committee

### 2. Terms of Referral

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- 2.1 On 1 August 2023, the Governance, Risk and Best Value Committee considered a report on Open and Overdue Internal Audit Actions – Performance Dashboard as at 22 June 2023, which provided an overview of the status of the overdue Internal Audit findings. On 22 June 2023, there were a total of 136 open Internal Audit management actions, with 19 of these overdue.
- 2.2 The Governance, Risk and Best Value Committee agreed:
- 2.2.1 To note the status of open and overdue Internal Audit actions as at 22 June 2023.
  - 2.2.2 To refer the report to the relevant Council executive committees for ongoing scrutiny of the overdue IA actions relevant to their respective remits.
  - 2.2.3 To refer the report to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

### 3. Background Reading/ External References

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- 3.1 Governance, Risk and Best Value Committee – 1 August 2023 – Webcast
- 3.2 Minute of the Governance, Risk and Best Value Committee – 1 August 2023

### 4. Appendices

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Appendix 1 – report by the Head of Internal Audit

# Governance, Risk and Best Value Committee

10:00am, Tuesday, 1 August 2023

## Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 22 June 2023

Item number  
Executive/routine                      Executive  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 It is recommended that the Governance Risk and Best Value Committee:
- 1.1.1 notes the status of open and overdue Internal Audit (IA) actions as at 22 June 2023;
  - 1.1.2 refers this paper to the relevant Council Executive committees for ongoing scrutiny of the overdue IA actions relevant to their respective remits; and
  - 1.1.3 refers this paper to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

**Laura Calder**

Head of Internal Audit

Legal and Assurance, Corporate Services Directorate

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## Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 22 June 2023

### 2. Executive Summary

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#### Progress with closure of open and overdue management actions

- 2.1 As at 22 June 2023, there were a total of 136 open Internal Audit (IA) management actions, with 19 of these overdue (14%), an increase of 8 when compared to March 2023 position (27) but a decrease of 22 when compared to the same period last year (41).
- 2.2 Further detail on the status of open and overdue actions as at 22 June 2023 is provided in the open and overdue IA dashboard at [Appendix 1](#). This includes a comparison with March 2023 and June 2022.
- 2.3 No management actions were closed based on management's acceptance of risk during the period 1 April to 22 June 2023.

### 3. Background

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#### Open and overdue agreed management actions

- 3.1 Progress in implementing open and overdue management actions raised in IA reports are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the GRBV Committee.
- 3.2 This report specifically excludes open and overdue findings that relate to the Edinburgh Integration Joint Board (EIJB) and the Lothian Pension Fund (LPF). These are reported separately to the EIJB Audit and Assurance Committee and the Pensions Audit Sub-Committee respectively.

### 4. Main report

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- 4.1 [Figure 1](#) of the IA activity dashboard at [Appendix 1](#) illustrates that as at 22 June 2023, there were 136 open IA actions across the Council, with 19 actions (14%) overdue, and 117 actions (86%) not yet due.
- 4.2 The movement in open and overdue IA actions for the period 1 April to 22 June 2023 is reflected in [figure 2](#) which highlights that the total number of open actions

increased by 24 during the reporting period (from 112 to 136) and overdue management actions have decreased from 27 to 19.

- 4.3 [Figure 2](#) also highlights that during the period a total of 33 IA actions were closed across the Council and a total of 57 new IA actions were created.
- 4.4 Evidence for 4 actions (which are not yet due) is currently being reviewed by IA. IA has continued to achieve the established KPI for reviewing all implemented management actions within four weeks of the date they are proposed for closure by management, with exception of five management actions related to the Allocation and Management of Purchase Cards audit. The delay was attributable to annual leave in both the IA team and the service area responsible for the action. All these implementations have now been addressed by IA.
- 4.5 [Figure 3](#) and [Figure 4](#) illustrate the allocation of the 19 overdue management actions across all directorates. There are no actions overdue for the Health and Social Care Partnership.
- 4.6 [Figure 3](#) also highlights a reduction in number of overdue management actions across directorates when compared to the same position last year (June 2022).
- 4.7 [Figure 4](#) shows the composition of the 19 overdue management actions as 6 High; 10 Medium; and 3 Low rated management actions.

