

# Housing, Homeless and Fairwork Committee

10.00am, Tuesday 27 August 2024

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

Executive/routine

Executive

Wards

### 1. For Decision/Action

The Governance, Risk and Best Value Committee has referred the audit on Housing Operations - Management of Scaffolding to the Housing, Homelessness and Fairwork Committee for information and asks that the Committee:

- 1) Particularly consider recommendations:
  - Finding 2 on Scaffolding Cost monitoring
  - Finding 3 on Contractor performance monitoring

As both findings are red rated and yet the management response is in many cases to 'review' the audit recommendations but not to wholeheartedly accept them, it is recommended that the Committee scrutinises the development of robust process around these to ensure that best value for tenants is being achieved;

- 2) Agrees to request a report which covers the approach Housing Property will take to address the issues raised in the audit findings, including improvements to processes, procedures and a review of the procurement and framework arrangements, and that this report is referred back to the Governance, Risk and Best Value Committee for scrutiny; and
- 3) Notes the summary of the Committee discussion at appendix 2.

**Dr Deborah Smart**

Executive Director of Corporate Services

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# Referral Report

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

### 2. Terms of Referral

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2.1 On 7 May 2024, the Governance, Risk and Best Value Committee considered the Internal Audit Update Report: Quarter 4 2023/24.

2.2 The Governance, Risk and Best Value Committee agreed:

#### Motion

2.2.1. To note progress with the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023;

2.2.2. To note the outcomes of 2023/24 internal audits completed in Quarter 4;

2.2.3. To refer the audit of Health and Social Care Partnership Financial Sustainability and Monitoring to Policy and Sustainability Committee and requests that they consider monitoring:

- Recommendation 3.1 which covers the development of the procedure for the council owned elements of the MTFP; and
- Recommendation 4.1 which identifies the work required to address factors contributing to delays in inputting financial data in Swift system

2.2.4. To note that a further progress update on delivery of the 2023/24 IA plan will be provided to Committee in June 2024;

2.2.5. To agree that Full Council request to add the following two audits into the 2024/25 IA plan and requests that internal audit review the webcast of this committee's discussion of 8.2 and that this is considered when the scope of the audit on Safety of Council Operated;

2.2.6. Heavy Vehicles is developed:

- Safety of Council Operated Heavy Vehicles
- Early Years Cross Boundary Places

2.2.7 To agree an update to Appendix 4 of the 2024/25 IA Charter: Process for approving changes to the Internal Audit annual plan;

2.2.8 To note key IA priorities including progress with preparation of implementation of the new Global Internal Audit Standards;

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

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

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

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

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

- Moved by Councillor Campbell, Seconded by Councillor McFarlane

### **Amendment 1**

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

- Moved by Councillor Thornley, Seconded by Councillor Younie

In accordance with Standing Order 22.13, Amendment 1 accepted as an addenda to the motion.

### **Decision**

2.2.13. To note progress with the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023;

2.2.14. To note the outcomes of 2023/24 internal audits completed in Quarter 4;

2.2.15. To refer the audit of Health and Social Care Partnership Financial Sustainability and Monitoring to Policy and Sustainability Committee and requests that they consider monitoring:

- Recommendation 3.1 which covers the development of the procedure for the council owned elements of the MTFP; and
- Recommendation 4.1 which identifies the work required to address factors contributing to delays in inputting financial data in Swift system

2.2.16. To note that a further progress update on delivery of the 2023/24 IA plan will be provided to Committee in June 2024;

2.2.17. To agree that Full Council request to add the following two audits into the 2024/25 IA plan and requests that internal audit review the webcast of this committee's discussion of 8.2 and that this is considered when the scope of the audit on Safety of Council Operated;

2.2.18. Heavy Vehicles is developed:

- Safety of Council Operated Heavy Vehicles
- Early Years Cross Boundary Places

2.2.19 To agree an update to Appendix 4 of the 2024/25 IA Charter: Process for approving changes to the Internal Audit annual plan;

