



**MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE**

**TUESDAY 27 NOVEMBER 2018
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

1

Committee Members Present:

Councillor J Henderson (Convener)
Councillor S Currie
Councillor F Dugdale
Councillor J Findlay
Councillor K Mackie
Councillor K McLeod
Councillor J Williamson

Other Councillors Present:

Councillor J McMillan (Item 5)

Council Officials Present:

Mrs A Leitch, Chief Executive
Mr A McCrorie, Depute Chief Executive
Ms M Patterson, Depute Chief Executive
Mr D Proudfoot, Head of Development
Mr J Lamond, Head of Council Resources
Mr T Reid, Head of Infrastructure
Ms M Garden, Internal Audit Manager
Mr S Allan, Senior Auditor
Ms S Fortune, Service Manager – Business Finance
Mr S Wood, Waste Services Officer
Mr B Moffat, Service Manager - Transport
Ms D Budziosz, Transport Coordinator
Mr R Baty, Business Development Manager
Mr E John, Service Manager – Sport, Countryside & Leisure
Mr B Davies, Group Service Manager – Planning & Performance
Mr B Axon, General Manager, Enjoyleisure

Clerk:

Ms F Currie

Visitors Present:

Ms E Scoburgh, Audit Scotland

Apologies:

Councillor B Small

Declarations of Interest:

None

1. MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING ON 25 SEPTEMBER 2018

The minutes of the Audit and Governance Committee meeting held on 25 September 2018 were approved as a true record.

2. INTERNAL AUDIT REPORT – NOVEMBER 2018

A report was submitted by the Depute Chief Executive (Resources & People Services) informing the Committee of Internal Audit reports issued since the last meeting of the Committee and providing an update on the progress against the 2018/19 annual audit plan.

Stuart Allan, Senior Auditor, presented the report outlining the purpose of the audits, and the level of assurance provided to Management as a result of this work. He also drew Members' attention to the report showing Internal Audit's progress against the 2018/19 annual audit plan.

Payments on Schedule

Mr Allan summarised the main findings of this audit and highlighted one or two of the areas with scope for improvement.

Mr Allan and Mala Garden, Internal Audit Manager, responded to questions from Councillor Currie confirming that the overpayments identified following the audit had now been recovered and that appropriate arrangements were now in place. Addressing concerns about the level of assurance, Mr Allan stated that the assessment of 'moderate' assurance was based on the audit findings and that following implementation of the recommendations he would expect the assessment to rise to 'reasonable' or 'substantial' assurance.

Bryan Davies, Group Service Manager – Planning & Performance, confirmed that work had been undertaken to improve processes and that further improvements were planned. As a result, he expected the level of assurance to improve when the audit team returned to do their follow up review.

Adult Services Transport

Mr Allan explained that the audit had focused primarily on taxi services. He summarised the main findings and highlighted one or two of the areas with scope for improvement. Mr Allan also addressed a point raised by Councillor McLeod regarding compliance with data protection legislation. Mr Allan indicated that as part of the service it was sometimes necessary to give the operator an idea of a client's needs. Bruce Moffat, Service Manager - Transport, confirmed that he had discussed the procedures with the Council's GDPR officer who had confirmed that all were compliant with legislation.

In response to questions from Councillor Findlay and Councillor Dugdale, Mr Moffat advised that all work was now done through taxi framework providers and that all appropriate checks on licences, training and PVG were carried out. He also confirmed that a new standardised request form was in place.

Mr Allan and Ms Garden also responded to questions from Councillor Williamson and the Convener on the timescales for implementation of the recommendations, confirming that a wider review of transport had been undertaken and that the new processes in place incorporated the recommendations made by the audit team.

IT Access Controls

Mr Allan explained that the audit had looked at five systems within the Council (AVD, CHRIS, PECOS, Total and Uniform). He summarised the main findings of the audit and highlighted one or two of the areas with scope for improvement.

Mr Allan confirmed that no examples of inappropriate access to or use of the systems had been found in the samples reviewed for the audit. He added that it was important to ensure that access rights were restricted only to those areas of any system that were essential for staff to carry out their duties and that system access was removed for all former employees.

Trade Waste Income

Mr Allan summarised the main findings of this audit and highlighted one or two of the areas with scope for improvement.

Mr Allan and Tom Reid, Head of Infrastructure, provided further information on transfer notices, the systems in place for ensuring that all notices were valid, and arrangements for dealing with persistent late payment or non-payment of business waste charges.

Decision

The Committee agreed to note:

- (i) The main findings and recommendations from Internal Audit reports issued during the period October to November 2018; and
- (ii) Internal Audit's progress against the annual audit plan for 2018/19.

3. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY – MID-YEAR REVIEW 2018/19

A report was submitted by the Depute Chief Executive (Resources & People Services) updating the Committee on Treasury Management activity during the first half of 2018/19.

Sarah Fortune, Service Manager – Business Finance, presented the report advising Members that the update was in line with the Treasury Management Strategy approved by Council in February 2018. She indicated that the report drew heavily on the advice provided by the Council's Treasury Management advisers and she highlighted some of the key themes, including in-year borrowing and repayment of loans matured and the potential impact of further interest rate rises. She added that, at this time, it was difficult to assess the likely impact of Brexit.

In response to questions from Councillor McLeod and Councillor Findlay, Ms Fortune explained the reasons for the forecast need for borrowing during the next six months of the year and confirmed that lending to other local authorities was standard practice and formed part of the Council's overall strategy.

Following a query from Councillor Williamson, Mr Lamond advised that ‘investment counterparty criteria’ referred to the criteria to be considered when investing, such as the level of risk and liquidity and whether it offered a reasonable return.

Responding to questions from Councillor Currie, Mr Lamond stated that it was a fundamental principle of the Code that local authorities could not borrow in advance of need. He said that changes to interest rates were difficult to predict and when the Council considered funding for capital projects it looked at how best to finance them as a whole. While he acknowledged that interest rates were a factor in considering whether to bring forward the timing of capital projects, he said that other factors, such as remaining within affordability limits, were more important.

Decision

The Committee agreed to note the contents of the report.

4. ENJOYLEISURE ANNUAL REPORT 2017/18

Bill Axon, General Manager of Enjoyleisure, had prepared a report to the Committee outlining the organisation’s activities during 2017/18. He was happy to answer any questions.