#### **Ageing profile of overdue actions**

- 4.8 [Figure 5](#) compares the ageing profile of current (June 23) overdue management actions with the last reported period (March 2023) and shows actions overdue for:
- less than three months have decreased from 14 to 11
  - three to six months are consistent at 2
  - six months to one year have decreased from 7 to 2
  - more than 1 year are consistent at 4.
- 4.9 The analysis of the ageing of the current 19 overdue management actions across directorates shown at [figure 6](#) highlights that continued improvements are needed within the Corporate Services and Place Directorate to ensure management actions are addressed by originally agreed implementation dates.
- 4.10 Appendix 2 provides details of all overdue management actions as at 22 June 2023 together with an update from management on progress with implementation of the action. A link to the audit report is provided, where available and as required by the Committee in May meeting, completion date of each audit is also included.

#### **Management actions closed based on management's acceptance of risk**

- 4.11 No management actions were closed based on management's acceptance of risk during the period 1 April to 22 June 2023.

## **5. Next Steps**

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- 5.1 IA will continue to monitor the open and overdue actions position providing monthly updates to the CLT and quarterly updates to the GRBV Committee.

## **6. Financial impact**

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

## **7. Stakeholder/Community Impact**

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- 7.1 If agreed actions are not implemented by management, the Council will be exposed to the risks set out in the relevant audit reports. IA actions are raised due to control gaps or deficiencies identified during reviews; therefore, overdue items inherently impact upon effective risk management, compliance, and governance.

## **8. Background reading/external references**

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- 8.1 [Open and Overdue IA Findings – Performance Dashboard as at 31 March 2023-GRBV May 2023](#)

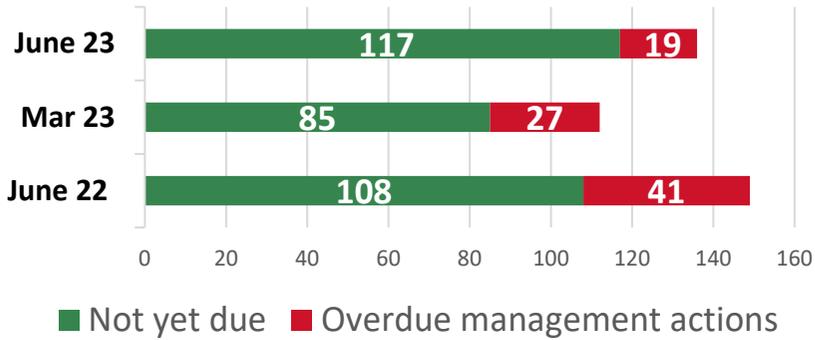
## **9. Appendices**

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- 9.1 Appendix 1: Open and overdue IA actions dashboard as at 22 June 2023
- 9.2 Appendix 2: Overdue IA actions as at 22 June 2023

