

## Internal Audit

# 2022/23 Annual Report and Opinion

August 2023

<b>Overall Opinion</b>	<b><i>Reasonable Assurance</i></b>	There is a generally sound system of governance, risk management and control in place. While some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives, individually these do not significantly impair the Council's system of internal control.
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# 1. Introduction

[The Local Authority Accounts \(Scotland\) Regulations 2014](#) require all Councils to review the effectiveness of its system of internal control annually and to assess the efficiency and effectiveness of the Internal Audit function.

The [Public Sector Internal Audit Standards](#) (PSIAS) requires the Chief Audit Executive to deliver an annual report which provides a summary of internal audit activity for the year, and an annual opinion which concludes on the adequacy and effectiveness of the City of Edinburgh Council's (the Council) governance, risk management and control framework.

The annual report includes consideration of:

- a summary of the information that supports the opinion
- disclosure of any impairments to scope and / or independence
- a statement of conformance with the PSIAS including the results of the quality assurance and improvement programme and progress against any improvement plans, and
- consideration of any other relevant issues.

The Regulations also require Councils to approve an Annual Governance Statement. The Internal Audit Annual Opinion supports the Council's Annual Governance Statement which is included within the Annual Accounts.

## Basis for the opinion

The opinion on the adequacy and effectiveness of the Council's systems of governance, risk and control is achieved through delivery of a risk-based audit and assurance programme aligned to the Council's key risks which is approved by the Corporate Leadership Team and the Governance, Risk and Best Value Committee.

The opinion reflects audit activity performed across the three Council Directorates (Corporate Services, Place, and Children, Justice and Education Services) as well as the Edinburgh Health and Social Care Partnership during the period 1 April 2022 to 31 March 2023.

The opinion also considers reports issued by the External Auditor, the results of other assurance activities performed during the year including the outcomes of inspection work undertaken by the Care Inspectorate, and the effects of any significant issues or changes impacting the Council's control environment.

It also reflects progress with implementation of management actions from previously completed audits which contributes to strengthening the overall governance, risk, and control environment.

The opinion also recognises the operating environment of the Council during the year reviewed, including continued recovery from the Covid-19 pandemic, implementation of actions from the independent culture review, supporting the people of Ukraine, its key role in coordinating arrangements following the death of Queen Elizabeth II, responding to the Covid-19 inquiry and the continued demand and financial pressures faced.

The opinion does not, however, imply that Internal Audit has reviewed all risks and assurances relating to the Council.

A separate annual report and opinion has been provided for the [Lothian Pension Fund](#) in June 2023 and the Edinburgh Integration Joint Board in September 2023 for consideration by the relevant body committee.

# 2. Executive Summary

Overall  
Opinion

*Reasonable  
Assurance*

## Overall opinion and summary of key findings

The 2022/23 Internal Audit Annual Opinion confirms that **'reasonable assurance'** can be placed on the adequacy of the Council's systems of governance, risk management and internal controls.

The opinion reflects assurance activity performed across the Council in the year to 31 March 2023, which concluded there is a generally sound system of governance, risk, and control in place. The 2022/23 overall opinion remains aligned to the 2021/22 opinion of 'some improvement required'.

Internal Audit work identified a number of issues, areas of non-compliance and/or scope for improvement throughout the year, which individually do not significantly impair the Council's system of internal control but may put at risk the achievement of Council and service objectives if corrective actions are not adequately addressed.

## Internal audit activity

The [2022/23 internal audit plan](#) included a total of 35 engagements across the Council, three of which were agile audits of ongoing Council projects. 30 of the remaining 32 audits were complete as planned (93%) with a total of 1,019 audit days completed compared to the 996 days planned.

In addition, circa 1100 hours (157 days) were used by Internal Audit to review and validate information and evidence provided by management to support closure of management actions previously raised in internal audits.

Internal Audit also completed a further 9 audits totalling 210 days (vs 220 planned days) of audit work for other organisations including the Lothian Pension Fund and the Edinburgh Integration Joint Board.

## Key strategic and thematic findings

The Council's [enterprise risk management framework](#) includes 13 enterprise risks. 182 areas of potential risk aligned to enterprise risks were raised across the audit work completed in 2022/23. Recurring links to the following top 5 enterprise risks were highlighted in audit findings, with further detail provided on [page 10](#):

- Regulatory and Legislative Compliance
- Strategic Delivery
- Financial and Budget Management
- Governance and Decision Making
- Service Delivery

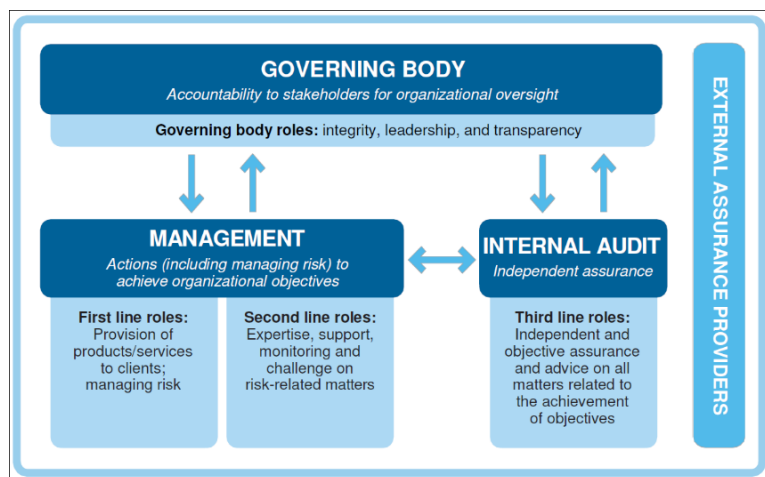
The opinion highlights that while there is an established risk management framework at Corporate Leadership and Directorate levels, observations and findings from audits completed during the year notes that improvements are needed to raise the maturity level of the Council's risk management framework to ensure there is an effective and consistent approach to managing risk and an understanding of the effectiveness of the control environment which manages operational risk across most areas of the Council. Arrangements to strengthen the Corporate Risk Management approach which will include key officers to support and increase knowledge and awareness of effective risk management across the Council are being finalised.

Key themes from audit and other assurance work also highlight that improvements are needed across the following control areas on a council wide basis: policy and procedure management, quality assurance, role specific learning, workforce and capacity planning, third-party supplier management, and data management. Further detail is provided at [section 5](#).

# 3. Audit approach and responsibilities

## The Three Lines Model

The Institute of Internal Auditors [‘Three Lines Model’](#) can be translated across the structure and operations of the Council with first line teams and services responsible for ongoing service delivery and risk management; second line teams such as the Information Governance Unit, Legal Services, Health, and Safety, and Corporate Risk Management) providing frameworks, policies, and guidance, and the third line, Internal Audit providing independent assurance.



## Internal Audit objectives, approach, and responsibilities

The objective of Internal Audit is to provide independent and objective assurance and a systematic and disciplined approach to evaluating and improving the effectiveness of the Council’s governance, risk management and control environment.

This is achieved through development of a risk-based internal audit plan which is based on the Council’s audit universe, strategic objectives and an assessment of risk and exposures affecting the Council, with input from management, elected members, and other key stakeholders such as trade unions and external assurance bodies.