The Members asked a number of questions about the withdrawal of the ‘free swim’ scheme, arrangements for free swimming lessons, concerns about capacity within the service to accommodate the demand for swimming, business performance challenges and external funding opportunities.

Mr Axon explained that, at present, it was difficult to assess the impact of the withdrawal of ‘free swims’ during the summer holidays and he outlined some of the alternatives available through the learn to swim programme, free swimming lessons for some school children and free access as part of membership arrangements.

He acknowledged that budget constraints and capacity issues were factors in reviewing future service provision. He said that there were particular concerns about capacity at the Aubigny Centre and discussions were already taking place with external providers on proposals to increase the availability of services. He would be in a position to present these proposals to the Council in January 2019.

Mr Axon commented more generally on the challenges associated with delivering local and national government commitments to improving access to physical activities and improving health. He emphasised the need for a more strategic approach and for better partnership working between enjoyleisure, the Council and external providers. He said that this would be an essential part of ensuring that they had the capacity to grow and develop services to support and benefit people with long-term illnesses. He cited the example of Macmillan Cancer Support who were part funding a new post in enjoyleisure.

On the issues of incentive programmes and external funding, Mr Axon advised Members that he was currently considering proposals and the expertise and staff resource required to focus on bid writing and marketing. He also responded to a question on swim teacher development and agreed that this needed to be expanded. He acknowledged that there had been issues in North Berwick which had impacted on their ability to provide a level of consistency with swimming lessons but that staff were working hard to resolve this.

Councillor Currie expressed concern about potential capacity issues raised by Mr Axon and highlighted in the report and thought that these should be addressed through developer contributions when housing applications were brought forward to the Planning Committee. He welcomed the focus on external funding sources and said that this was a crucial part of future investment. He suggested that it would be useful for the Committee to have an update on progress with these and other issues before the next annual report.

Eamon John, Service Manager – Sport, Countryside & Leisure, confirmed that there had been a developer contribution included in the Letham Mains site under the 2008 Local Development Plan (LDP). The new 2018 LDP focused on open space and educational sports provision and he cited examples in North Berwick and Musselburgh.

Councillor Dugdale welcomed the number of opportunities available for physical activities, as well as the introduction of soft play sessions for children with autism, community provision for people with dementia and future partnership working with Macmillan Cancer Support.

The Convener thanked Mr Axon for his report and the Members for their contributions. Referring to the range of the discussion, she noted that there were a number of challenges ahead for enjoyleisure and she looked forward to receiving an update on progress.

Decision

The Committee agreed to note the contents of the report.

5. EAST LoTHIAN LAND LTD 2017/18

A report was submitted by the Depute Chief Executive (Resources & People Services) informing the Committee of the work undertaken by East Lothian Land Ltd in 2017/18.

Richard Baty, Business Development Manager, presented the report outlining the background to East Lothian Land Ltd and providing details of projects considered and delivered in 2017/18.

In response to a question from Councillor Currie, Mr Baty advised that a few years ago a review was undertaken of all land identified for employment use. An agent was employed to make approaches to developers for the purchase of these sites but all offers were declined. He said that the exercise would be repeated in the New Year.

Councillor Currie said that East Lothian Land was a good business which had shown that it was possible to make a success of commercial sites. He said that there continued to be demand, especially from incubator businesses, and that the Council must continue to support the development of these sites.

Mr Proudfoot stated that he was determined to see the delivery of land use allocations and to resist applications for housing on land set aside for employment use.

Councillor John McMillan welcomed the Committee's consideration of the report. He said that East Lothian Land was aware of the issues and the importance of supporting the growth of new businesses.

The Convener thanked Mr Baty for a clear and very useful report.

Decision

The Committee agreed to note the contents of the report.

Signed

Councillor Jane Henderson
Convener of the Audit and Governance Committee

DRAFT

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 February 2019

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Internal Audit Report – February 2019

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1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit reports issued, and follow-up work completed, since the last meeting of the Committee and to provide an update on the progress against the 2018/19 annual audit plan.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note:
- i. the main findings and recommendations from Internal Audit reports issued during the period from December 2018 to February 2019 as contained in Appendix 1;
 - ii. the findings from Internal Audit's follow-up work as contained in Appendix 2;
 - iii. Internal Audit's progress against the annual audit plan for 2018/19 as set out in Appendix 3.

3 BACKGROUND

- 3.1 Since the last meeting of the Committee, final reports have been issued in respect of the following audits: Disclosure Checks, Non-Domestic Rates Liability, Windygoul Primary School, Conflicts of Interest and Contracts.
- 3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.

3.3 For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:

- Disclosure Checks – Reasonable Assurance
- Non-Domestic Rates Liability – Reasonable Assurance
- Windygoul Primary School – Moderate Assurance
- Conflicts of Interest – Moderate Assurance
- Contracts – Moderate Assurance

3.4 Internal Audit follows up recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. Detailed spreadsheets are maintained to monitor progress being made and this report provides a summary of the current status for four audits that were reported in 2017/18. Our findings are detailed below.

Taxicard Scheme

3.5 Internal Audit's report on the Taxicard Scheme was issued in September 2017. Our follow-up review has highlighted that all eleven recommendations made have been implemented.

Non-Residential Charging

3.6 Internal Audit's report on Non-Residential Charging was issued in September 2017. Our follow-up review has highlighted that of the seven recommendations made, six have been implemented and one is outstanding (see Appendix 2). For the outstanding recommendation, we are informed by management that progress is being made with a view to full implementation by March 2019.

ALEO (Enjoy East Lothian Limited)

3.7 Internal Audit's report on ALEO (Enjoy East Lothian Limited) was issued in November 2017. Our follow-up review has highlighted that all four recommendations made have been implemented.

Training

3.8 Internal Audit's report on Training was issued in November 2017. Our follow-up review has highlighted that of the four recommendations made, three have been implemented and one is outstanding (see Appendix 2). For the outstanding recommendation, we are informed by management that the revised implementation date is December 2019.