# Appendix 1: Open and overdue IA actions dashboard as at 22 June 2023

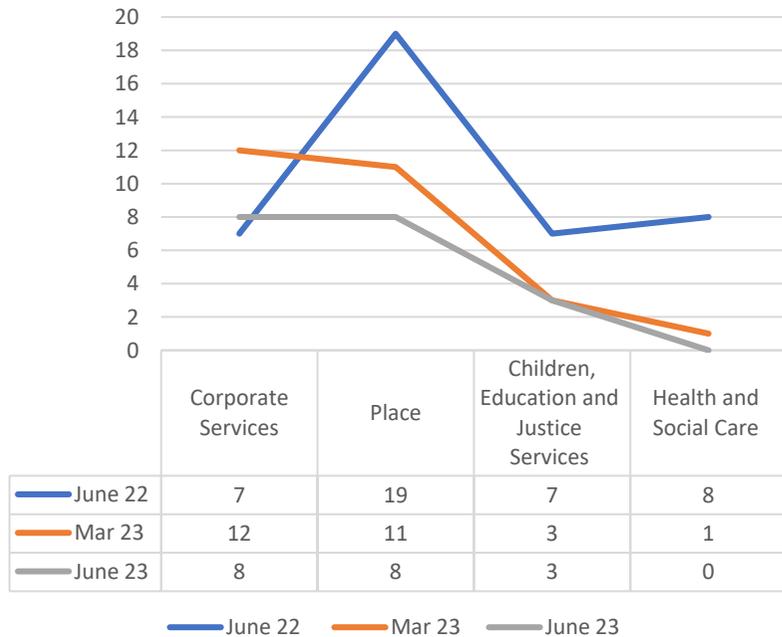
## 1. Management Actions Status Trend



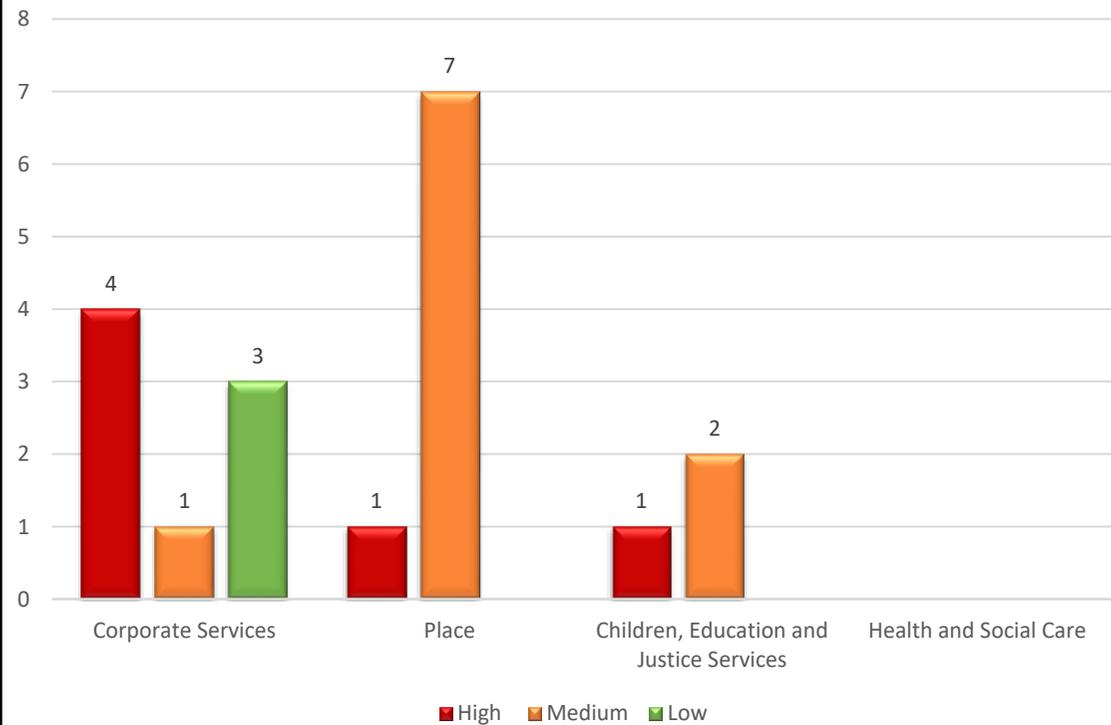
## 2. Analysis of changes in management actions between April to June 23

	31/03/23	New	Closed	22/06/23	Trend
Open Actions	112	57	33	136	↑
Overdue Actions	27	6	14	19	↓

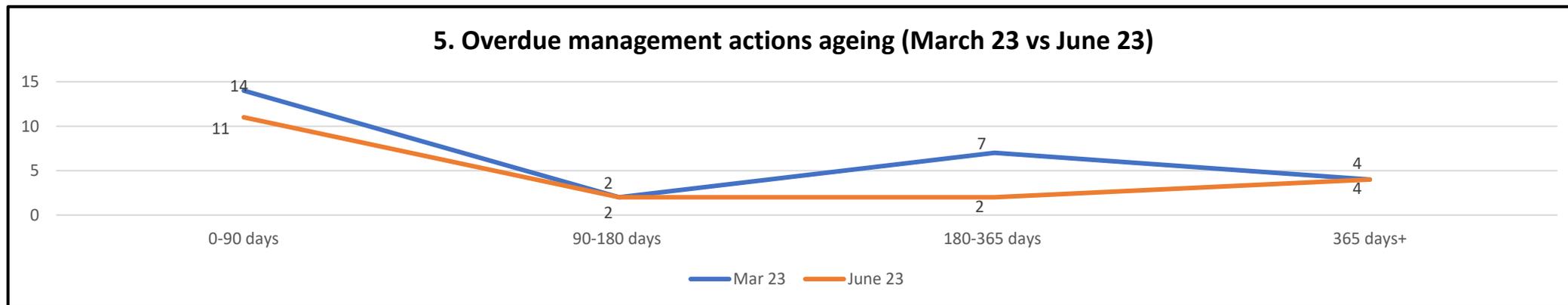
## 3. Overdue Management Actions Trend Analysis