Internal Audit performs audit engagements throughout the year in line with the agreed plan and emerging areas of risk. Internal Audit reports on the findings and observations for each review and where areas of improvement are identified, findings and recommendations are raised, and management agree actions and timescales by which they will address the gaps identified.

## Management responsibilities

The presence of an effective Internal Audit team contributes towards, but is not a substitute for, effective control. It is the responsibility of management to establish adequate internal controls to ensure that all activities are conducted in an efficient and effective manner, in adherence with legislation, policies and procedures, and that assets and records are safeguarded.

It is also management’s responsibility to address and rectify the weaknesses identified by Internal Audit via timely implementation of agreed management actions.

## Governance, Risk and Best Value Committee

In line with the terms of reference the Committee monitors the Internal Audit plan and reviews all audit and inspection work towards the plan, scrutinises internal audit and external audit reports and monitors governance, risk management and internal control.

## Other Assurance Providers

Internal Audit is not the only source of assurance provided to the Council. There are several additional assurance sources including: external audit, regulators, and inspectorates, that the Committee should equally consider when forming their view on the adequacy of the Council’s systems of governance, risk management and control.

## 4. Summary of work completed

### 2022/23 Internal Audit Plan

The [2022/23 Internal Audit Plan](#) was initially approved by the Governance, Risk and Best Value Committee in March 2022. Due to reduced resources within the Internal Audit team and a review of the plan to ensure alignment with business critical risks and key priorities, a [rebased plan](#) was approved by the Committee in October 2022.

### Planned and actual audit coverage

The 2022/23 Internal Audit plan included a total of 33 engagements across the Council. Work on 32 audits was performed during the year, with 28 audits completed.

During 2022/23 agile audits of the ongoing Council Tram to Newhaven, Enterprise Resource Planning and Historic Cases projects continued, the outcomes of which will be reported in 2023/24.

While fieldwork for the Health and Safety of Outdoor Infrastructure audit was complete by August 2023, additional time to finalise and agree the audit report was required. Therefore, the Committee approved deferral of the audit to the 2023/24 plan, with the report due to be presented to Committee in November 2023.

The audit of Children's Services was deferred to the 2023/24 plan to enable scoping of assurance work aligned to key risks and priorities following inspection work.

A total of 1,019 audit days were completed compared to the 996 days planned. This included an additional 15 days to complete an unplanned review of the Council's Vendor Mandate process following management identification of a potential fraud incident.

The number of audits completed for the Council during 2022/23 is aligned to previous years (21/22: 25; 20/21: 28 and 19/20: 29).

Details of all 2022/23 audit engagements and overall outcomes are provided at [Appendix 1](#). The table below provides a summary of audit work performed and completed, per directorate:

Directorate	Audit work performed	Audits completed
Corporate Services	10	9
Place	8	6
Children, Education and Justice Services	5	4
Health and Social Care Partnership	2	2
Cross Directorate	7	7
<b>Total</b>	<b>32</b>	<b>28</b>

In addition, the Internal Audit Team completed a further 210 days (compared to 220 planned days) of audit work for other organisations including the Lothian Pension Fund and the Edinburgh Integration Joint Board.

### Follow-up of recommendations

Circa 1110 hours (157 days) were also used by Internal Audit to review and validate information and evidence provided by management to support closure of management actions previously raised in internal audits.

## 5. Audit outcomes and key messages

Overall outcomes for the 28 audits fully completed during 2022/23 across the Council and ratings by Directorate are set out below with outcomes for audit work completed in 2021/22 provided in brackets for comparison:

Directorate	Overall outcomes by rating per directorate			
	Substantial Assurance	Reasonable Assurance	Limited Assurance	n/a*
Corporate Services	4 (6)	3 (3)	2 (2)	-
Place	1 (1)	5 (2)	0 (1)	-
Children, Education and Justice Services	2 (1)	0 (0)	1 (0)	1 (0)
Health and Social Care Partnership	0 (2)	1 (0)	1 (0)	-
Cross Directorate	2 (2)	4 (4)	1 (1)	-
<b>Total</b>	<b>9 (12)</b>	<b>13 (9)</b>	<b>5 (4)</b>	<b>1 (0)</b>

\*n/a refers to engagements where no rating was applied due to the consultative nature of the assurance work

A direct comparison between outcomes across years is not always possible as the number/scope of the audits included in the annual plans and the risks associated with open and overdue actions will vary in line with the changing risk profile, however the figures above show a shift in the proportion of green and amber outcomes with a rise in amber outcomes in 2022/23 (up from 36% to 43%) and reduction in overall green outcomes (down from 48% to 35%) when compared to 2021/22.

A total of 140 audit recommendations (32 high, 59 medium and 40 low) were raised across the 28 audits completed in 2022/23. The number of recommendations by priority rating per directorate is shown below:

Directorate	Recommendations by priority rating				Average per audit
	High	Medium	Low	Total	
Corporate Services	13	22	31	66	7
Place	4	15	15	34	6
Children, Education and Justice Services	7	13	3	23	6
Health and Social Care Partnership	8	9	0	17	8
<b>Total</b>	<b>32</b>	<b>59</b>	<b>49</b>	<b>140</b>	<b>5</b>

### Areas where improvements are required as a priority

Significant gaps, weaknesses or non-compliance issues were noted across the following audits where limited assurance was provided:

- [SWIFT Application technology controls](#) – the need for an urgent strategy to manage replacement of the system and provide a system fit for purpose, and to limit data quality and data protection compliance issues was highlighted.



- [Sensory Loss Support Services](#) – key person dependencies and capacity issues impacting delivery of service objectives were identified, as well as limited progress in delivering requirements set out in key national strategies. Ongoing contract management weaknesses and inconsistencies in performance management of services delivered were also noted.
- [Self-Directed Support](#) – ineffective policy and procedure management, inconsistencies in processing and recording information, and ineffective budget monitoring processes were identified.
- [CGI Security Operations Centre](#) – weaknesses in the application of security patches and limited coverage across some critical applications and databases was identified.
- [Vendor Bank Mandate Processes](#) – non-compliance with existing processes, and areas of weakness which could expose the Council to fraudulent attempts to update bank mandates resulting in financial loss were found. Further controls prevented actual loss; however, a series of actions to strengthen existing controls were recommended.

In addition, the following audits included high priority findings:

- [CGI Technology Risk Management](#) – while testing confirmed technology risks are recorded, tracked, and managed in a logical manner with appropriate scrutiny, a lack of a clear end to end documented process for technology risk management was found.
- [Port Facility Security Plan](#) – the first annual review following Covid-19, as mandated by the Department for Transport, highlighted key person dependency issues leading to an over reliance on one individual.

- [Levelling-up Fund Grant – Granton Gasholder](#) – governance arrangements including key documentation, monitoring and reporting required strengthening.
- [Purchase cards](#) – weaknesses in authorisation, review and monitoring by services was highlighted, with limited evidence of receipts being provided and retained and improvements needed for monitoring and escalation of non-compliance.