3.9 The progress report attached as Appendix 3 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2018/19.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

| | |
|----------------------|-----------------|
| AUTHOR'S NAME | Stuart Allan |
| DESIGNATION | Senior Auditor |
| CONTACT INFO | 01620 827311 |
| DATE | 8 February 2019 |

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
DISCLOSURE CHECKS**

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the arrangements in place for undertaking Disclosure Checks was carried out as part of the Audit Plan for 2018/19. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has adequate arrangements in place to ensure compliance with the Protection of Vulnerable Groups (Scotland) Act 2007.
- Appropriate policies and procedures are in place to ensure compliance with legislation including a Protection of Vulnerable Groups Policy and Procedure, Guidance on Levels of Disclosure and PVG Checks and an HR Guide for the Secure Handling, Use, Storage and Retention of Vetting Information.
- The Council's Disclosure Team within HR have a clear understanding of the disclosure process including the Code of Practice issued by the Scottish Ministers in connection with the use of disclosure information.
- A comprehensive job register is maintained of all posts within the Council – each post has been assessed to establish if it falls within the definition of regulated work and the PVG/Disclosure requirements for each post are clearly recorded.
- For all posts considered to be regulated work with children and/or protected adults, job advertisements clearly specify the PVG requirements.
- Adequate pre-employment checks are in place to ensure that appropriate PVG clearance is obtained for posts undertaking regulated work or Disclosure checks carried out for non-regulated work, prior to individuals commencing employment with the Council.

1.3 Areas with Scope for Improvement

- The current arrangements in place for non-employee groups (e.g. volunteers, agency workers, drivers/escorts on Council contracted routes) who undertake regulated work, require review. *Risk – failure to ensure compliance with legislation.*

1.4 Summary

Based on our review of Disclosure Checks, Internal Audit can provide reasonable assurance on the adequacy and effectiveness of the systems of internal control. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden
Internal Audit Manager**

January 2019

ACTION PLAN

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|----------|--|--------|--|--|------------------------|---------------------------|
| 3.1.2 | Management should ensure that key guidance documents on PVG/Disclosure checking are reviewed and updated to reflect the current arrangements in place. | Medium | Performance and Business Support Manager | Agreed | | July 2019 |
| 3.4.1 | Management should ensure that corporate guidance is developed to assist staff who recruit volunteers to undertake regulated work – the guidance should cover those service areas who refer volunteers directly to Disclosure Scotland. | Medium | Performance and Business Support Manager | Agreed | | July 2019 |
| | Management should ensure that service areas provide HR with a list of current volunteers for whom PVG checks have been carried out. | Medium | Team Manager – CLD | Agreed | | April 2019 |
| | Consideration should be given to maintaining a central database of all volunteers undertaking regulated work within the Council. | Medium | Performance and Business Support Manager | Agreed – a list is maintained by HR and will be updated to include information provided by service areas | | July 2019 |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|----------|--|--------|-----------------------------|--|------------------------|---------------------------|
| 3.5.1 | Management should ensure that agency workers are only hired from framework providers and have been subject to the appropriate PVG checks. | Medium | Service Manager – Transport | Agreed, however flexibility is required in exceptional circumstances | Yes | April 2019 |
| | Management should ensure that a record is maintained to confirm that appropriate PVG clearance has been reviewed, prior to agency workers commencing work with the Council. | Medium | Service Managers | Agreed – HR to send email to all Service Managers | | |
| 3.6.1 | Management should ensure that monitoring checks are undertaken on a regular basis to confirm that only drivers/escorts listed on the Transportation PVG Database are being used. | Medium | Service Manager – Transport | Agreed | | In Place |
| | Management should ensure that a comprehensive list is maintained of all drivers/escorts for whom PVG checks have been carried out, together with the date the PVG certificate was checked. | Medium | Service Manager – Transport | Agreed | | February 2019 |
| | For drivers/escorts for whom PVG checks have been undertaken by another authority/body, Management should ensure that a record is maintained of the individual, together with the date their PVG certificate was reviewed. | Medium | Service Manager – Transport | Agreed | | February 2019 |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|--------------|--|--------|--|---------------|------------------------|---------------------------|
| 3.6.1 (cont) | Management should ensure that the Council's Lead Signatory undertakes a health check of the current PVG checking arrangements operating within Transport Services. | Medium | Performance and Business Support Manager | Agreed | | July 2019 |

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|---------------|---|
| High | Recommendations which are fundamental to the system and upon which Management should take immediate action. |
| Medium | Recommendations which will improve the efficiency and effectiveness of the existing controls. |
| Low | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |

Levels of Assurance – Definitions

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

| Opinion | Definition |
|------------------------------|--|
| Substantial Assurance | There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met. |
| Reasonable Assurance | Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk. |
| Moderate Assurance | The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk. |
| Limited Assurance | Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk. |
| No Assurance | Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse. |

EAST LOTHIAN COUNCIL – INTERNAL AUDIT NON-DOMESTIC RATES – LIABILITY

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls surrounding the administration of Non-Domestic Rates Liability was undertaken as part of the Audit Plan for 2018/19. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Adequate arrangements are in place for identifying persons liable for Non-Domestic Rates – for the sample tested, the owner or the tenant had been correctly identified as the liable person(s).
- The Capita system has been correctly set up to calculate liability for Non-Domestic Rates in accordance with legislation.
- A clear audit trail exists for all reliefs and exemptions awarded – the Capita system records the type of relief or exemption applied and the effective dates of entitlement.
- All reliefs and exemptions had been correctly updated on the Capita system for 2018/19.

1.3 Areas with Scope for Improvement

- The draft Business Rates Discretionary Relief Policy in place has yet to be formally approved. *Risk – an inconsistent approach may be adopted.*
- In some cases, there was a lack of documentation to support the reliefs and exemptions awarded. *Risk – errors and irregularities may occur and remain undetected.*
- The existing monitoring arrangements in place to confirm continued entitlement to reliefs and exemptions require review – in a number of cases reviews had not been undertaken since 2012. *Risk – reliefs and exemptions awarded may be inappropriate.*
- In two cases, there had been a failure to update the Capita system to accurately reflect changes to the ratepayer's account. *Risk – information held may be inaccurate or incomplete.*
- There is currently no planned programme of visits in place to confirm eligibility for empty property reliefs and exemptions awarded. *Risk – reliefs and exemptions awarded may be inappropriate.*

1.4 Summary

Based on our review of Non-Domestic Rates Liability, Internal Audit can provide reasonable assurance on the adequacy and effectiveness of the systems of internal control. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