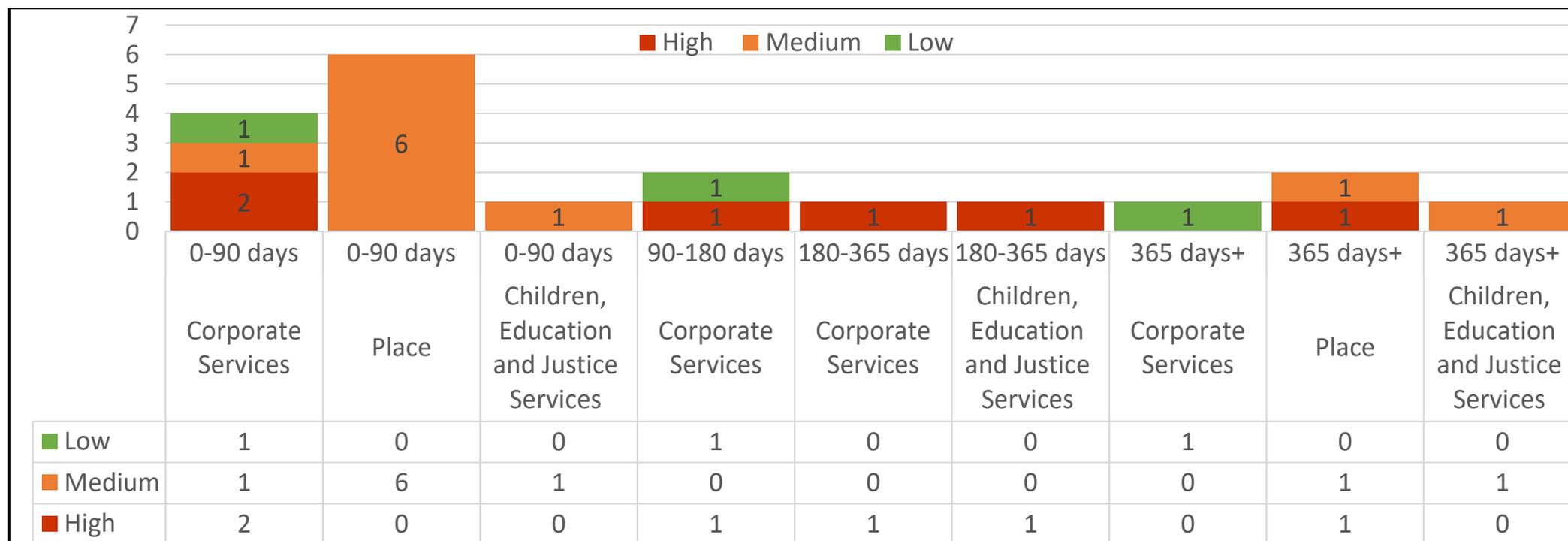
## 4. Overdue Actions by Directorate and Risk Rating June 2023