2.2.20 To note key IA priorities including progress with preparation of implementation of the new Global Internal Audit Standards;

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

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

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

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

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

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

### **3. Background Reading/ External References**

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

3.2 [Minute of Governance Risk and Best Value Committee – 07 May 2024](#)

## **4. Appendices**

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Appendix 1 – Internal Audit Report - Final Internal Audit Report Housing Operations -  
Management of Scaffolding PL2304

Appendix 2 – Summary of Committee Discussion 07/05/24

# Final Internal Audit Report

## Housing Operations - Management of Scaffolding

10 April 2024

PL2304

**Overall  
Assessment**

**Limited Assurance**

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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

# Executive Summary

Overall Assessment

Limited Assurance

## Overall opinion and summary of findings

Review of Housing Operations management of scaffolding has highlighted that while there are informal arrangements in place to manage scaffolding operations, there are significant design and operating effectiveness gaps in the formal processes, procedures and controls established to manage scaffolding installation, review contractor performance, and monitor costs. The following improvements are required to effectively manage the financial, reputational, compliance and operational risks associated with scaffolding operations:





- processes and procedures to manage scaffolding in Housing Operations should be formally documented including ensuring there is a consistent process to inform citizens about the upcoming scaffold installation and its duration. Work orders received should also include adequate detail/description and provide estimated duration of the scaffolding.
- a monitoring process to review the overall duration and associated cost of installed scaffolding should be established. Weekly updates provided by contractors should be collated for analysis. Contractor records and updates should also be reviewed to ensure they are accurate.
- secondary approval when initiating work of a high value should be

implemented and a documented process to scrutinise invoices for a potential duplication should be established. This was also noted in the recently completed [Repairs Right First Time audit](#).







- contractor performance monitoring should be reviewed to ensure there are formal monitoring processes which gain assurance that contractors have obtained the relevant scaffolding consents/permits, and that they comply with the regulatory health and safety requirements. Monthly performance information around scaffolding operations should be requested, reviewed and discussed during the contractor performance review meetings.
- scaffolding related risks should be recorded within the service risk registers.
- implementation of five recommendations from the Housing Operations Compliance team review in 2021, including lack of supporting documentation, scaffolding costs and invoicing processes, are still underway.
- improvements in record keeping practices including storing all the information relating to scaffolding installation including but not limiting to contractor records, safety inspection documents and pictures should be undertaken.

## Audit Assessment

[See Appendix 2 for Control Assessment and Priority Rating](#)

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Management of Scaffolding			Finding 1 – Informal Scaffolding Processes and Procedures	Medium Priority
			Finding 5 – Records Management and Document Storage	Low Priority



2. Quality Assurance			Finding 3 – Contractor Performance Management	High Priority
			Finding 2 – Scaffolding Cost Monitoring	High Priority
3. Risk Management			Finding 4 – Risk Management and Compliance	Medium Priority

## Management Response to Executive Summary

The Council is responsible for the maintenance of all homes owned by the Council and let out to Council tenants. The installation of scaffolding may be required where repairs are required to homes in low rise blocks and to the upper floor(s) of individual homes. With the exception of the City Centre, in most cases scaffolding will not be installed on carriageways and footways and therefore does not require a consent or permit.

The Council determines the need for scaffolding depending on the nature of the work required. The Council has procured specialist contractors who are competent and qualified in scaffolding design and erection as this is a specialist area of expertise. Contractors are commissioned on a call-off basis if the proposed works require this (e.g. clearance of guttering, roof repairs). Scaffolding is initially commissioned for seven days. Council officers determine if the duration of the scaffolding needs to be extended and will liaise with the contractor where required. Contractors are asked to provide weekly updates on scaffold installations/removal.

Records show that c80% of scaffolds were up for 1 week or less in 2023/24 and typically, there are around 15-20 scaffolds in place at any one time. Scaffolding is generally required in less than 1% of repair works carried out by the Council.

The Housing Operations service welcomes the support of Internal Audit in reviewing the processes and procedures in place and recognises that, while the service has introduced processes and procedures for the management of scaffolding, there are further improvements which can be made to these processes to improve the governance and assurance around the management of scaffolding.