January 2019

ACTION PLAN

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|----------|---|--------|--|---------------|------------------------|---------------------------|
| 3.1.1 | Management should ensure that the draft Business Rates Discretionary Relief Policy is formally approved. | Medium | Service Manager – Revenues and Welfare Support | Agreed | | June 2019 |
| 3.2.3 | Management should ensure that reliefs and exemptions are properly applied. | Medium | Systems Development and Business Support Team Leader | Agreed | | February 2019 |
| | For the case highlighted, Management should review the eligibility of the Small Business Bonus Scheme Relief awarded. | Medium | Systems Development and Business Support Team Leader | Agreed | | February 2019 |
| 3.4.2 | Management should ensure that appropriate documentation is held to support all reliefs and exemptions awarded. | Medium | Systems Development and Business Support Team Leader | Agreed | | June 2019 |
| | Management should ensure that the Capita system is updated to reflect all changes in occupiers and that a demand notice is issued to the liable person. | Medium | Systems Development and Business Support Team Leader | Agreed | | February 2019 |
| 3.5.1 | Management should review the existing arrangements in place for monitoring reliefs and exemptions awarded. | Medium | Systems Development and Business Support Team Leader | Agreed | | June 2019 |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|---------------------|---|---------------|---|----------------------|-------------------------------|----------------------------------|
| 3.5.1 (cont) | Management should ensure that all review forms are scanned on to the Electronic Document and Records Management System. | Medium | Systems Development and Business Support Team Leader | Agreed | | June 2019 |
| 3.5.2 | Management should ensure that a planned programme of visits is undertaken for empty properties – a risk assessment should be carried out to identify specific categories of empty properties that should be inspected. | Medium | Systems Development and Business Support Team Leader | Agreed | | June 2019 |

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|---------------|---|
| High | Recommendations which are fundamental to the system and upon which Management should take immediate action. |
| Medium | Recommendations which will improve the efficiency and effectiveness of the existing controls. |
| Low | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |

Levels of Assurance – Definitions

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

| Opinion | Definition |
|------------------------------|--|
| Substantial Assurance | There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met. |
| Reasonable Assurance | Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk. |
| Moderate Assurance | The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk. |
| Limited Assurance | Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk. |
| No Assurance | Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse. |

EAST LOTHIAN COUNCIL – INTERNAL AUDIT WINDYGOUL PRIMARY SCHOOL

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2018/19, a review was undertaken of the financial arrangements operating at Windygoul Primary School. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Financial procedures are in place to provide guidance to staff responsible for the administration of the School's finances.
- Adequate procedures are in place for the checking, receipting and processing of invoices for payment.
- Income returns are being completed and submitted for all income received and banked.
- Appropriate arrangements are in place for the ordering of goods through the Pecos system.
- For academic year 2017/18, the School Fund Annual Return had been completed and submitted to Finance.

1.3 Areas with Scope for Improvement

- There was a lack of adequate separation of duties – the same member of staff had responsibility for administering both the School Fund and the School DSM. *Risk – errors and irregularities may occur and remain undetected.*
- Delays were noted in School Fund reconciliations being carried out. *Risk – errors and irregularities may occur and remain undetected.*
- The existing procedures in place for the recording of cash received in both the class registers and the School Fund cashbook require review. *Risk – information held may be inaccurate or incomplete.*
- Cash prepared for banking is not being checked and countersigned by a second member of staff. *Risk – errors and irregularities may occur and remain undetected.*
- There was a lack of adequate arrangements in place to ensure that the overall financial position of the School was being regularly checked and reconciled to the general ledger. *Risk – errors and irregularities may occur and remain undetected.*
- The School's authorised signatory list requires to be updated to accurately reflect current staff members. *Risk – information held may be out of date.*

1.4 Summary

Based on our review of the financial arrangements operating at Windygoul Primary School, Internal Audit can provide moderate assurance on the adequacy and effectiveness of the systems of internal control. Detailed findings and recommendations are contained in our main audit report.

**Stuart Allan
Senior Auditor**

February 2019

ACTION PLAN

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|---|--------------|----------------------------|----------------------|-------------------------------|----------------------------------|
| 3.2.2 | Management should ensure that there is appropriate separation of duties between the administration of the School Fund and the administration of the DSM commitment system. | Medium | Head Teacher | Agreed | | February 2019 |
| 3.2.3 | Management should ensure that all School Fund income and expenditure is accurately recorded in both the income and expenditure general account spreadsheet and in the individual ledgers. Management should ensure that all School Fund income and expenditure transactions are adequately cross-referenced. | Medium | Head Teacher | Agreed | | In Place |
| 3.2.4 | Management should ensure that the School Fund is reconciled on a monthly basis. | Medium | Head Teacher | Agreed | | In Place |
| 3.2.5 | Management should ensure that the School DSM is promptly reimbursed for all School Fund purchases made. | Medium | Head Teacher | Agreed | | In Place |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|--|--------------|----------------------------|---|-------------------------------|----------------------------------|
| 3.2.6 | Management should ensure that VAT is not reclaimed on purchases made directly from the School Fund. | Medium | Head Teacher | Agreed | | In Place |
| 3.3.1 | Management should ensure that class registers accurately record the individual amounts received, the date received and the total daily amount collected. | Medium | Head Teacher | Agreed – will be in place for next School trip. | | Ongoing |
| 3.3.2 | Management should ensure that all online payments received are accurately recorded in the class registers and in the School Fund cashbook. | Medium | Head Teacher | Agreed | | In Place |
| 3.3.3 | Management should ensure that daily prints from the SchoolPay system are produced and retained on the banking file. Management should ensure that cash and cheques received and input to the SchoolPay system are checked by a second member of staff – the daily prints should be signed and dated by both members of staff. | Medium | Head Teacher | Agreed | | In Place |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|--|--------------|----------------------------|----------------------|-------------------------------|----------------------------------|
| 3.3.4 | Management should ensure that all cash handed into the school office is accurately recorded on the "Record of Money Handed in Directly to the Office" form. The form should be initialled by persons to whom the cash is then passed. | Medium | Head Teacher | Agreed | | In Place |
| 3.3.6 | Management should ensure that two members of staff count and prepare cash for banking. Management should ensure that weekly banking sheets and bank giro pay-in slips are fully completed and signed by the two members of staff. | Medium | Head Teacher | Agreed | | In Place |
| 3.3.8 | Management should ensure that additional members of staff are fully trained in the income and banking procedures. | Medium | Head Teacher | Agreed | | In Place |
| 3.3.10 | Management should ensure that all financial documents are retained in line with the retention periods outlined in the Financial Procedures. | Medium | Head Teacher | Agreed | | In Place |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|--|--------------|----------------------------|---|-------------------------------|----------------------------------|
| 3.4.1 | Management should ensure that the School's authorised signatory list is updated and Pecos forms are completed for all relevant members of staff. | Medium | Head Teacher | Forms completed and sent for sign off to add further signatories. | | February 2019 |
| 3.5.4 | Management should ensure that the DSM commitment system is promptly updated with details of all expenditure. Management should ensure that invoice numbers are recorded on the DSM commitment system for all expenditure incurred. | Medium | Head Teacher | Agreed | | In Place |
| 3.6.3 | Management should ensure that purchase card transactions are monitored by the designated Cardplus Supervisor. | Medium | Head Teacher | Agreed | | In Place |
| 3.6.4 | Management should ensure that all purchase card transactions are supported by valid invoices or receipts. Management should ensure that all purchases are delivered directly to the School to ensure that the goods are formally checked and receipted. | Medium | Head Teacher | Agreed | | In Place |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|--|--------------|----------------------------|----------------------|-------------------------------|----------------------------------|
| 3.6.5 | Management should ensure that all purchase card transactions are timeously updated in the DSM and School Fund records. | Medium | Head Teacher | Agreed | | In Place |
| 3.6.6 | To enable VAT to be reclaimed, Management should ensure that proper VAT invoices or receipts are obtained for all purchase card transactions. | Medium | Head Teacher | Agreed | | In Place |
| 3.8.1 | Management should ensure that the DSM commitment system is kept up to date, to assist in the effective budget monitoring of the School's finances. | Medium | Head Teacher | Agreed | | In Place |