### Thematic areas for improvement

Audit work completed during 2022/23 highlighted the following thematic areas for improvement across the Council:

- policy and procedures to direct officers are often out of date and do not reflect current operations and requirements, there is also a lack of effective document management to ensure regular review
- quality assurance processes to ensure that work performed, and services provided meet prescribed requirements and service standards were limited and inconsistently applied
- completion of role specific learning by colleagues and monitoring by line management is inconsistent
- workforce and capacity issues were noted with reliance on key individuals and at times, key tasks were not performed due to absence
- supplier management is inconsistent with limited knowledge and understanding of key requirements and ad-hoc arrangements often in place
- data management requires strengthening to ensure adequate understanding and accuracy of data, and proper management in line with the Council's information governance framework.



## Areas where positive assurance has been provided

Substantial assurance that 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 following areas was noted:

- [IFRS-16 Implementation](#) – effective processes were established to support early adoption of the new accounting standard, International Financial Reporting Standard (IFRS) 16, which changes the accounting treatment of leases and is due to come into force on 1 April 2024 for all local authorities
- [Insurance Services](#) – high levels of expertise and specialist knowledge and effective processes are in place to support insurance needs and objectives across the Council
- [Council Emissions Reduction Plan](#) – sound controls are in place to support governance and delivery of the Council’s Emissions Reduction Plan
- [Records management and Statutory Requests](#) – clearly established second line processes are in place with adequate guidance to support the first line preparing responses to statutory requests
- [Induction and Ongoing Learning for Elected Members](#) - effective induction and learning programmes to support elected members developing necessary skills, knowledge and behaviours needed to deliver the Council’s priorities have been established
- [SEEMiS Application Technology Controls](#) – adequate controls are in place to manage system security, data quality, and data loss prevention for the SEEMiS system used in education

- [Early Years 1140 Hours Expansion Programme](#) – programme governance controls to support achievement of the Council’s objective to ensure children have the best start to life through expanding the uptake of early learning and childcare were demonstrated.
- [City Deal Integrated Employer Engagement](#) - controls to support project planning, reporting and governance as well as processes for managing grants were adequately designed and operating effectively.
- [CGI Enterprise Architecture](#) – there are well defined operational and governance arrangements for the Council’s enterprise architecture function and adequate review of architecture compliance activities.
- [Empowered Learning Programme Governance](#) – adequate controls were established to support governance and implementation of the Empowered Learning Programme.

In addition, no high priority rated findings were noted in the following audits:

- [Implementation of the New Consultation Policy](#)
- [Management of the Housing Revenue Account](#)
- [Role Specific Learning and Development for Council Officers](#)
- [Transitions for young adults](#)
- [Ongoing Education ICT support](#)
- [Repairs and Maintenance Framework for operational properties](#)
- [Active Travel Project Management and Delivery](#)

## Alignment to the Council’s Enterprise Risk Management framework

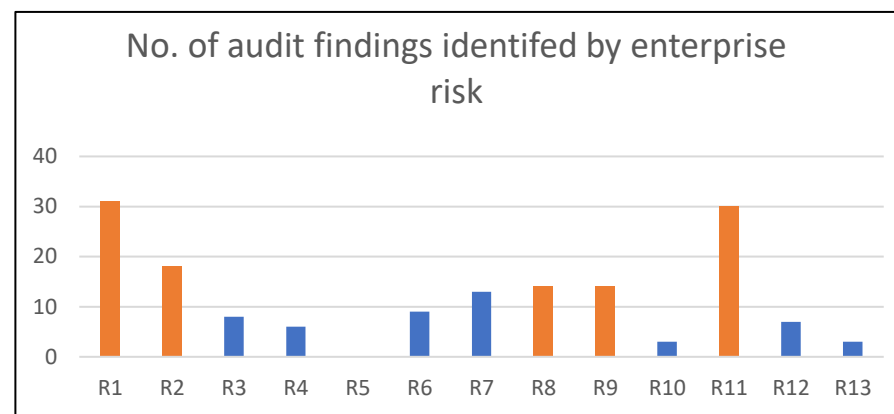
Issues raised in audits completed during 2022/23 highlighted potential impacts across 156 areas aligned to the Council’s 13 enterprise risks. The top 5 areas of risk and number of associated impacts identified are set out below with detail provided in [Appendix 6](#).

- (R1) Strategic Delivery (31)
- (R11) Regulatory and Legislative Compliance (30)
- (R2) Financial and Budget Management (18)
- (R8) Governance and Decision Making (14)
- (R9) Service Delivery – (14)

The 2022/23 Quarter 4 (Q4) Corporate Leadership Team report presented to Committee in [May 2023](#) set out the Council’s risk profile, the most significant risks facing the Council and key actions being taken in response to those risks. The Q4 risk rating and risk appetite for the risk impacts identified across the top 5 areas of risk identified in audit reports is set out below.

Risk	Q4 rating	Risk Appetite
R11 Regulatory and Legislative Compliance	Yellow	Green
R1 Strategic Delivery	Yellow	Yellow
R2 Financial and Budget Management	Red	Yellow
R8 Governance and Decision Making	Yellow	Green
R9 Service Delivery	Black	Red

Allocation of the 156 potential areas of risk across all 13 enterprise risks is set out on the table below, and a list of the Council’s 13 enterprise risks is provided in [Appendix 3](#).



The Q4 CLT risk report also highlighted 2 critical risks out with risk appetite – R9 Service Delivery and R10 Workforce. The 2023/24 Internal Audit plan includes assurance work across both these areas.

Whilst outcomes from 2022/23 audit work did not highlight any potential risks specific to resilience, there are several open actions relating to resilience processes, as a result the Council continues to be exposed to vulnerabilities associated with these unimplemented actions. Further information on the resilience actions is provided on [page 12](#).

### Operational Risk Management

During audit work, Internal Audit identified weaknesses at a service/team level relating to risk management across several areas reviewed. Issues included no risk register arrangements for identifying, recording, and managing risks, and lack of escalation processes to highlight key operational risks at a directorate level.

## 6. Progress with implementation of audit actions

As set out on [section 5](#) of this report, a total of 140 new audit actions were raised across the audit reports completed during the year.

Timely and effective implementation of audit actions by management is important to prevent the Council being exposed for longer than necessary to the potential risks associated with the control gaps or deficiencies identified in audits.

A total of 194 audit actions raised across 51 previous audits were closed during 2022/23. 168 actions were due for closure during the year and 112 (67%) were closed on time.

Completion of the 194 audit actions resulted in the closure of 27 audits - 11 of which were audits completed in 2022/23, resulting in a 40% reduction in the risk profile for the 2022/23 internal audit programme. Details of 27 audits closed during 2022/23 are provided in [Appendix 4](#). This includes completion of all actions from the critical audit of Edinburgh Trams Contract Management completed in September 2021.

### Overdue Management Actions

Performance and progress of implementation of management actions are reported monthly to the Corporate Leadership Team (CLT) for monitoring and to the Governance, Risk and Best Value Committee (GRBV) for scrutiny. Overdue audit actions are also referred to the relevant Executive Committee for scrutiny in line with their respective remits.

As at 31 March 2023, there were 27 overdue management actions which were past their original implementation date (24% of all open audit actions). This is broadly aligned to the 2021/22 year-end position (23 actions; 35% of all open actions), and a significant and notable continued improvement on previous years, when the percentage of overdue actions was between 48% to 61%.