Officers have worked closely with Internal Audit to discuss the findings and to develop appropriate management actions to address the issues raised. Following completion of the audit, officers have also investigated the examples highlighted by Internal Audit on cost and duration and are satisfied that the charges and duration are appropriate for the works completed.

As the findings from this audit also link to the findings of the Repairs Right First Time audit (which was reported previously), the actions taken by the Service Director of Housing and Homelessness to improve governance and oversight of internal and external services will also support improvements in the processes for managing scaffolding installation and removal.

# Background and scope

As of 31 March 2023, the City of Edinburgh Council (the Council) owned circa 20,658 homes which are let to Council tenants. The Council, as a social landlord, is responsible for the repair and maintenance of these homes. External repair works sometimes require the use of scaffolding and the Council has currently outsourced provision of all scaffolding works to contractors. The Health and Safety Executive (HSE) provide guidance around the use of scaffold, as well as the laws surrounding working at height. The National Access and Scaffold Confederation (NASC) also provide safety guidance. A review of an external fabric repairs subcontractor, which also provides scaffolding services, performed by the Place Compliance team in 2021, identified significant costs associated with scaffolding, lack of clarity on the cost calculation and training/guidance around approval of such costs. The review provided the following specific recommendations related to scaffolding:

- Ensure staff who are responsible for approving scaffold costs are fully trained to assess if the costs / quantities claimed for are accurate and justified.
- Urgent action is required to address the lack of a robust audit trail and available documentary evidence including but not limited to copies of quotes, before and after photographs, agreement to scope of work or changes to these, sign off of completed work. Ensure photographs of scaffold are provided and stored in a central location and are clearly identifiable in relation to the particular job/location.

## Scope

The objective of this review was to assess the adequacy of the design and operating effectiveness of the Council's approach to managing scaffolding during responsive repairs to housing properties including relevant consents and permits, advance notification to and ongoing communications with occupants, budget management and health and safety risk assessments.

## Risks and Business Plan Outcomes

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

- Service delivery
- Regulatory and Legislative Compliance
- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Health and Safety

### Business Plan Outcomes:

People have decent, energy efficient, climate proofed homes they can afford to live in

## Limitations of Scope

The following areas were excluded from the scope:

- use of scaffolding for capital works/newbuilds
- detailed contract management arrangements for scaffolding contractors as it was covered in the [Supplier Contract Management audit reported to the GRBV Committee in February 2024](#)
- mixed tenure repairs, as was reviewed in the [Mixed Tenure Works audit reported to the GRBV committee in November 2023](#).

## Reporting Date

Testing was undertaken between 25 January 2024 and 20 February 2024.

Our audit work concluded on 20 February 2024, and our findings and opinion are based on the conclusion of our work as at that date.

# Findings and Management Action Plan

## Finding 1 – Informal Scaffolding Processes and Procedures

Finding Rating	Medium Priority
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The current practice of scaffolding installation includes the contractor emailing schedule of rates (SOR) codes to the Team Leader (TL) who forwards it on to Repairs Direct to record jobs in the housing system, NEC. The contractor installs the scaffolding, provides the TL with installation pictures, and emails weekly updates until the scaffolding is dismantled. Our review of this end-to-end scaffolding process highlighted the following control gaps:

**Informal Procedure:** The service prepared a process flowchart for scaffolding at the start of the audit. Review of the flowchart highlighted that it does not capture the necessary process details, is neither dated or formally approved and there is also no evidence of its formal circulation to the Housing TLs. Management have advised that the process has now been added to role specific learning for those managing scaffolding operations.

**Work Orders with inadequate details:** Review of the scaffolding work orders in the NEC system identified that they lack adequate detail and descriptions as the description section of work order generally states: 'As per (TL name)'. Consequently, it is not possible to independently ascertain the nature and reason of requested work order. Additionally, the work instructions received from contractors are only held in the relevant TL email inbox, and not stored centrally within any housing system, management have advised this is due to a lack of storage capacity. As a result, it is difficult to retrieve information about a specific work order when team members are on long term absence, leave or move roles.

