

# Internal Audit Report

## Annual Validation Review

25 April 2023

CW2209

<b>Overall Assessment</b>	<b>Reasonable Assurance</b>
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. 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

Reasonable Assurance

## Overall opinion and summary of findings

Our review of a sample of previously implemented audit actions found that the majority of controls have been sustained. Some controls continue to operate as originally implemented, while other controls having been reasonably adapted to reflect changing circumstances.

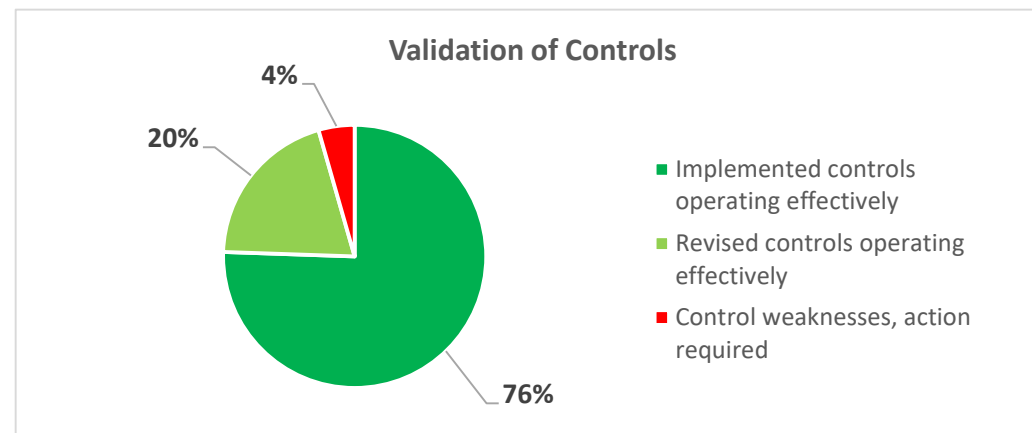
Controls weaknesses and resulting improvement actions have, however, been identified in the findings for the following two previously completed audits:

- **Quality, governance, and regulation** - a review of the approach to quality, assurance and compliance is required to ensure it provides a quality assurance framework which is aligned to the needs of both children's and adult social work services
- **Edinburgh Alcohol and Drugs Partnership Contract Management** - verification checks to confirm the management information provided by suppliers to evidence meeting their contractual obligations, which is submitted quarterly to the Edinburgh Alcohol and Drugs Partnership (EADP) is complete and accurate.

## Validation review results

Based on our sample of closed management actions, our review identified that of the 45 actions reviewed, 43 (96%) were functioning as originally validated or had received reasonable changes to be in line with new circumstances.

Recommendations to address the current risk associated with the remaining controls have been raised in the two findings below:



Audit Code and Title	Findings	Priority Rating
CW1802 – Quality, Governance and Regulation	Finding 1 – Quality Assurance and Compliance Framework	High Priority
HSC1715 – EADP Contract Management	Finding 2 – EADP - Validation of Supplier Returns Information	Medium Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Internal Audit Report: CW2209 – Annual Validation review

# Background and scope

Internal Audit (IA) findings are raised where audit outcomes confirm that the controls established to mitigate risks are either inadequately designed or are not operating effectively.

Management actions are agreed with Directorates and services to address the control weaknesses identified in the audit findings. Implementation of these agreed actions should ensure that the associated risks are effectively managed, reducing the Council's overall exposure to risk. It is essential that the management actions (once implemented) continue to be effectively sustained. If not, the Council may be exposed to an unnecessary level of risk.

A 'validation' audit is included in the IA annual work programme to assess whether management actions implemented to address audit findings raised in previous years have been sustained and remain effective.

Between 1 January 2019 and 31 December 2021, management implemented actions to support closure of a total of 123 Medium and High rated IA actions raised (40 High and 83 Medium). This audit reviewed a total of 45 (37%) of these management actions (15 High and 30 Medium).

## Scope

The objective of this review was to confirm whether a sample of Medium and High rated management actions closed as implemented by management between 1 January 2019 and 31 December 2021 continue to operate effectively.

## Reporting Date

Testing was undertaken between 27 June 2022 and 10 February 2023

Our audit work concluded on 31 March 2023, and our findings and opinion are based on the conclusion of our work as at that date.

# Findings and Management Action Plan

## Finding 1 – Quality Assurance and Compliance Framework

Finding  
Rating

High Priority

### Quality, Governance and Regulation Audit – actions closed December 2019

The remit of the [Quality Assurance and Compliance Service \(QAC\)](#) is to support services by identifying and highlighting strengths and areas for improvement, analysing trends/themes, and developing action plans to resolve issues where required. This is to ensure that barriers preventing delivery of effective social work services (in line with applicable regulatory and statutory requirements) are removed.

In response to our previous audit, the QAC implemented a charter underpinned by Service Level Agreements (SLAs) agreed by Directorates to enable the delivery of its remit through an agreed annual programme of activity. Our review noted that while these SLAs were developed, not all were signed by the Directorates.