The table below illustrates the allocation and performance trend of the 27 overdue management actions across all directorates as at 31 March 2023 compared with the same period last year:

Directorate	Overdue actions 31/3/23	Overdue actions 31/3/22	Performance Trend
Corporate Services	12	6	↓
Place	11	11	-
Children, Education and Justice Services	3	2	↓
Health and Social Care Partnership	1	4	↑
<b>Total</b>	<b>27</b>	<b>23</b>	↓

It is Internal Audit's opinion that performance in addressing audit actions remains stable with an adequate focus provided by management including provision of additional resources across directorates to support coordination of assurance actions, including Internal Audit actions.

### Actions closed due to management's acceptance of risk

A total of 11 actions were closed across 7 audits during the year due to management's acceptance of the risks. All risk acceptances are reported to the CLT for monitoring and to the GRBV Committee for scrutiny. Details of the audits where actions were risk accepted are provided in [Appendix 5](#).

## Annual validation review of previously implemented actions

An [annual validation review](#) which assesses ongoing adequacy and effectiveness of a sample of previously implemented actions was performed during 2022/23. The audit reviewed a total of 45 actions which had been implemented by management between 1 January 2019 and 31 December 2021. Of the 45 actions reviewed, 43 (96%) were functioning as originally validated or had been reasonably adjusted in line with new circumstances.

Controls weaknesses and resulting improvements were identified in the findings for the remaining two previously completed audit actions:

- **Quality, governance, and regulation** (actions closed December 2019) – the validation audit highlighted that 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** (actions closed June 2019) – the validation audit highlighted that 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) are needed to ensure these are complete and accurate.

## Rebased audit actions

In [March 2023](#), the rebasing of 8 overdue historical actions across 3 audits which had longstanding revised future dates was reported to the GRBV Committee to enable a focus on review and scrutiny of new overdue actions or actions where sufficient progress is not being made.

Details of the relevant audits with rebased actions are provided below:

<a href="#">Asset Management Strategy</a> (November 2017)
18 of 19 actions complete. 1 medium action outstanding related to a shared property strategy. Date revised to 01/06/2026 to reflect the ongoing review of the council estate aligned with the Change Programme and changes to use of estate following the pandemic and increased remote working.
<a href="#">Corporate Resilience</a> (September 2018)
22 of 28 actions complete. 6 actions (5 high and 1 medium) outstanding relating to update of the Council Business Continuity Plan, review and testing of resilience protocols across directorates, and review of contracts within Place directorate. Staged completion is planned with the final action expected to be complete by 31/03/2025.
<a href="#">Health and Social Care Partnership - Lone Working</a> (July 2020)
17 of 18 actions complete. 1 medium action outstanding to update Lone Working operational procedures and monitoring controls following approval of a business case to support technology investments needed. Date revised to 31/03/2024 to recognise the continued challenges and pressures faced across the HSCP.

# 7. Other Assurance providers

## The Care Inspectorate

In 2022, the Care Inspectorate undertook a joint inspection of adult support and protection with a report setting out their findings published in [February 2023](#). The inspection highlighted weaknesses in the following areas across health and social care:

- requests for capacity assessments
- case related chronologies
- quality of case conferences
- quality assurance activity
- social work workforce capacity
- consistency of support and protection for all people when required.

In addition, between November 2022 and March 2023 the Care Inspectorate undertook a further inspection of adult social work and social work services delegated by the Council to the Health and Social Care Partnership, with the outcomes reported in [March 2023](#).

This work highlighted improvements were needed across the following areas:

- design, implementation, and oversight of key processes
- approaches to early intervention and prevention
- implementation of Self-directed Support
- support for unpaid carers
- strategic leadership and management oversight of key processes
- embedding approaches to self-evaluation for improvement and quality assurance.

Improvement plans in response to the Care Inspectorate recommendations have been developed and progress will be reported to relevant Council and EIJB Committees. Internal Audit will monitor progress of the actions via Committee reporting and where necessary may undertake additional work during 2024/25 to verify completion of actions.

It is noted, that many of the areas of improvement highlighted by the Care Inspectorate are aligned to some of the findings and observations highlighted by Internal Audit such as policy and procedure management, data management, quality assurance, capacity planning and management oversight.

## Education Scotland

During 2022/23, a [Quality Improvement and Scrutiny update](#) was provided regularly to the Council's Education, Children and Families Committee, which details Education Scotland scrutiny activity across the Council's education services. Progress is monitored by the Quality Improvement and Curriculum Service within the Children, Education and Justice Services directorate, with outcomes and areas for improvement reported to the Education, Children and Families Committee.

As part of the assurance mapping and annual planning process for 2024/25, Internal Audit will consider what reliance can be placed on this work, and whether assurance from Internal Audit in any areas of this work is required.



# 8. Internal Audit Function

## Internal Audit Structure

Internal Audit for the Council is delivered largely through an in-house team, consisting of 12 full-time equivalents. A co-source arrangement is in place with PwC to support delivery where required.

Over the past two years, the team has carried a number of vacancies at senior auditor and auditor level impacting delivery of the annual audit plan and resulting in higher use of co-source audit provision with associated costs and budget implications.

Since March 2023, following successful recruitment, the in-house team has been fully resourced, providing opportunity to reduce spend on co-source provision to supporting specialist areas and to enhance development opportunities in the team.

During 2022/23, a total of 32 audits were delivered by the Council's in-house Internal Audit team and 8 were delivered by PwC. The majority of co-source audits were in specialist areas including technology, pensions and health and safety. The Council's Chief Audit Executive maintained oversight of the quality all audit work completed including co-source engagements.

## Learning and development

In line with audit standards, all practicing internal auditors are required to maintain their skills, knowledge, and other competencies through continuing professional development.

During 2022/23, the newly appointed Head of Internal Audit progressed completion of professional qualifications which are expected to be achieved by December 2023.

In August 2022, the general approach to learning and development across the full audit team was reviewed, and targeted learning provided

across several areas including technology auditing, fraud awareness and investigation techniques, supply chain, resilience, and quality improvement.

Circa 560 hours (80 days) was used for learning and development which equates to an average of 47 hours per team member. In addition, circa 80 hours was spent delivering training to colleagues across the Council, including development of the [Internal Controls](#) online training module, as well as training for new Committee members.

## Revised audit processes

In August 2022, Internal Audit implemented several changes to internal audit processes with an aim of streamlining these and enabling efficiencies to support timely audit delivery. This included:

- streamlined audit methodology
- revised approach to scoping audits and developing terms of reference to ensure a focus on key business risks and controls
- new audit reporting format including a one page executive summary
- streamlined CLT and GRBV Committee reporting
- development and roll out of colleague wide controls training
- dedicated [Orb pages](#) providing key information on the audit process
- publishing audit reports on the [Council website](#)
- revision to the [audit journey map and key performance indicators](#) to support timely delivery while recognising capacity challenges Council wide. Performance for Internal Audit and Services in achieving the revised KPIs has been reported to CLT monthly and GRBV quarterly from 1 April 2023 onwards.