**No estimated duration of scaffolding:** When a scaffolding work order is placed, there is no practice or procedural requirement for contractors and Housing Team Leaders to provide an estimated duration of the requested scaffolding installation. This does not allow for any monitoring of work orders to ensure that scaffoldings are not installed for longer than required and any overspend is avoided.

**Communication with citizens:** There is no formally established process for the Housing team/contractors to inform residents about the upcoming scaffolding installations in their area. Management have advised that there is sporadic interaction, however our review has identified that it is not consistent. Review of monthly meeting minutes with a contractor highlighted that they had been inundated with phone calls from tenants and residents about scaffolding duration. Lack of information may also not allow the tenants/owners to inform their insurance companies, as required by some Contents Insurance policies.

**Complaints:** Scaffolding complaints are managed by Housing resolution team. The resolution team officers advised IA that there have only been 4 scaffold complaints recorded within the last 6 months. IA review of these complaints highlighted that complaints related to scaffolding are not uniquely coded, they are coded the same as roof complaints. As noted in the point above, the issues highlighted in contractor monthly meeting minutes were not included in the list provided by resolution team reporting. Consequently, the number of complaints related to scaffolding may be higher than the Council is currently aware of.

### Risks

- **Financial and Budget Management** – the Council may not achieve best value and financial overspend may not be adequately monitored
- **Reputational** – lack of engagement with citizens and unresolved complaints may augment customer dissatisfaction
- **Supplier, Contractor and Partnership Management** – work instructed is not easily identifiable to enable sufficient monitoring
- **Service Delivery** – lack of formalised and established procedure leading to inconsistent service delivery by different team members
- **Fraud and Serious and Organised Crime** – lack of adequate details in work orders and absence of estimated provided might lead to duplication and potential fraud.

## Recommendations and Management Action Plan: Scaffolding Processes and Procedures

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
1.1	<p>The scaffolding process flow chart should be expanded to include:</p> <ul style="list-style-type: none"> <li>• requirement for contractors to provide an estimate of duration of scaffold which is recorded in a central monitoring system outlined in <a href="#">finding 2</a></li> <li>• communication with citizens about upcoming scaffold and expected period of scaffold; it should include who will communicate, how this will be communicated and at what frequency communications can be expected.</li> <li>• version controls, approval details, and distribution to all relevant officers as well as being stored centrally for accessibility.</li> </ul>	<p>The Council determines the duration of scaffolding requirements rather than the contractor. The minimum duration is 7 days and this may be extended by the Council if required in blocks of 7 days.</p> <p>The scaffolding process flow chart will be updated and associated guidance prepared to ensure that it is clear on communications, version controls, approval details, distribution, how and where weekly scaffold updates are stored. The process and guidance will also include details of the information which should be received from the contractor, the Council's responsibilities in respect of oversight of the contractors' information and where it should be stored.</p> <p>In developing the updated flow chart and guidance, consideration will be given to the arrangements for extending scaffolding periods beyond the initial 7 days. However, it would not be appropriate to request an estimated duration from the contractor as part of this process as the duration is determined by the Council.</p>	<p><b>Owner:</b> Executive Director of Place</p> <p><b>Lead Officers:</b> Service Director, Housing and Homelessness Head of Housing Operations</p>	30/09/2024
1.2	<p>Work instructions provided by the contractor should be stored centrally in the housing system or equivalent.</p> <p>Work order descriptions, including cover orders provided to Repairs Direct should provide sufficient detail and be more descriptive of the work requested</p>	<p>Job tickets provide details of the work required. Housing Operations will engage with the Contact Centre to ensure details of work order description are accurately recorded.</p>		30/09/2024

1.3	The number of complaints received directly by contractors should be collated and included in the monthly reporting by the resolution team to ensure transparency and appropriate resolution.	Complaints information will be requested for monthly contractor meetings and, if any received, details will be provided to the Resolution Team.		31/12/2024
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## Finding 2 – Scaffolding Cost Monitoring

Finding  
Rating

High Priority

Scaffolding operations is low volume but high value work within the housing repairs and maintenance service. Internal Audit (IA) review of scaffolding costs invoiced through the housing revenue account (HRA) for the period 1 April 2023 to 24 January 2024 identified 800 jobs with a cost of £1.3 million.