## Appendix 1: Open and overdue IA actions dashboard as at 22 June 2023



### 6. Overdue actions ageing by ratings across Directorates



## Appendix 2 - Internal Audit Overdue Management Actions as at 22 June 2023

Ref	Directorate	Executive Committee	Audit Name, Date and link to report	Overall Audit progress	Issue Title	Rating	Recommendation Title	Agreed Management Action	Status	Est Date	Revised Date	Management Update
1	Corporate Services	Finance and Resources	<a href="#">Allocation and Management of Purchase Cards</a> November 2022	75%	CW2207 Issue 1: Purchase Cards - Review, authorisation, and compliance	High	CW2207 Rec 1.4: Purchase Cards - Non-compliance action and escalation	BPS manager will issue monthly reports of non-compliance to service directors. Directorates will take the decision on action against non-compliance. This includes suspension of card usage for users who continue to infringe procedures. BPS Manager will report non-compliance to Head of Customer Services for oversight and compliance at directorate level.	Started	31/05/23	31/07/23	An additional email to non compliant card holders asking them to upload/approve their spend on the SDOL system in the last two months has been issued. It has been agreed by Head of Services that we compare this months final report at the end of June with last months report and escalate recurring offenders.
				8 actions 6 complete 2 outstanding 2 overdue								
2					CW2207 Issue 2: Purchase Cards - Council Leavers	Medium	CW2207 Rec 2.2: Purchase Cards - Review of active cards	BPS will undertake this task as a one-off housekeeping and fraud prevention opportunity. Current security protocols dictate where a card is not used over a period of 6 months it is automatically deactivated.	Started	31/05/23	31/07/23	A review of active cards has been complete - we are currently checking to make sure that we received all relevant documentation back from Cardholders and their authoriser. Extending this date due to officer annual leave
3	Children, Education and Justice Services	Policy and Sustainability	<a href="#">Application technology controls - SEEMIS and SWIFT</a> November 2022	40%	CW2202 Issue 1 - SEEMIS: SEEMIS Records Retention and Disposal	Medium	CW2202 Recommendation 1.1 SEEMIS: SEEMIS Records Retention and Disposal	Record retention periods for pupil data will be reviewed and agreed with IGU. Following that, the Council's Records Retention Schedule and Quick Guide for Managing Pupil Information will be updated. A schedule will be created to facilitate a timely, complete disposal of pupil data in line with agreed record retention periods.	Started	31/05/23	31/12/23	Due date revised to 31/12/2023 with Status Update: Education are continuing to use the 2021 version which still meets the divisions needs. New QIEO appointed and will be in post when a seconded Head Teacher is recruited. Revision of date to reflect this.
				5 actions 2 complete 3 outstanding 1 overdue								
4	Corporate Services	Policy and Sustainability	<a href="#">Arms length external organisations (ALEOs)</a> August 2021	29%	CW2001 - Issue 1 - ALEO Governance Framework	High	CW2001 - Recommendation 1.1 - ALEO Governance Framework	Second line responsibilities for the design, implementation, and ongoing maintenance of an ALEO governance framework will be agreed; and An ALEO governance framework will be designed implemented, and communicated that incorporates all of the recommendations above.	Started	30/09/22	31/12/23	The transport ALEO work is progressing slowly so we will be progressing with the framework meantime and will incorporate the transport work at a later stage in the process.
				7 actions 2 complete 5 outstanding 1 overdue								
5	Corporate Services	Finance and Resources	<a href="#">Budget Setting and Management</a> February 2020	86%	RES1903 Issue 3: Continuous improvement: Lessons learned and customer feedback.	Low	RES1903 Issue 3.2: Finance customer and staff 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.	Started	31/12/20	30/09/23	Due date revised to 30/09/2023 with the following update: Implementation delayed due to recent medical treatment for the lead officer. Completion of implementation actions will be prioritised during July.
				7 actions 6 complete 1 outstanding 1 overdue								
6	Corporate Services	Policy and Sustainability	<a href="#">Fraud and Serious Organised Crime</a> September 2022	50%	CW2009 Issue 1 – Established Fraud and Serious Organised Crime Arrangements	High	CW2009 Rec 1.1: Review of Council Fraud and Serious Organised Crime Arrangements - phased implementation plan	Fraud and SOC arrangements will be reviewed and appropriate recommendations for relevant policies and the framework presented to CLT for approval. The revised arrangements will give consideration to Audit Scotland expectations as detailed in their July 2022 publication on Fraud and Irregularity. A phased implementation approach will be adopted, to enable sufficient time for the design and implementation of the new process.	Started	31/03/23	30/11/23	A working group has been set up aligned to the Council's Serious and Organised Crime group which includes representation across the Council. The draft framework was reviewed by the group in June and the group will re-convene in August to track progress.
				2 actions 1 complete 1 outstanding 1 overdue								
7	Place	Housing, homelessness and fair work	<b>Health and Safety – Asbestos Recommendations</b> March 2022	89%	Asbestos location and condition data – Housing Property Services and Estates and Facilities Management	Medium	CW2006 Rec 2.1b: Estates and Facilities Management – population of CAFM system	Asbestos registers will be manually transferred from the current PDF version and populated directly into CAFM where they will be maintained in the CAFM asbestos module. There is no requirement for a technology upgrade to support this process. This has already been performed for a sample of three properties and the full population should be achievable by 31 March 2023.	Started	31/03/23	31/03/24	Input of data to CAFM/AMIS has stalled due to system issues. Information is currently being updated and maintained in Excel in meantime
				9 actions 8 complete 1 outstanding 1 overdue								
8	Corporate Services	Policy and Sustainability	<a href="#">Health and Safety – Managing Behaviours of Concern</a> August 2021	80%	CF2003 - Issue 1 - Policies, Procedures and Complaints	High	CF2003 - Recommendation 1.1 - Policy and Procedures (H&S)	Human Resources has already commenced a refresh of the policy, that will be completed with support from the Corporate Health and Safety team. Following review the Policy will be incorporated into a suite of Corporate Health and Safety policies aimed at responding to legislative requirements and recognised workplace hazards, including concerning behaviours. Following this transfer, the policy will either be reviewed in line with the review process that is being established by Corporate Health and Safety, or in line with any changes in relevant legislation or regulations.	Started	28/02/23	30/09/23	This is being led by the Council's Health and Safety team. The Violence at work review is still being reviewed with areas of SHE reporting being examined.
				10 actions 8 complete 2 outstanding 2 overdue								
9	Children, Education and Justice Services				CF2003 - Issue 1 - Policies, Procedures and Complaints	High	CF2003 - Recommendation 1.2 - Policy and Procedures (Children, Education and Justice Services)	The Lead Officer for Managing BoC will report quarterly to the Education Management Team to enable discussion with senior education managers on both statistics and lessons learned: Following meetings with school Additional Support for Learning team leaders and analysis of incidents included in the SHE portal.	Started	30/09/22	30/09/23	This action is linked to completion of 1.1