# 9. Conformance with Public Sector Internal Audit Standards

## Independence and limitations of scope

In line with Public Sector Internal Audit Standards (PSIAS), Internal Audit must be independent, and all internal auditors must be objective in performing their work. To ensure conformance with these requirements, Internal Audit has established processes to ensure that both team and individual independence is consistently maintained and that any potential conflicts of interest are effectively managed.

We do not consider that we have faced any impairments to our independence during 2022/23, nor do we consider that we have faced any scope or resource limitations when completing our work.

## Quality Assurance and Improvement Programme

**Ongoing reviews** to ensure quality on an audit by audit basis are in place. This includes Head of Internal Audit review and sign-off of planning and reporting for all audit work, and ongoing supervision and review of fieldwork throughout by a Principal Audit Manager.

**Periodic assessments** are conducted through self-assessments and Internal Quality Assessments (IQA) on an annual basis. An IQA which reviewed the quality of audits, and a self-assessment of PSIAS compliance was performed in 2022/23, led by a Principal Audit Manager and supported by a Senior Auditor.

The IQA concluded that Internal Audit generally complied with PSIAS requirements during the year. Areas requiring focus include completion of professional qualifications and increasing audit efficiencies and workflows. Remedial actions include completion of professional qualifications, and ongoing process development via the new audit system implemented in July 2023.

## External Quality Assessments

An External Quality Assessment (EQA) should be completed every five years. In 2021/22, an EQA was performed by the Chartered Institute of Internal Auditors (IIA) and the results reported to Committee in [October 2022](#).

The EQA concluded that overall, the Council's Internal Audit function generally conformed with the PSIAS. Two recommendations were made by the IIA to address partial conformance with standards. The recommendations and progress as at 31 March 2023 are set out below:

- 1) undertaking a review of the methodology for development of the audit plan to ensure a focused risk-based approach. **Complete** - the internal audit methodology was reviewed to ensure a more focused risk-based approach. The plan is now reviewed on a quarterly basis to ensure it remains aligned to business critical risks.
- 2) consideration of other assurance sources that Internal Audit can place reliance on such as second line governance activity. **Partially complete** – an initial mapping exercise was undertaken to inform the 2023/24 plan. Further work in conjunction with the newly established Governance and Assurance team will be undertaken and an assurance map developed to inform the 2024/25 audit plan.

The EQA also identified a series of continuous improvement opportunities to support the future development of the function. During 2022/23 Internal Audit implemented a range of improvement actions to take forward recommendations which were reported to Committee in December 2022 and March 2023.

## Appendix 1 – Outcomes and status of 2022/23 Internal Audits

Directorate		Audit title, description, and date of completion	Outcome	Status % actions completed as at 31 Aug 2023	
1.	Cross Directorate	<a href="#"><u>Application technology controls – SWIFT (November 2022)</u></a> - review of the general (change management and access) and application (transaction processing) controls for the Swift system (a social care case management system used to support delivery of adult and children’s social care and criminal justice services).	Limited Assurance	Action tracking	0% 2 actions not yet due
2.		<b>Allocation and Management of Purchase Cards (November 2022)</b> - review of the allocation, management, use and monitoring of purchase cards across the Council.	Reasonable Assurance	<b>Closed</b>	<b>100%</b> All actions closed
3.		<a href="#"><u>Empowered Learning Programme (June 2023)</u></a> - review of the project assurance and governance for the Empowered Learning programme which underpins Digital Learning across all aspects of learning and teaching.	Reasonable Assurance	Action tracking	<b>33%</b> 1 action closed 2 actions not yet due
4.		<a href="#"><u>Ongoing Education ICT support (July 2023)</u></a> - review of the delivery and stability of technology and ICT support across the learning and teaching estate.	Reasonable Assurance	Action tracking	<b>0%</b> 3 actions not yet due
5.		<a href="#"><u>Annual validation review of previously implemented audit actions (April 2023)</u></a> - review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	Reasonable Assurance	Action tracking	<b>0%</b> 4 actions not yet due
6.		<b>Records Management and Statutory Requests (October 2022)</b> - review of the design and effectiveness of processes implemented to support effective records management and compliance with statutory request requirements.	Substantial Assurance	<b>Closed</b>	<b>100%</b> All actions closed

7.		<b>Preparation for IFRS 16 – Lease Accounting (January 2023)</b> - review of the Council's preparation for implementation of the new single lessee accounting model that recognises assets and liabilities for all material leases longer than 12 months, and proposed processes for accounting for any low value leases.	Substantial Assurance	Closed	100% All actions closed
8.	Corporate Services	<b>CGI - Security Operations Centre (December 2022)</b> - review of the adequacy and effectiveness of contractual security services delivered through the established CGI Security Operations Centre to the Council.	Limited Assurance	Closed	100% All actions closed
9.		<b>Vendor Bank Mandate Process (September 2022)</b> - review of the design and effectiveness of processes established to verify and process requests to change vendor bank details on Oracle, the Council's financial management system.	Limited Assurance	Closed	100% All actions closed
10.		<b>Implementation of the New Consultation Policy (October 2022)</b> - review of implementation and application of the Council's new consultation policy and supporting processes.	Reasonable Assurance	Closed	100% All actions closed
11.		<b><u>Role Specific Learning and Development for Council Officers (November 2022)</u></b> - review of role specific learning and development for Council Officers including progress with implementing MyLearningHub.	Reasonable Assurance	Action tracking	92% 11 actions closed 1 action not yet due
12.		<b><u>CGI - Technology Risk Management (May 2023)</u></b> - review of CGI and Digital services process supporting identification; assessment; recording; management; and escalation of relevant technology risks	Reasonable Assurance	Action tracking	0% 4 actions not yet due
13.		<b>Council Emissions Reduction Plan (September 2022)</b> - review of the framework designed to support implementation of the Council Emissions Reduction Plan.	Substantial Assurance	Closed	100% All actions closed
14.		<b>Induction and Essential Learning for Elected Members (November 2022)</b> - review of established induction; essential learning, and ongoing training delivered to elected members.	Substantial Assurance	Closed	100% All actions closed
15.		<b><u>CGI - Enterprise Architecture Arrangements (March 2023)</u></b> - review of established Council and CGI enterprise architecture arrangements to support change implementation in line with the Council's Digital and	Substantial Assurance	Action tracking	0%

		Smart City Strategy and support consistent alignment and use of technology across the Council.			4 actions not yet due
16.		<b>Insurance Services (June 2023)</b> – review of the adequacy of insurance arrangements across the Council, including the process applied to address any questions received from insurers, and implement any insurance provider recommendations and requirements.	Substantial Assurance	Action tracking	0% 2 actions not yet due
17.	Place Directorate	<b>Port Facility Security Plan (November 2022)</b> - annual review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	Reasonable Assurance	Closed	100% All actions closed
18.		<b>Active Travel - Project Management and Delivery (December 2022)</b> - review of the design and operating effectiveness of the key controls supporting management; governance; and delivery of the Active Travel programme.	Reasonable Assurance	Action tracking	77% 7 actions closed 1 action not yet due 1 overdue
19.		<b>Repairs and Maintenance Framework (Operational Properties) (December 2022)</b> - review of the design and effectiveness of the new repairs and maintenance framework for Council operational properties prior to implementation.	Reasonable Assurance	Closed	100% All actions closed
20.		<b>Granton Waterfront – Levelling-up Grant (May 2023)</b> - assurance required by the UK Government Department of Levelling Up, Housing, and Communities in relation to the conditions attached to the Granton Gas Holder LUF Grant Determination.	Reasonable Assurance	Action tracking	60% 3 actions closed 2 overdue
21.		<b>Management of the Housing Revenue Account (April 2023)</b> - review of the processes established to support both the capital and revenue elements of the Housing Revenue Account (HRA), and management and allocation of HRA reserves.	Reasonable Assurance	Action tracking	20% 3 actions not yet due 1 overdue
22.		<b>City Deal - Integrated Employer Engagement (March 2023)</b> - service request as part of required audit programme to support grant funding requirements.	Substantial Assurance	Closed	100% All actions closed