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|---------------|---|
| High | Recommendations which are fundamental to the system and upon which Management should take immediate action. |
| Medium | Recommendations which will improve the efficiency and effectiveness of the existing controls. |
| Low | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |

Levels of Assurance – Definitions

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

| Opinion | Definition |
|------------------------------|--|
| Substantial Assurance | There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met. |
| Reasonable Assurance | Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk. |
| Moderate Assurance | The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk. |
| Limited Assurance | Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk. |
| No Assurance | Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse. |

EAST LOTHIAN COUNCIL – INTERNAL AUDIT CONFLICTS OF INTEREST

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the audit plan for 2018/19, a review was undertaken of the arrangements in place for managing potential conflicts of interest. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has adopted the COSLA National Code of Conduct for Local Government Employees in Scotland, which outlines the seven principles of public life including employees' duty to declare any private interests, which might affect their work with the Council.
- Procedures are in place within some service areas to identify potential conflicts of interest.

1.3 Areas with Scope for Improvement

- There is a lack of an overarching framework in place to ensure that a coordinated approach is adopted for identifying, monitoring and managing potential conflicts of interest. *Risk – an inconsistent approach may be adopted.*
- A Conflict of Interest Statement has recently been introduced by Procurement as part of the tender evaluation process, however the arrangements in place for single source procurements and quick quote exercises require review. *Risk – failure to identify potential conflicts of interest.*
- There is a lack of appropriate documentation to enable employees to record any potential conflicts of interest. *Risk – lack of a clear audit trail.*
- Where a conflict of interest has been declared by an employee, there is a lack of guidance in place to assist managers and supervisors on the ongoing monitoring and management of the potential conflict, the actions that should be taken to mitigate the risks or the level of involvement that would be considered acceptable. *Risk – an inconsistent approach may be adopted.*
- In some areas, informal arrangements were in place for declaring conflicts of interest, however there was a lack of evidence to confirm the actions that had been taken to mitigate the risks. *Risk – lack of a clear audit trail.*
- There is a lack of adequate guidance in place for dealing with non-compliance and breaches. *Risk – an inconsistent approach may be adopted.*
- There was a lack of evidence to demonstrate that employees were being regularly informed of their requirement to declare any potential conflicts of interest. *Risk – failure to promote awareness of conflicts of interest.*

1.4 Summary

From our review of the arrangements in place for managing potential conflicts of interest, Internal Audit can provide moderate assurance on the adequacy and effectiveness of the systems of internal control. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

January 2019

ACTION PLAN

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|---|--------------|--|----------------------|-------------------------------|----------------------------------|
| 5.1 | Management should ensure that an overarching conflicts of interest framework is developed to enable the Council to apply a coordinated approach for identifying, monitoring and managing conflicts of interest. | Medium | Depute Chief Executive – Partnerships and Community Services | Agreed | | March 2019 |

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|--------|---|
| High | Recommendations which are fundamental to the system and upon which Management should take immediate action. |
| Medium | Recommendations which will improve the efficiency and effectiveness of the existing controls. |
| Low | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |

Levels of Assurance – Definitions

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

| Opinion | Definition |
|------------------------------|--|
| Substantial Assurance | There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met. |
| Reasonable Assurance | Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk. |
| Moderate Assurance | The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk. |
| Limited Assurance | Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk. |
| No Assurance | Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse. |

EAST LOTHIAN COUNCIL – INTERNAL AUDIT CONTRACTS

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2018/19, a review was undertaken of Contracts. Our audit focused on work being awarded by the Council's Property Maintenance and Engineering Services sections. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has in place an approved Corporate Procurement Procedures Manual, which forms part of the Council's Standing Orders – access to the procedures is available via the Council's intranet.
- The Council participates in both national (Scotland Excel and Scottish Procurement Alliance) and regional frameworks for the procurement of goods and services.
- Where extensions to contracts have been granted, appropriate approval has been obtained from the Council's Procurement section.
- Work is ongoing to identify those areas of work where appropriate contracts are not in place – a designated member of staff from Procurement is working with staff within service areas to prioritise work that requires to be procured in line with the Corporate Procurement Procedures.

1.3 Areas with Scope for Improvement

- In a number of cases, there was a lack of evidence to indicate that the Council's Corporate Procurement Procedures had been properly followed in the awarding of work to contractors. *Risk – failure to demonstrate best value.*
- In some cases, suppliers were providing goods and services which did not fall within the scope of work for the contacts they had been awarded. *Risk – failure to obtain best value.*
- Where quotes were being sought, in some cases there was a failure to ensure that the Corporate Procurement Procedures were being followed, which require that all quotes over £5,000 are obtained via the Public Contracts Scotland portal. *Risk – irregularities may occur.*
- In some cases, there was a lack of effective checking and monitoring arrangements in place to ensure that the correct contract rates were being charged by suppliers. *Risk – errors and irregularities may occur and remain undetected.*

1.4 Summary

Based on our review of Contracts, Internal Audit can provide moderate assurance on the adequacy and effectiveness of the systems of internal control. Detailed findings and recommendations are contained in our main audit report.