IA review however identified that there is no formally established process currently to monitor the duration and cost of these scaffolding, with following specific gaps:

**Weekly contractor updates:** The two key scaffolding contractors provide the Council with manually written list of installed and dismantled scaffolds and weekly records of legally required scaffolding inspections. Our review identified that these records were only available from November 2023, as these were not centrally stored prior to that. In addition, the data in these manual contractor updates is not collated or put into any record by the Council for monitoring on the duration of scaffold, visibility over current scaffold installations for health and safety compliance, and analysis and monitoring of a potential financial overspend. IA collated these individual records and noted gaps in the information provided by contractors. Key data points were missing which could also not be provided by the Housing team Leaders. Some costs and durations of scaffolding appeared high when compared to similar jobs, for example charge of £20.3k for cleaning gutters in a three-floor building, and a scaffolding installed since 4 April 2023. There was no detail available on whether the scaffolding is still installed or the reasons/explanation on the long duration and cost of that scaffolding.

**Approval of high value orders:** There are no secondary authorisation controls in the housing team for approval of high value scaffolding work orders. Team Leaders are authorised to instruct scaffolding work orders of any value.

**Invoicing:** As a part of a compliance review in 2021, the Housing compliance team identified a job where the contractor had been paid twice. For each scaffold job, there are numerous work orders and cover orders in sequence but there is no formally established process to scrutinise invoices submitted by the contractor before approving, to ensure there is no duplication of invoice and contractors are paid twice for the same work.

### Risks

- **Strategic Delivery** – increased expenditure on scaffold may impact the Council's ability to provide other services
- **Financial and Budget Management** – risk of overspend if the costs are not monitored and invoices are not scrutinised for duplication
- **Fraud and Serious and Organised Crime** – lack of documented guidance and oversight could expose the Council to potential fraud
- **Governance and Decision Making** – management is unaware of increased costs and unable to make the necessary decisions.

## Recommendations and Management Action Plan: Scaffolding Cost Monitoring

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
2.1	A process to monitor and provide an overview of scaffold should be created, stored centrally, and should include:	Information collated is currently stored by Team Leaders in a shared space. The Council determines the length of	<b>Owner:</b> Executive Director of Place	31/03/2025

	<ul style="list-style-type: none"> <li>address, date scaffold erected, estimated duration, work being completed, contractor appointed, permits in place (where applicable), photos provided, weekly inspection carried out, date off hired, total number of days scaffold erected, estimated and actual cost etc.</li> </ul>	<p>time the scaffold is required. However, storage space is limited to enable this to be stored centrally.</p> <p>The service will consider the arrangements for oversight and storing information relating to scaffolding. This will include investigating options for storing documentation relating to scaffolding in a place where everyone can access it.</p>	<p><b>Lead Officers:</b> Service Director, Housing and Homelessness Head of Housing Operations</p>	
2.2	<p>A documented procedure for approval of high value scaffold orders should be created and should include:</p> <ul style="list-style-type: none"> <li>value of work orders requiring approval</li> <li>name and job title of officers authorised to complete secondary approval</li> <li>how and where approvals will be recorded.</li> </ul>	<p>In developing the updated flow chart and guidance, consideration will be given to the arrangements for extending scaffolding periods beyond the initial 7 days and will consider the recommendations provided.</p>		31/03/2025
2.3	<p>A documented procedure for approving scaffold invoices should be created which includes:</p> <ul style="list-style-type: none"> <li>checks to be completed prior to approval</li> <li>sample size and frequency of review.</li> </ul>	<p>Invoice processing is automated if the value of the initial works order matches the invoiced cost. This will be reviewed in line with a review of authorisation levels and invoice processing.</p>		31/03/2025
2.4	<p>A sample of high value scaffold jobs should be reviewed by the compliance team at an agreed frequency e.g. quarterly.</p>	<p>An in-house contractor inspection team is being created. The Inspection Team will consider this action as part of their initial plan.</p>		31/12/2024