23.	Children, Education and Justice Services	<b><u>Self-Directed Support – Children’s Services (June 2023)</u></b> - review of processes established for self-directed support across Children’s Services with a focus on budgets, review, and reassessment processes.	Limited Assurance	Action tracking	0% 6 actions not yet due
24.		<b><u>Application technology controls – SEEMiS (November 2022)</u></b> - review of the general (change management and access) and application (transaction processing) controls for SEEMiS – the education management system used by all Edinburgh schools and Early Years settings.	Substantial Assurance	Action tracking	67% 2 actions complete 1 overdue
25.		<b><u>Early Years Education Expansion Programme (March 2023)</u></b> - review of the project governance to support expansion of the early years’ education programme including delivery of new infrastructure.	Substantial Assurance	Action tracking	33% 1 action complete 1 not yet due 1 overdue
26.		<b>Schools Admissions Appeals Follow-up (January 2023)</b> - service request, a focused review of school’s admissions appeals in line with the recommendations made in the schools admissions audit completed in 2020.	N/A process review with feedback provided	N/A feedback on improvement plan provided to management	
27.	Health and Social Care Partnership	<b><u>Sensory Loss Support Services (June 2023)</u></b> - review of the commissioning and partnership / supplier management arrangements for provision of sensory loss support services to adults aged 16 and over.	Limited Assurance	Action tracking	0% 16 actions not yet due
28.		<b><u>Day Care to Adult Social Care Transition Arrangements (June 2023)</u></b> - review of processes established to support the transition of services for young adults with a disability or complex needs to adult social care.	Reasonable Assurance	Action tracking	0% 6 actions not yet due

<b>Overall outcomes by rating</b>	No rating	1	Limited Assurance	5	Reasonable Assurance	13	Substantial Assurance	9
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## Appendix 2 – Overall assurance and priority rating definitions

In March 2023, as part of the annual review of the [Internal Audit Charter](#), the Committee approved adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) [standard definitions](#) for audit opinions. Details of the standard definitions are provided below:

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 Council objectives.
<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 Council objectives.
<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 Council objectives
<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 Council objectives.

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 3 – Enterprise Risk Descriptions and Impact Statements

Risk		Risk Description	Impact Statement
R1	<b>Strategic Delivery</b>	Inability to design and / or implement a strategic plan for the Council	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions
R2	<b>Financial and Budget Management</b>	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	Council is unable to continue to deliver services and implement change in line with strategic objectives; inability to meet EIJB financial directions; adverse external audit opinion; adverse reputational consequences
R3	<b>Programme and Project Delivery</b>	Inability to deliver major projects and programmes effectively, on time and within budget	Inability to deliver Council strategy; achieve service delivery improvements; and deliver savings targets
R4	<b>Health and Safety (including public safety)</b>	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	<b>Resilience</b>	Inability to respond to a sudden high impact event or major incident	Disruption across the City; to service delivery; and serious injury or harm to employees and / or citizens.
R6	<b>Supplier, Contractor, and Partnership Management</b>	Inability to effectively manage the Council's most significant supplier and partnership relationships	Inability to deliver services and major projects within budget and achieve best value
R7	<b>Technology and Information</b>	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R8	<b>Governance and Decision Making</b>	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R9	<b>Service Delivery</b>	Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts

<b>R10</b>	<b>Workforce</b>	Insufficient resources to support delivery of quality services that meet citizen needs effectively and in line with statutory requirements	Ongoing employee health and wellbeing; increased trade union concerns; censure from national government and regulatory bodies; and adverse reputational impacts
<b>R11</b>	<b>Regulatory and Legislative Compliance</b>	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
<b>R12</b>	<b>Reputational Risk</b>	Adverse publicity because of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to the Council's reputation in the public domain
<b>R13</b>	<b>Fraud and Serious Organised Crime</b>	Isolated or systemic instances of internal and / or external fraud and / or serious organised crime	Financial consequences; loss of systems; loss of data; inability to deliver services; regulatory censure and penalties; and adverse reputational impacts

# Appendix 4 – Audits closed during 2022/23

No.	Directorate	Audit Title	Year audit work performed
1	<b>Cross Directorate</b>	Covid-19 Lessons Learned	2020/21
2		Physical Distancing & Employee Protection	2020/21
3		Employee Wellbeing	2020/21
4		Management and Allocation of Covid-19 Grant Funding	2021/22
5		Records Management and Statutory Requests	2022/23
6		Preparation for IFRS 16 – Lease Accounting	2022/23
7		Allocation and Management of Purchase Cards	2022/23
8	<b>Corporate Services</b>	CGI Sub Contract Management	2019/20
9		Financial Model Risk	2019/20
10		Technology Resilience	2020/21
11		Council Tax and Non-Domestic Rates	2020/21
12		Employee Lifecycle Data and Compensation and Benefits Processes	2021/22
13		Council Emissions Reduction Plan	2022/23
14		Implementation of the New Consultation Policy	2022/23
15		Vendor Bank Mandate Review	2022/23
16		CGI - Security Operations Centre	2022/23
17		Induction and Essential Learning for Elected Members	2022/23
18	<b>Place</b>	Parking & Traffic Regulation	2020/21
19		Edinburgh Trams Contract Management	2020/21
20		The Management of Development Funding	2021/22
21		Planning: Householder applications and use of IDOX system	2021/22
22		Housing Property Services Repairs Management during Covid-19	2021/22
23		Repairs and Maintenance Framework (Operational Properties)	2022/23
24		Port Facility Security Plan	2022/23
25		City Deal - Integrated Employer Engagement	2022/23
26	<b>Health and Social Care Partnership</b>	HSCP Localities	2019/20
27		Transformation and Benefits Realisation	2021/22

## Appendix 5 – Risk acceptances

Management periodically review actions to consider whether they remain appropriate and if there has been any movement on risks originally identified at the time of the audit. In line with agreed audit processes, management can request that a risk is closed based on management's risk acceptance aligned to risk appetite. Management is required to complete a risk acceptance proforma which provides the rationale for the risk acceptance including details of mitigating controls in place, the residual risk following application of controls and any further action planned. The risk acceptance must be approved by the appropriate Executive Director/Chief Officer.