Peter Moore
Senior Auditor

February 2019

ACTION PLAN

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|----------|---|--------|--|---|------------------------|---------------------------|
| 3.1.2 | Management should ensure that the Council's Corporate Procurement Procedures are fully complied with in the procurement of all goods and services. | High | Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance | Agreed – services will work with Procurement to ensure that contracts are put in place. High value contracts will be prioritised. | | Ongoing |
| | Management should review the external spend within their area – where the cumulative spend exceeds the thresholds detailed in the Corporate Procurement Procedures, Management should ensure that the goods or services are competitively procured in line with the Corporate Procurement Procedures. | High | Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance | Agreed – as part of the ongoing review all spend will be analysed and tendering exercises carried out. | | Ongoing |
| | Management should ensure that all work awarded to contracted suppliers is covered by the terms of the contact – the current practice of awarding non-contract work to contracted suppliers should cease. | Medium | Service Manager – Engineering Services & Building Standards | Agreed | | Ongoing |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|-----------------|---|-----------------------------|---|--|-------------------------------|----------------------------------|
| 3.2.1 | <p>Management should review the current practice of extending contracts beyond the timescales specified in the original contracts.</p> <p>Where contract periods have expired and the Council is continuing to use suppliers from the previous contract, Management should ensure that new contracts are put in place as a matter of urgency.</p> | <p>Medium</p> <p>Medium</p> | <p>Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance</p> <p>Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance</p> | <p>Agreed</p> <p>Agreed</p> <p>Where there is a requirement to continue using a previous contractor for repairs, Management will considering putting Single Source contracts in place.</p> | | <p>Ongoing</p> <p>Ongoing</p> |
| 3.3.1 | Management should ensure that three quotes are obtained in line with the Council's Corporate Procurement Procedures. | Medium | Service Manager – Engineering Services & Building Standards | Agreed | | March 2019 |

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | RISK ACCEPTED/ MANAGED | AGREED DATE OF COMPLETION |
|---------------------|---|---------------|--|---|-------------------------------|----------------------------------|
| 3.3.1 (cont) | <p>Management should ensure that all quotes are sought via the 'Quick Quote' process, in accordance with the Council's Corporate Procurement Procedures.</p> <p>Quotes should be received via the Public Contracts Scotland portal – the current practice of receiving quotes via email should cease.</p> | Medium | Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance | Agreed | | March 2019 |
| 3.4.1 | <p>Appropriate monitoring arrangements should be put in place to ensure that the correct rates are being charged by suppliers.</p> <p>For those cases where incorrect rates have been identified, Management should quantify any excess payments made and seek recovery of the overpayment from the supplier.</p> | Medium | Service Manager – Engineering Services & Building Standards/ Service Manager – Property Maintenance | Agreed – invoices will be checked on a sample basis. | | March 2019 |
| | | Medium | Service Manager – Engineering Services & Building Standards | Agreed | | March 2019 |

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level | Definition |
|--------|---|
| High | Recommendations which are fundamental to the system and upon which Management should take immediate action. |
| Medium | Recommendations which will improve the efficiency and effectiveness of the existing controls. |
| Low | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |

Levels of Assurance – Definitions

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

| Opinion | Definition |
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| Moderate Assurance | The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk. |
| Limited Assurance | Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk. |
| No Assurance | Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse. |

OUTSTANDING RECOMMENDATIONS

NON-RESIDENTIAL CHARGING

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | AGREED DATE OF COMPLETION | REVISED DATE OF COMPLETION |
|----------|--|--------|--|---|---------------------------|----------------------------|
| 3.4.1 | <p>Management should review the Mosaic system parameters with a view to incorporating the state pension qualifying age within the income thresholds.</p> <p>Management should review the capital thresholds currently applied in the financial assessment process.</p> | Medium | Group Service Manager – Planning and Performance | Delays due to the development of a revised financial assessment form. Currently in the final stages of testing. | March 2018 | March 2019 |

TRAINING

| PARA REF | RECOMMENDATION | GRADE | RESPONSIBLE OFFICER | AGREED ACTION | AGREED DATE OF COMPLETION | REVISED DATE OF COMPLETION |
|----------|--|--------|--|---|---------------------------|----------------------------|
| 3.2.1 | Consideration should be given to adopting a consistent approach for the recording of training and development activities across the Council. | Medium | Service Manager – Corporate Policy and Improvement | Delays due to the phasing of the implementation of the new HR and Payroll system. | April 2018 | December 2019 |

INTERNAL AUDIT PROGRESS REPORT 2018/19**APPENDIX 3**

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|---------------------------------------|---|-------------------------------|---------------|
| VAT | For all payments processed by the Council, we will examine the arrangements in place to ensure that VAT is correctly accounted for. | September 2018 | Completed |
| Adult Services – Residential Care | We will review the arrangements in place for the assessment and charging of clients in residential care. | September 2018 | Completed |
| IT Systems Access | We will review the IT access controls/access rights in place for all the Council's main systems. | September 2018 | Completed |
| Trade Waste Income | We will review the arrangements in place for the billing and collection of trade waste income. | November 2018 | Completed |
| Adult Services – Payments on Schedule | We will review payments on schedule processed through the Mosaic system – our audit will focus on the arrangements in place for the recovery of credit balances. | November 2018 | Completed |
| Adult Services – Transport | We will review the transport arrangements within Adult Services – as part of the review we will assess if the arrangements in place for securing transport are cost effective and well managed. | November 2018 | Completed |
| Conflicts of Interest | We will examine the arrangements in place for the disclosure of potential conflicts of interest by members of staff. | November 2018 | Completed |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|----------------------------------|--|-------------------------------|---------------|
| Schools | We will review the financial arrangements operating within one school to ensure compliance with the financial procedures in place. | November 2018 | Completed |
| NDR – Liability | We will continue our audit work on Non-Domestic Rates (NDR) – in 2018/19, we will review the arrangements in place for determining NDR liability. | February 2019 | Completed |
| Disclosure Checks | We will review the disclosure checking arrangements in place for members of staff and volunteers working with children and/or protected adults. | February 2019 | Completed |
| Contracts | As part of our annual review of procurement, we will examine a sample of contracts to ensure compliance with the Council's Corporate Procurement Procedures. | February 2019 | Completed |
| Business Grants and Loans | We will review the arrangements in place for the awarding of grants and loans to businesses within East Lothian. | February 2019 | In Progress |
| Review of Performance Indicators | Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators. | February 2019 | In Progress |
| Planning Enforcement | We will check to ensure that planning enforcement is being carried out in accordance with legislation and Council policy. | February 2019 | |