## Finding 3 – Contractor Performance Management

Finding  
Rating

High Priority

**Scaffolding Consents/Permits:** [The Roads \(Scotland\) Act 1984](#) requires the contractor to obtain necessary [consents](#) and [scaffolding permits](#) where the scaffolding is being erected on the carriageway or footway, however, it is the [Council's responsibility](#) to ensure permits are in place for the duration of the work. Management advise that there are very few cases when this is required. Internal Audit (IA) review identified that there is currently no monitoring process in the Council to ensure contractors have obtained the relevant consents/permits.

**Health and Safety Compliance:** The contract with scaffolding contractors requires contractors to ensure health and safety compliance however there is no formal process to ensure that the design of the contractors' scaffolding procedures comply with [regulatory health and safety requirements](#) and [HSE local government requirements](#) for contractor health and safety . There are also no monitoring controls to receive any ongoing assurance from the contractor to confirm their continued health and safety compliance. In order to confirm any compensating process/controls, IA also noted that there are no formal health and safety checks carried out by the Council.

**Contractor performance management:** The existing repairs and maintenance contract, including scaffolding services, contains KPIs (key performance indicators) for the overall repairs but not specific to scaffolding operations. The contract however requires the contractor to provide the Council with a monthly progress report including performance information on cost, quality and delivery of the scaffolding service.

IA review of the minutes of the monthly contractor performance meetings highlighted that whilst the request for performance data is recorded in these meetings, there is no record of provision of such performance information or discussions around performance issues. Contractor performance management finding was also noted in the recently completed [Cross Directorate 'Supplier and Contractor Management' audit](#).

### Risks

- **Supplier, Contractor and Partnership Management** – ineffective performance management, where issues cannot be identified, managed, and resolved
- **Financial and Budget Management** – lack of performance management may result in a lack of financial oversight and awareness of costs associated with service delivery
- **Governance and Decision Making** – senior management may not have oversight of the potential cost overspend and inefficient service delivery
- **Health and Safety** – potential non-compliance with the health and safety legal requirement and risk of injury to the residents/visitors
- **Regulatory and Legislative Compliance** –lack of consents and permits leading to breach of regulatory requirements.

## Recommendations and Management Action Plan: Contractor Performance Management

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
3.1	A process to monitor contractor performance and compliance including the following provisions should be established:	Monthly contractor meetings are already in place. The information requested from contractors in advance of the monthly meetings will be updated to reflect the	<b>Owner:</b> Executive Director of Place	31/12/2024



	<ul style="list-style-type: none"> <li>ensuring permits are obtained and in place for the duration of the work, where required</li> <li>ensuring the contractor's health and safety policy is up to date, particularly that of the principal contractor</li> <li>ongoing assurance from contractors they comply with health and safety requirements</li> <li>systematic review of risk assessments for scaffold structures to ensure they are functioning as intended.</li> </ul>	<p>recommendations provided. The agenda for the monthly meetings will also be updated to include these items. However, it is important to note that the Council is unable to verify that the risk assessments for scaffolding structures ensure they are functioning as intended.</p>	<p><b>Lead Officers:</b> Service Director, Housing and Homelessness Head of Housing Operations</p>	
3.2	<p>Improvements for contractor performance monitoring should be implemented and should include:</p> <ul style="list-style-type: none"> <li>ensuring that contractors provide relevant performance information</li> <li>ensuring that performance is discussed and recorded in minutes at contractor monthly meetings</li> <li>details on how performance issues are escalated</li> <li>an action plan when performance is not being met which should be recorded and monitored by Council officers and should include who is responsible and when the action is to be completed by.</li> </ul>	<p>Monthly contractor meetings are already in place.</p> <p>The information requested from contractors in advance of the monthly meetings will be reviewed to ensure that performance information is provided. The agenda for the meetings will also be reviewed and updated to ensure that performance is discussed, and any performance issues escalated. The escalation process will be reviewed and changes made, if required, following the recommendations of this audit.</p>		31/03/2025

## Finding 4 – Risk Management and Compliance

Finding Rating	Medium Priority
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A review of the Housing Operations risk register highlighted that there are no scaffolding specific risks recorded within the service risk registers. Risk meetings are also not minuted to substantiate any discussion around scaffolding risks.