During 2022/23, a total of 11 actions were risk accepted by management with full details provided to the GRBV Committee as part of the quarterly review of open and overdue actions. A summary of the actions are set out below:

Audit title and date	No. of Actions & Residual risk rating	Recommendation risk accepted	Date closed
HMO Licensing (2018)	1 low	<i>Partial risk acceptance on residual risk</i> HMO Key Performance Indicators and Performance Reporting	April 2022
Care Homes - Corporate Report (2017)	2 medium	<i>Partial risk acceptance on residual risk</i> Manager review of training Review of agency staff costs	April 2022
HSCP Localities (2019)	3 medium	<i>Partial risk acceptance on residual risk</i> Locality Operational Plan Locality Workforce Plans Locality Performance Framework	August 2022
Managing behaviours of concern (2020)	2 medium	<i>Partial risk acceptance on residual risk</i> Education and Children's Services Training Refresh Employee and Induction Training - Pupil Support Assistants	September 2022
Life Safety (2019)	1 medium	<i>Partial risk acceptance on residual risk</i> Consolidated life safety management and reporting systems	October 2022
Corporate Network Management (2020)	1 medium	Network management effectiveness and assurance	November 2022
Employee wellbeing (2021)	1 medium	Consistent approaches to wellbeing across the Council	January 2023

# Appendix 6 – Top 5 CLT risks raised across 2022/23 audits

Potential risks identified during completion of 2022/23 audits across the top 5 CLT risks is set out below.

Completed actions are greyed out to indicate that the potential level of risk exposure is reduced. Please note closure of an action does not guarantee that no residual risks remain, or risks will not re-emerge, monitoring by management on the continued effectiveness of controls in mitigating risks is essential.

## R1 – Strategic Delivery

Audit Name	Potential Risk Identified	Priority
Early Years 1140 Hours Expansion Programme	Senior leaders may not be aware of key issues and decisions required, resulting in delays to project delivery	Low
	Limited information to support and evidence achievement of programme benefits supporting wider strategic objectives	Low
	Increased expenditure and funding impacting the Council's ability to deliver its objective to ensure children have the best start to life through expanding the uptake of early years care and support	Medium
Council Emissions Reduction Plan	Insufficient capacity and skills to support the delivery infrastructure for the Climate Strategy and the CERP	Medium
Insurance Services	Some services may not fully understand how insurance works at the Council and/or provide inaccurate or late information to the Insurance team	Low
Implementation of the New Consultation Policy	Consultations are carried out by untrained officers leading to a reduction in consultation quality	Low
	Consultations may not meet the requirements of the service area	Low
	Consultations that may not be of value to the Council	Low
	Duplicate or conflicting consultations may be carried out	Low
	Service areas are unaware of the escalation process resulting in issues not being resolved in an effective and timely manner	Low
	The Insight team are unaware of all proposed consultations, with potential for duplicate or contradicting objectives	Low
	Lack of an indication that risk ratings have been changed resulting in the Insight team being unable to take a risk-based approach to supporting services conducting consultations	Low
	Lack of a formal lessons learned process leading to failure to recognise and implement improvements to the process in a timely manner	Low
	Ineffectively delivered consultations may need to be re-performed	Medium
	Not all risks associated with proposed changes are identified and mitigated	Medium
	The Insight team's role is not defined in the policy, leading to a reduction in effective oversight of the process	Medium
	Limited assurance that consultations align with the requirements of the Policy, and that best practice standards are being adhered to	Medium
CGI Technology Risk Management	Absence of a risk management methodology leading to inconsistent and ineffective management and mitigation of technology risks	High

	Absence of an appropriate escalation process leading to failure to escalate to appropriate individuals or teams resulting in limited or ineffective risk response	<b>Medium</b>
	Formulae in spreadsheets may be overwritten causing mis-categorisation of risks and lack of escalation and oversight to ensure managed appropriately	<b>Low</b>
CGI - Enterprise Architecture	Updates made at a strategic level may not be reflected in the underlying principles for the design of solutions leading to solutions being developed outside of the Council's strategic intentions	<b>Low</b>
	Updates to ICT Architecture Principles because of significant business changes may not be captured leading to solutions designed using out of date principles that do not accurately reflect the intentions of the Council	<b>Low</b>
	Failure to perform a review of Higher-Level Documents from a strategic perspective to ensure designs are developed in line with the Council's strategic direction or against the requirements detailed in the contract documents	<b>Low</b>
	The Council do not have adequate assurance that all contractual architecture clauses are fully met and compliant.	<b>Low</b>
Swift Application Technology Controls	Council objectives for delivery of health and social care services may not be achieved	<b>High</b>
Management of the Housing Revenue Account	If roles and responsibilities are not clearly defined, HRA objectives may not be met	<b>Medium</b>
	Failure to ensure continuous improvement work is effectively performed impacting ability to meet strategic objectives	<b>Medium</b>
Sensory Loss Support Services	Service providers may not provide contracted and required levels of service in line with strategic objectives	<b>High</b>
	Insufficient capacity to support delivery of strategic plans and essential services to citizens	<b>Medium</b>
	Sensory Loss support needs may not be met for people across the city	<b>Medium</b>
Empowered Learning Programme Governance	Limited information to demonstrate realisation and achievement of programme benefits supporting wider strategic objectives	<b>Medium</b>

## R2 – Financial and Budget Management

<b>Audit Name</b>	<b>Potential Risk Identified</b>	<b>Priority</b>
Early Years 1140 Hours Expansion Programme	Late dashboard reporting resulting in a lack of financial oversight and awareness of costs associated with project delivery	<b>Low</b>
	Delivery of the programme within the current arrangements may not be sustainable impacting already pressured budgets	<b>Medium</b>
Self-Directed Support – Children's Services	SDS plans are not properly reviewed and approved, leading to unnecessary spending	<b>Medium</b>
Preparation for IFRS 16 - Lease Accounting	Absence of a list of exempt leases will make reconciliation of the number of leases on the lease register to the total leases present in the Council difficult to perform resulting in inaccurate financial reporting	<b>Low</b>
	Lack of documented year-end instructions, may result in inefficiencies/omissions in the process, potentially leading to an inaccurate figure in the year-end accounts	<b>Low</b>



Implementation of the New Consultation Policy	Ineffective consultations may need to be restarted, with corresponding impacts on resources and financial impacts	Medium
Swift Application Technology Controls	Best value from critical systems may not be achieved	High
Management of the Housing Revenue Account	Corrective action is not taken in a timely manner leading to an increase in over/under spending	Low
	Failure to confirm review of assumptions each year resulting in an inaccurate the HRA budget	Medium
	Areas of improvement and lessons learned are not be captured and incorporated into future HRA budgets, leading to inaccurate budgeting	Medium
Allocation and Management of Purchase Cards	Budgets are inaccurate, or the Council is obligated to pay for goods and services that have not been subject to procurement protocols. If VAT payable is not reclaimed, the Council is not receiving best value	High
	Transactions not processed in line with policy and procedure	Low
Sensory Loss Support Services	The Council/Partnership does not achieve best value from contracted services	High
Education – Ongoing ICT support	Lack of clarity on respective roles and responsibilities leading to misunderstanding and disagreement on service delivery and budget requirements	Medium
City Region Deal - Integrated Employer Engagement	Applicants do not use the Funds received for their stated purpose, resulting in the IEE project not meeting its aims and objectives to retain or increase employment in the City Deal area	Low
	Business Gateways may not receive the funding elements they require	Low
Granton Gasholder Levelling Up Fund Grant	Risk of project overspends if budget is not monitored to sufficient level of detail	High
Vendor Bank Mandate Review	Non-compliance with procedures leading to exposure to attempted fraud and associated financial losses.	High