| AUDIT REPORTS | SCOPE OF THE AUDIT | TARGET COMPLETION DATE | STATUS |
|----------------------------|---|-------------------------------|---------------|
| Bank Reconciliations | We will check to ensure that appropriate and effective systems of control are in place for the Council's bank accounts. | June 2019 | |
| Council Tax | We will continue our audit work on Council Tax – for 2018/19, our review will focus on the procedures in place for the recovery of Council Tax arrears. | June 2019 | |
| Fixed Assets | We will review the systems in place for maintaining and updating the Council's Fixed Asset Register. | June 2019 | |
| Following the Public Pound | We will review the monitoring arrangements in place for a sample of organisations receiving partnership funding from the Council in 2018/19. | June 2019 | |
| Building Standards | We will examine the arrangements in place for the processing of applications received for building warrants, including the collection of income due to the Council. | June 2019 | |
| Creditors | We will review the procedures in place for processing supplier invoices for payment and we will check to ensure that adequate arrangements are in place for the prevention and detection of duplicate payments. | June 2019 | |

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 February 2019

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Internal Audit Plan 2019/20

3

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit's operational plan for 2019/20.

2 RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to approve the Audit Plan for 2019/20.

3 BACKGROUND

- 3.1 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).

- 3.2 In preparing the annual audit plan a range of factors have been taken into account, including:

- the Council Plan 2017-22 and the key actions that the Council will pursue in order to meet its objectives;
- areas highlighted by Senior Officers;
- corporate and service area risk registers;
- the Council's core financial systems;
- changes in service delivery;
- the findings from previous years' audit work;
- the need to incorporate flexibility for reactive/investigatory work.

- 3.3 Internal Audit's primary role is to independently review internal control systems within the Council. Internal Audit will evaluate the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems, regarding the:
- Achievement of the Council's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
- 3.4 Internal Audit are required to give an opinion on the Council's control environment in the annual Controls Assurance Statement and the audit work carried out will contribute to this opinion.
- 3.5 The provision of the Internal Audit service is on an in-house basis by the Council's Internal Audit Unit. The resources available have been applied to individual audits and a detailed operational plan has been produced for 2019/20 (see Appendix A).
- 3.6 Internal Audit will adopt a risk based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of internal controls. Testing of controls will be carried out on a sample basis. A standard sample size is used for financial systems audits and the samples are selected to provide coverage for the full financial year.
- 3.7 For each individual audit, a detailed audit report is prepared for the relevant Depute Chief Executive. Copies of the audit report are provided to the Chief Executive, Head of Service, External Audit and to members of the Audit and Governance Committee.
- 3.8 All audit reports will highlight areas where expected controls have been met and areas where there is scope for improvement. A detailed action plan will be attached to each report listing all recommendations made and recording management responses to the recommendations.
- 3.9 Follow-up audits will be carried out to review the implementation of the recommendations made.

AUDIT COVERAGE

- 3.10 Financial and Non-Financial Audits – Internal Audit will review the Council's systems to provide assurance on the adequacy and effectiveness of internal controls. The audit plan includes a range of financial and non-financial audits.

- 3.11 Statutory Audits – Internal Audit undertake audit work in respect of specific grant awards made to the Council by the Scottish Government, to ensure compliance with grant conditions.
- 3.12 Best Value Audit – Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators.
- 3.13 Investigations – Time has been allocated to carry out work on the National Fraud Initiative 2018/19.
- 3.14 Integration Joint Board (IJB) – The Committee is asked to note that in 2019/20 internal audit services to the East Lothian IJB will be provided by East Lothian Council's Internal Audit Unit and time has been allocated to carry out audit work for the IJB.

INTERNAL AUDIT PERFORMANCE INDICATORS

- 3.15 Internal Audit will report on the completion of the annual audit plan, the percentage of audit recommendations accepted by Management and the percentage of audit staff with CCAB accounting qualifications.

OTHER FACTORS

- 3.16 The Committee should note that reactive work may impact heavily on the Internal Audit Unit's ability to complete the audit plan. Contingency days are built in for 2019/20 in the investigations section, but by its nature reactive work is difficult to predict.
- 3.17 The plan and its completion have added importance, given its contribution to the annual Controls Assurance Statement to be prepared at the end of 2019/20.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

| | |
|----------------------|-----------------|
| AUTHOR'S NAME | Stuart Allan |
| DESIGNATION | Senior Auditor |
| CONTACT INFO | 01620 827311 |
| DATE | 8 February 2019 |

APPENDIX A – INTERNAL AUDIT PLAN 2019/20

| AUDITABLE AREAS | SCOPE OF THE AUDIT | INTERNAL AUDIT ASSESSED RISK | WEEKS |
|---|--|------------------------------|-------|
| FINANCIAL AND NON-FINANCIAL AUDITS | | | |
| Council Tax | We will continue our audit work on Council Tax – for 2019/20, our review will focus on the procedures in place for Council Tax collection and refunds. | Medium | 5 |
| Non-Domestic Rates (NDR) | We will continue our audit work on Non-Domestic Rates (NDR) – in 2019/20, we will review the arrangements in place for the recovery of NDR arrears. | Medium | 5 |
| Payroll Deductions | We will review the procedures in place for ensuring the accuracy and completeness of payroll deductions made, including Tax, NI and pension contributions. | Medium | 5 |
| Transformation Programme | We will examine the implementation of the Council's Transformation Programme to ensure that the financial savings identified have been achieved. | Medium | 5 |
| Direct Payments | We will review the arrangements in place for the administration and monitoring of direct payments made to Children and Adult Services clients. | High | 6 |
| Treasury Management | We will review the Council's approach to treasury management to ensure compliance with the CIPFA Code of Practice on Treasury Management. | Medium | 5 |
| Fostering and Kinship Care Allowances | We will review payments made to foster and kinship carers to ensure compliance with Council policies and procedures. | Medium | 5 |