The Housing Compliance Team performs reviews within the housing service and provides recommendations to address the associated risks. A review carried out in 2021 on a contractor (which included scaffolding service) identified three high and two medium priority findings. The findings included lack of supporting documentation, scaffolding costs and invoicing processes.

Discussions with Housing Compliance team and Operations team have identified that implementation of these recommendations is yet to be completed. IA review highlighted that these open actions from compliance team reviews are not escalated to Senior Management or governance forums for necessary monitoring.

### Risks

- **Service Delivery**– risks and recommendations identified by Compliance Team and are not being effectively managed
- **Governance and Decision Making** – risks are not effectively identified and managed at service level.

## Recommendations and Management Action Plan: Risk Management and Compliance

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
4.1	A review of risks related to scaffolding should be undertaken, and risks identified should be recorded within the Housing Operations risk register. This should include the risks associated with the issues raised in this report.	A review of the Housing Operations risk register has been completed. The service note this recommendation and confirm that they are satisfied that this business as usual and therefore there are no specific risks relating to scaffolding which need to be reflected in this risk register.	<b>Owner:</b> Executive Director of Place  <b>Lead Officers:</b> Service Director, Housing and Homelessness Head of Housing Operations	N/A
4.2	A time bound action plan to address Compliance review recommendations should be established and agreed with the Compliance team. Housing team should provide the necessary evidence of implementation of action to validate closure by Compliance team. Incomplete actions by the agreed due date should be escalated to Head of Housing Operations/Housing Service Director.	The Housing Operations and Compliance Teams will meet to review the outstanding actions and agree next steps.		30/09/2024

## Finding 5 – Records Management and Document Storage

Finding  
Rating

Low priority

Scaffolding documentation, including records of scaffolding installation, contractor’s safety inspection visits and pictures, are only available from November 2023. Internal Audit (IA) review of this documentation highlighted that there is no consistency in the record keeping practices of different Housing teams managing scaffolding operations of East and West Edinburgh, respectively. Specific record keeping gaps noted are as follows:

- weekly information regarding 7-day safety inspections and scaffold updates were missing for some weeks
- the file naming practice and documentation filing process is different, and it is difficult to retrieve individual records e.g. pictures and inspection records for some weeks as they are stored within individual emails and some are accumulated together and stored as zip files in a shared drive.

A Housing compliance team review in 2021 also highlighted the lack of supporting documentation or audit trail as an issue and recommended that documentation and photos were stored in a central location and clearly identifiable by work order or address.

### Risks

- **Regulatory and Legislative compliance** – the Council may not meet statutory data and records retention requirements and evidence of legislative compliance may be difficult to locate.





## Recommendations and Management Action Plan: Records Management and Document Storage

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
5.1	<p>The scaffolding process outlined in <a href="#">finding 1</a> should include how and where records of weekly scaffold updates, weekly safety inspections and photos are recorded and maintained in line with the Council’s records management arrangements.</p> <p>Records should be electronically stored in appropriate locations/systems, which are accessible to relevant officers and available for inspection as required</p>	Action recorded at 1.1	<p><b>Owner:</b> Executive Director of Place</p> <p><b>Lead Officers:</b> Service Director, Housing and Homelessness Head of Housing Operations</p>	30/09/2024