Ref	Directorate	Executive Committee	Audit Name, Date and link to report	Overall Audit progress	Issue Title	Rating	Recommendation Title	Agreed Management Action	Status	Est Date	Revised Date	Management Update
10	Corporate Services	Policy and Sustainability	<a href="#">Implementation of Whistleblowing Investigation &amp; Child Protection recommendations</a> July 2022	65%	CW2106: Implementation of Historic Whistleblowing Recommendations - Issue 1: Corporate Whistleblowing Policy and Procedures	Low	CW2106: Recommendation 1.1a - Whistleblowing policy and procedures	The Whistleblowing Policy is being updated following the Tanner reviews and these changes will be implemented as part of this.	Started	31/03/23	31/10/23	The policy and toolkit is due to be presented to the Policy and Sustainability Committee in August.
				17 actions 11 complete 6 outstanding 1 overdue								
11	Place	Policy and Sustainability	<a href="#">Life Safety</a> October 2020	89%	CW1910 - Life safety: Issue 1 Life safety systems and reporting	High	CW1910 Rec 1.2 Life safety key performance measures and reporting	A life safety performance framework will be established following consolidation of the second line teams and resources that have life safety responsibilities across the housing and operational property estate, and implementation of comprehensive life safety systems that include all relevant life safety data. This framework will incorporate all existing performance frameworks and will include a new set of standard risk based and proportionate life safety key performance measures designed to support reporting to management and governance forums and confirm ongoing compliance with applicable legislation and regulations	Started	29/04/22	31/08/23	Set of compliance KPIs agreed by senior management and work being undertaken to produce regular reporting to life safety standing groups. Revised deadline expected to be met.
				19 actions 17 complete 2 outstanding 1 overdue								
12	Corporate Services	Policy and Sustainability	<a href="#">Planning and Performance Framework Design Review</a> June 2022	42%	CS2109 Issue 3: Directorates and Divisional Data Quality Objectives	Low	CS2109 Recommendation 3.1: Development of Divisional Data Quality Objectives	The DP&BP team will prepare data quality objectives and share with directorates and divisions involved in provision of data for inclusion in performance report for discussion and agreement.	Started	31/12/22	31/07/23	The objectives are being prepared by the Data, Performance and Business Planning team for agreement at the Information Board. The need for these will also be in the upcoming data strategy and the work tracked as a workstream in the implementation plan.
				12 actions 5 complete 7 outstanding 1 overdue								
13	Place	Regulatory Committee	<a href="#">Registration and Bereavement Services</a> March 2021	83%	PL2003 Issue 2: Bereavement Services systems and records	Medium	PL2003 Recommendation 2.1: Digitalisation of historic burial records	Management plan to move burial records on-line. This will require transfer from current CGI BACAS to a Cloud based version which is currently in progress. Thereafter, that will give access to a bolt on module which will allow more secure management of burial and memorial safety records in compliance with anticipated new legislation. The cost of the module is not anticipated to be onerous, but if required will be the subject of a business case. The business case will also identify resources required to transfer historic hard copy records to the system as required.	Started	31/03/22	31/08/23	No suppliers are able to provide a service for scanning and indexing archives before uploading smart indexed data to BACAS system. An alternative route is being explored.
				6 actions 5 complete 1 outstanding 1 overdue								
14	Place	Finance and Resources	<a href="#">Repairs and Maintenance Framework (Operational Properties)</a> December 2022	50%	PL2201 Issue 1: Alignment with the Contract Management Manual and Toolkit	Medium	PL2201 Rec 1.2: Contract Management Manual and Toolkit training	All employees with contract management responsibilities for the repairs contracts should complete the relevant e-learning module on contract and grants management available on myLearning Hub. In addition, management should contact Learning and Development to request that the e-learning is added to the role specific officer learning templates available on the Orb.	Closed	31/05/23	30/09/23	Closed since report prepared July 2023
				4 actions 2 complete 2 outstanding 2 overdue								
15					PL2201 Issue 1: Alignment with the Contract Management Manual and Toolkit		PL2201 Rec 1.3: Consideration of committee reporting on contractor performance	An item will be added to the agenda of a future Repairs and Maintenance Board to discuss whether reporting on contractor performance to committee would bring additional benefit.	Closed	31/05/23	30/09/23	Closed since report prepared July 2023
16	Place	Policy and Sustainability	<a href="#">Tree Management - H&amp;S</a> July 2020	67%	PL1902 Tree Management - Issue 1: Strategic direction and operational delivery	Medium	PL1902 Rec 1.3b - Update of procedures	Parks and Greenspace management accept the internal audit recommendations made. This piece of work will be completed in tandem with the review of the Trees in the City document.	Started	31/03/23	30/09/23	Trees in the City Strategy will go out for public engagement over the summer, with an updated report and the final strategy (and policy) document presented to Culture and Communities Committee by September 2023.
				9 actions 6 complete 3 outstanding 3 overdue								
17					PL1902 Tree Management - Issue 1: Strategic direction and operational delivery	Medium	PL1902 Rec 1.4 - Performance Management and KPIs	Parks and Greenspace management accept the internal audit recommendation made. This piece of work will be completed in tandem with the review of the Trees in the City document.	Started	31/03/23	30/09/23	A draft "Forestry Service - Service Level Agreements, Service Standards, and Performance Indicators" has been created and is currently being considered by senior management. It includes a model SLA, service standards for the service, and draft KPIs. KPIs will be subject to review dependent on the asset system chosen. A further update will be provided in August 2023.
18					PL1902 Tree Management - Issue 1: Strategic direction and operational delivery	Medium	PL1902 Rec 1.5 - Review and development of service level agreements	Parks and Greenspace management accept the internal audit recommendation made.	Started	31/03/23	30/09/23	Model SLA produced (under recommendation 1.4) in interim and scope of action to be discussed with IA. Current intention is only one SLA will be required.