## R8 – Governance and Decision Making

Audit Name	Potential Risk Identified	Priority
Council Emissions Reduction Plan	There is limited opportunity for elected members to support, champion, and provide additional political governance, scrutiny, and oversight of the CERP	Advisory
Swift Application Technology Controls	Inability to make appropriate decisions impacting health and social care service delivery	High
Management of the Housing Revenue Account	Corrective decisions taken are not recorded and monitored to ensure that they have been actioned	Low
	Roles of the Business Plan board are not formally defined leading to ineffective governance and accountability	Medium
	Elected members are not provided with effective learning for their role and duties	Low

Induction and Ongoing Learning for Elected Members	Elected members do not complete all mandatory and committee-specific learning prior to undertaking committee duties, and the need to schedule additional sessions will impact on Officer time and resource	Low
Role Specific Learning and Development for Council Officers	Limited assurance that all necessary learning is being completed to enable all Council Officers to undertake their roles safely, competently, legally, and effectively	Medium
	Council Officers may not be provided with effective learning for their role and duties	Medium
Annual Validation Review	Inadequate pathways for recommendations to reach an appropriate forum resulting in ineffective decision making	High
Transitions for Young Adults with a Disability	Limited understanding of the risks associated with the delivery of transitions services, the Council's risk appetite and preferred options to manage and support decision making	Medium
	Absence of action tracking and performance reporting leading to inconsistent / delayed decision making	Medium
Sensory Loss Support Services	Senior management and members do not have oversight of the delivery of the service	Medium
Active Travel Project Management and Delivery	Elected members are unaware of the opinions of relevant stakeholder groups	Low
Empowered Learning Programme Governance	Decisions taken may not take into consideration all relevant information	High

## R9 – Service Delivery

Audit Name	Potential Risk Identified	Priority
Induction and Ongoing Learning for Elected Members	Absence of a formal process to record feedback results and capture opportunities leads to failure to identify ideas for new learning materials, improvements to existing content, access and delivery methods	Advisory
Ongoing Education ICT support	Inconsistencies in accessing support and reporting issues leading to interruptions and reduced teaching time. Additionally, Digital Services/CGI are not aware of the full extent of issues affecting the school estate	Medium
Role Specific Learning and Development for Council Officers	Council Officers may not complete all the required role specific learning for their role	Medium
	Frontline colleagues may not have access to required learning	Low
Self-Directed Support - Children's Services	The quality of service provided to children may not meet the required standards if policies and procedures are not up to date and comprehensive	High
Sensory Loss Support Services	Insufficient capacity to support delivery of strategic plans and essential services to citizens	Medium
	Sensory Loss support needs may not be met for people across the city	Medium
	Service providers may not provide contracted and required levels of service	High
	Failure to deliver services in line with the current legislation, national frameworks, guidelines, and best practice	Medium

Transitions for Young Adults with a Disability	Failure to identify and mitigate risks impacting the effective delivery of transitions services and overall Council objectives	Medium
	Opportunities to improve service delivery are not identified and implemented in a timely basis	Medium
	If the planning document does not capture all individuals that require transitions services, then the relevant resources may not be in place to deliver the services required in a timely manner	Low
Annual Validation Review	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	Medium
Vendor Bank Mandate Review	Fraudulent amendments to vendor bank details resulting in misappropriation of funds and disruption to service delivery and supply of goods/services.	High

## R11 – Regulatory and Legislative compliance

Audit Name	Potential Risk Identified	Priority
Early Years 1140 Hours Expansion Programme	The Council may not meet the statutory requirements to support funded entitlement	Medium
Self-Directed Support – Children's Services	Non-compliance with SDS Framework Standards	High
Council Emissions Reduction Plan	The Council does not achieve the national emissions reduction targets	Medium
Preparation for IFRS 16 - Lease Accounting	Absence of a full list of exempt leases and the rationale behind their exemption, leading to an increased risk that the annual accounts are inaccurate	Low
	Lack of guidance to ensure services are aware of the key aspects of the new IFRS 16 standard and what information they need to provide, could result in errors or inaccurate information being provided	Low
Implementation of the New Consultation Policy	Ineffectively delivered consultations may be subject to legal challenge	Medium
Swift Application Technology Controls	Non-compliance with relevant data protection legislation	High
Application Technology Controls (SEEMiS)	The Council may not dispose of records in alignment with business requirements and data protection guidance and legislation	Medium
Records Management and Statutory Requests	Non-compliance with legislative requirements and reputational damage due to late responses	Low
	Incomplete/inaccurate information provided to the Council's Information Rights team and requester leading to reputational damage/financial penalties to the Council	Low
	Inaccurate and/or incomplete response could be sent to the requester which could lead to an Internal Review and noncompliance with statutory requirements and reputational damage/financial penalties to the Council. In addition, response times for Information Compliance team conducting Internal Reviews could be impacted	Low

	Non-compliance with GDPR and Data protection requirements including retention or destruction of records out with established retention rules or failure to identify appropriate records to support compliance with statutory requests	<b>Medium</b>
Allocation and Management of Purchase Cards	The Council may be non-compliant with statutory financial requirements	<b>High</b>
	The Council may not be compliant with relevant accounting and public sector legislation	<b>Low</b>
Induction and Ongoing Learning for Elected Members	Absence of regular review of guidance and training materials leading to misalignment with organisational changes or any changes in national guidance, or changes in response to external assurance reviews	<b>Low</b>
	If members do not attend mandatory sessions, they may not be fully aware of their roles and responsibilities	<b>Low</b>
Role Specific Learning and Development for Council Officers	Absence of regular review of guidance and training materials leading to misalignment with organisational changes or any changes in national guidance, or changes in response to external assurance reviews	<b>Low</b>
Annual Validation Review	Potential breaches in regulatory and legislative requirements due to inaction on QAC service recommendations	<b>High</b>
Transitions for Young Adults with a Disability	Policy and procedures may not reflect current legal requirements	<b>Medium</b>
Sensory Loss Support Services	The Partnership does not achieve national strategic outcomes	<b>Medium</b>
	Strategies may not reflect relevant guidance and legislation	<b>Medium</b>
	Limited assurance that service providers meet regulatory and legislative requirements	<b>High</b>
Repairs Maintenance Framework (Operational Properties)	Contractors may not comply with the requirements of the PVG scheme	<b>Low</b>
Active Travel Project Management and Delivery	Officers are unaware of regulation or legislation relevant to their role	<b>Low</b>
	The Council does not comply with data protection legislation and records retention requirements	<b>Medium</b>
Port Facility Security Plan	Non-compliance with DfT requirements	<b>Low</b>
	Inadequate provision of security operatives leading to non-compliance	<b>Low</b>
	Confidential passenger information could be lost or misplaced, breaching data protection regulations	<b>Low</b>
	Non-compliance with HSE and Council requirements to complete H&S risk assessments	<b>Medium</b>
Granton Gasholder Levelling Up Fund Grant	Non-compliance with relevant procurement legislation and guidance	<b>Medium</b>