Discussions with officers highlighted wider issues, including limited quality assurance audits being undertaken over the last three years, and absence of an effective follow-up process to ensure specific actions identified during case file and practice audits are evidenced as complete.

The lack of an effective quality assurance programme and SLAs was also noted in the [recent inspection](#) by the Care Inspectorate. Management have advised that a review of arrangements is currently underway.

Additionally, our review highlighted that the QAC risk register has not been updated since 2019.

### Risks

- **Governance and Decision Making** – inadequate pathways for recommendations to reach an appropriate forum could result in ineffective decision making
- **Service Delivery** – issues highlighted by the Quality Assurance and Compliance service may be unresolved, leading to service delivery and compliance issues across children’s and adult social care services
- **Regulatory and Legislative Compliance** – potential breaches in regulatory and legislative requirements as a result of inaction on QAC service recommendations.

## Recommendations and Management Action Plan: Quality Assurance and Compliance Framework

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	<p>A review of the approach to quality, governance and regulation should be undertaken to ensure it provides a quality assurance framework which is aligned to the needs of both children's and adult social work services. This should include a clear process for development, approval, and ongoing review of the quality assurance programme, recording and reporting requirements, and roles and responsibilities for follow-up of actions arising from quality audits.</p> <p>Once the review is complete, the approach and expected service standards should be formally documented, agreed, and communicated within a framework document.</p>	<p>The service is currently under new management by the Interim CSWO and a learning culture whereby quality assurance is seen as everyone's responsibility not 'just a service' is being developed. As a learning organisation with a vision particularly the principle that quality assurance, learning and development are a continued loop supporting improvement where quality assurance is seen as 'working alongside' and not a 'doing to colleagues' approach.</p> <p>For children there is a new QA framework which we are now working to and have undertaken 244 audits and have trackers in place to ensure actions are completed.</p> <p>The full framework will be launched at a manager event in May. For adults practice standards are being reviewed and a QA framework will also follow.</p>	Amanda Hatton Executive Director of Children, Education and Justice Services	Rose Howley Interim Chief Social Work Officer  Keith Dyer  Quality Assurance & Compliance Manager	30/11/2023

1.2	<p>Service Level Agreements (SLAs) should be reviewed and agreed on an annual basis by Directorates to ensure alignment to the approved quality governance and regulation approach as set out in 1.1.</p> <p>Any delays to agreeing SLAs should be monitored and escalated.</p>	<p>The service is reviewing the use of SLAs to move to an annual audit plan because SLA have been too rigid.</p> <p>This is included in both children and HSPC improvement plans.</p>	<p>Amanda Hatton Executive Director of Children, Education and Justice Services</p>	<p>Rose Howley Interim Chief Social Work Officer</p> <p>Keith Dyer Quality Assurance &amp; Compliance Manager</p>	30/11/2023
1.3	<p>In line with the <a href="#">Council's Risk Management Framework</a>, the risk register for the Quality, Assurance and Compliance service should be updated and maintained on a quarterly basis, ensuring that current and emerging risks are captured, documented, assessed, with mitigating action identified and implemented, and risks escalated to the Children, Education and Justice Services / Health and Social Care Directorate Risk Committees where required.</p>	<p>The risk register is being updated.</p>	<p>Amanda Hatton Executive Director of Children, Education and Justice Services</p>	<p>Rose Howley Interim Chief Social Work Officer</p> <p>Keith Dyer Quality Assurance &amp; Compliance Manager</p>	30/11/2023

## Finding 2 – EADP - Validation of Supplier Returns Information

Finding  
Rating

Medium  
Priority

### Edinburgh Alcohol and Drug Partnership (EADP) Contract Management Audit – actions closed June 2019

In line with established contract and supplier management arrangements, the EADP requires suppliers to provide quarterly returns to measure their performance and compliance with their contractual obligations. The 2017 audit found that no validation was performed by the EADP over these returns to verify the completeness and accuracy of the supplier management information provided within. Subsequently, 'case file audits' were proposed to undertake these checks.

This review has identified that due to Covid-19, no case file audits have been undertaken since 2020, with a desktop review instead being performed to verify supplier information in 2020. However no further checks or validation work to validate the performance or compliance of suppliers has been undertaken since then.

### Risks

- **Supplier, Contractor, and Partnership Management** – the Partnership's suppliers may not be providing the contracted levels of service
- **Service Delivery** - the EADP may not be able to deliver an adequate level of service to meet the needs of users across the city.

## Recommendations and Management Action Plan: EADP Third Party Supplier Management Information

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	The EADP should establish a process to ensure that independent validation checks are carried out on quarterly returns information provided by suppliers, to confirm completeness and accuracy of the performance and contract compliance information presented, and to take action where service delivery and performance is not in line with contractual requirements or performed in line with an agreed timetable.	The Partnership agree this management action.	Judith Proctor – Chief Officer, Edinburgh Health and Social Care Partnership (EHSCP)	Tony Duncan - Service Director Strategic Planning (EHSCP)  Linda Irvine Fitzpatrick - Strategy & Quality Manager Mental Health & Substance Misuse (EHSCP)	31/03/2024



# Appendix 1 – Control Assessment and Assurance Definitions

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.