Ref	Directorate	Executive Committee	Audit Name, Date and link to report	Overall Audit progress	Issue Title	Rating	Recommendation Title	Agreed Management Action	Status	Est Date	Revised Date	Management Update
19	Children, Education and Justice Services	Finance and Resources	<a href="#">Unsupported Technology (Shadow IT) and End User Computing</a> October 2020	<div style="background-color: #92d050; text-align: center; padding: 2px;">94%</div> 16 actions 15 complete 1 outstanding 1 overdue	CW1914 Issue 1: Digital strategy and governance	Medium	CW1914 Rec 1.4d - Review of existing shadow IT contracts (Children, Education and Justice Services)	<p>The Directorate will complete a review of all contracts supporting the ongoing use of shadow IT / cloud based applications used within divisions in comparison to the guidance provided by CPS ensure identify any contracts that need to be refreshed or procured, with support from CPS and Digital Services.</p> <p>Where inadequate contracts are identified, and the supplier is unable to support an immediate contract refresh, the criticality of the system and the service it supports will be assessed to determine whether the system is required, or whether an alternative system solution can be procured.</p> <p>Where inadequate contracts support critical systems that cannot be immediately re-procured, the risks associated with ongoing use of these systems and their contracts will be recorded in risk registers, and the contract re-procured at the earliest possible date.</p>	Started	30/09/21	29/12/23	Update from Empowered Learning Team. Further action on both fronts - Information Compliance and Commissioning - but with no further success yet, outstanding risks to deal with regarding the DPAs, and further work still needs to be done by the commissioning team in terms of contracts for the non-free apps and subscription websites. All have been escalated.