# Appendix 1 – Internal Audit Control Objectives in scope

Audit Area	Control Objectives
Management of Scaffolding	<ul style="list-style-type: none"> <li>• There are clearly established and documented processes for effective management of scaffolding during repairs to housing properties including relevant consents and permits, engagement with occupiers, co-ordination, and monitoring of multi trade jobs.</li> <li>• The design and operation of scaffolding management processes are aligned to Place Compliance review recommendations, including but not limited to retaining documentary evidence of quotes, before and after photographs, agreement/changes to scope of work etc.</li> <li>• Effective oversight on cost monitoring and contractor value is provided to scaffoldings installed for longer than initial estimated period.</li> <li>• The Council has effective processes to ensure contractor’s scaffolding erection and dismantling procedures comply with Health and safety regulatory requirements and the Council requirements.</li> <li>• There are established procedures to ensure citizen complaints regarding unsafe or unsuitably installed scaffoldings are duly recorded, monitored, resolved and lessons learned are implemented in the revised processes.</li> </ul>
Quality Assurance	<ul style="list-style-type: none"> <li>• Complete, accurate and timely contractor performance monitoring and reporting is in place to ensure identified performance issues are discussed, and corrective action are agreed and documented. Performance issues are escalated through contract management controls, where corrective actions are not effectively implemented.</li> <li>• Effective budget management/invoice monitoring controls, including quality checks, exist to ensure costs invoiced for extended periods of scaffolding erection is adequately reviewed to minimise overspend due to coordination and procedural inefficiency.</li> <li>• Adequate staff training is provided to perform these budget management controls and quality checks.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Risks related to scaffolding for housing properties are identified, recorded, and managed within the service risk register. Risks are regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to divisional and directorate level risk committees, where required.</li> </ul>

# Appendix 2 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

## Overall Assurance Ratings

<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## Finding Priority Ratings

<b>Advisory</b>	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
<b>Low Priority</b>	An issue that results in a small impact to the achievement of objectives in the area audited.
<b>Medium Priority</b>	An issue that results in a moderate impact to the achievement of objectives in the area audited.
<b>High Priority</b>	An issue that results in a severe impact to the achievement of objectives in the area audited.
<b>Critical Priority</b>	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

## Appendix 2

### **Governance Risk and Best Value Committee – 07 May 2024** **Summary of discussion in relation to audit report on Scaffolding for Housing Property Repairs.**

At its meeting on the 7<sup>th</sup> of May 2024, the Governance Risk and Best Value Committee considered the audit report on Scaffolding for Housing Property Repairs appended to the Internal Audit Update Report: Quarter 4 2023/24.

- Members asked if it would be more cost effective to utilise in-house scaffolding capacity, officers confirmed that this was under active consideration.
- Members expressed concern that the request for a mechanism to monitor the use of scaffolding, produced centrally, had not been completed and that the management response to this had not been done due to a lack of server space. It was acknowledged that file types may have an impact and there is a reliance on corporate knowledge. Members discussed concerns around the lack of server space and how this could be addressed with CGI. Officers agreed that procurement of additional server space could be considered. Audit expressed concern that the management action around this wasn't robust enough and linked this to a lack of overall procedure.
- Members expressed concern in relation to the management responses due to a lack of documented procedures for high level scaffold orders and no confirmation that this would be done. A lack of assessments as to the length of time that scaffolding is erected, issues around the checking of invoicing dependent on the level.
- Members asked what independent market analysis is being conducted to ensure that the council isn't paying rates that are significantly higher than what residents are able to procure on the private market and requested details on premiums paid on quick delivery where this was deemed essential. Officers confirmed that the analysis for the framework was conducted with the procurement team and agreed to provide details on premiums paid on quick deliveries.
- Members expressed disappointment that processes were not in place to notify residents that scaffolding is being erected and that invoicing was being done twice. Reference was also made to the lack of action taken following statutory notice scandal.
- Members agreed that it would be helpful for these issues to be scrutinised by the Housing Homelessness and Fairwork Committee in detail and for this to be fed back to the Governance Risk and Best Value Committee.

Reference – [Webcast GRBV Tuesday 07.05.24 – \(1:36:08 - 2:03:16\)](#)