| AUDITABLE AREAS | SCOPE OF THE AUDIT | INTERNAL AUDIT ASSESSED RISK | WEEKS |
|--|---|------------------------------|-------|
| General Data Protection Regulations (GDPR) | We will review the arrangements in place within the Council for ensuring compliance with the provisions of the GDPR. | Medium | 5 |
| Purchase Cards | We will review the internal controls in place for the use of purchase cards, including the arrangements for monitoring expenditure. | Medium | 5 |
| Records Management | We will review the arrangements operating within service areas for records management including the storage, retention and disposal of records. | Medium | 5 |
| Domiciliary Care | We will review the in-house delivery of domiciliary care services to Adult Services clients. | Medium | 5 |
| Fleet Management | We will review the arrangements in place for the replacement, purchase and disposal of vehicles to ensure compliance with existing policies and procedures. | Medium | 5 |
| IR35 | We will check to confirm that adequate arrangements are in place for ensuring compliance with IR35 regulations, in respect of workers who supply their services through an intermediary body. | Medium | 5 |
| Following the Public Pound | As part of our rolling programme of work on Following the Public Pound, in 2019/20 we will review the monitoring arrangements in place for a sample of organisations receiving Section 10 Adult Services funding. | Medium | 5 |

| AUDITABLE AREAS | SCOPE OF THE AUDIT | INTERNAL AUDIT ASSESSED RISK | WEEKS |
|-------------------------|---|------------------------------|-------|
| Online Payments | We will review the internal controls surrounding the online payments system (SchoolPay), which was recently introduced in East Lothian schools. | Medium | 5 |
| Schools | We will review the financial arrangements operating within one secondary school to ensure compliance with the financial procedures in place. | Medium | 5 |
| Risk Management | We will select a sample of High risks from both the Council's Corporate Risk Register and service area Risk Registers and will review the adequacy and effectiveness of the risk control measures in place. | Medium | 5 |
| Roads Contracts | We will examine the arrangements in place for the procurement, tendering and monitoring of work awarded by Road Services. | High | 5 |
| Procurement | As part of our annual review of procurement, we will examine work being awarded to suppliers to ensure compliance with the Council's Corporate Procurement Procedures. | High | 5 |
| Special Projects | Internal Audit will review specific areas that are identified by Senior Officers. | – | 5 |
| STATUTORY AUDITS | | | |
| Miscellaneous Grants | For grants awarded to the Council by the Scottish Government, Internal Audit is required to provide a statement of compliance with grant conditions on an annual basis. | Medium | 2 |

| AUDITABLE AREAS | SCOPE OF THE AUDIT | INTERNAL AUDIT ASSESSED RISK | WEEKS |
|----------------------------------|---|------------------------------|-------|
| BEST VALUE AUDIT | | | |
| Review of Performance Indicators | Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators. | Medium | 4 |
| INVESTIGATIONS | | | |
| National Fraud Initiative | Time has been allocated for reviewing data matches identified by the 2018/19 National Fraud Initiative (NFI) exercise. | Medium | 10 |
| Fraud and Irregularity | Internal Audit will investigate all instances of suspected fraud or irregularity. | High | 9 |
| Whistleblowing | We will investigate concerns raised under the Council's Whistleblowing Policy. | High | 5 |
| OTHER AUDIT WORK | | | |
| Integration Joint Board | Time has been allocated for work that will be undertaken by Internal Audit for the East Lothian Integration Joint Board (IJB). A separate audit plan will be prepared which will be presented to the IJB Audit and Risk Committee for approval. | Medium | 20 |
| Review of Previous Year's Work | Internal Audit will review the outcome of our previous year's work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed. | Medium | 8 |
| Attendance at Stocktakes | Internal Audit will attend the year-end stocktakes at Property Maintenance, Road Services and Waste Services. We will review the final stock sheets. | Medium | 1 |

| AUDITABLE AREAS | SCOPE OF THE AUDIT | INTERNAL AUDIT ASSESSED RISK | WEEKS |
|--|---|------------------------------|-------|
| Community Councils and Management Committees | <p>Community Councils – Internal Audit provide advice and support to Community Councils.</p> <p>Management Committees – Internal Audit will independently examine the annual accounts of Management Committees where applicable.</p> | Medium | 2 |
| Advice and Consultancy | <p>Consultation on New Systems – for new systems implemented, Internal Audit will provide advice on internal control matters.</p> <p>Tender Evaluations – attendance at tender openings and evaluations where requested by service areas.</p> <p>Returned Cheques – investigating and recording the reasons for returned cheques.</p> <p>Financial Reports – providing service areas with financial information about companies and offering advice where applicable.</p> <p>Consultancy – providing advice and consultancy on internal control issues.</p> | Medium | 5 |
| TRAINING | | | |
| Training | An adequate allocation of budget resources and time will be given to maintaining and improving the knowledge base and quality of the staff resource. This includes time for staff to undertake continuous professional development (CPD) and to acquire skills and knowledge required to undertake specialist audit assignments. | – | 5 |
| Annual Self-Assessment | Time has been allocated for internal assessment of the internal audit function against the Public Sector Internal Audit Standards (PSIAS). | – | 2 |

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 February 2019

BY: Chief Executive

SUBJECT: Health and Social Care Partnership Risk Register

5

1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Health and Social Care Partnership Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Health and Social Care Partnership Risk Register has been developed in keeping with the Council's Risk Management Strategy and is a live document, which is reviewed and refreshed on a regular basis, led by the Health and Social Care Partnership Local Risk Working Group (LRWG).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Health and Social Care Partnership Risk Register and in doing so, the Committee is asked to note that:
 - the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
 - the total profile of the Health and Social Care Partnership risk can be borne by the Council at this time in relation to the Council's appetite for risk.
 - although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer term risks for Health and Social Care Partnership and are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Health and Social Care Partnership LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).

- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:
- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
 - High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;
 - Medium risk is tolerable with control measures that are cost effective;
 - Low risk is broadly acceptable without any further action to prevent or mitigate risk.
- 3.3 The current Health and Social Care Partnership Risk Register includes 9 High risks, 11 Medium risks and 2 Low Risks. Per the Council's Risk Strategy only Very High and High risks are reported to the Committee.

4 POLICY IMPLICATIONS

- 4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - It is the consideration of the Health and Social Care Partnership LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.
- 6.2 Personnel - There are no immediate implications.
- 6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

- 7.1 Appendix 1 – Health and Social Care Partnership Risk Register 2019
- 7.2 Appendix 2 – Risk Matrix 2018

| | |
|----------------------|---|
| AUTHOR'S NAME | Scott Kennedy |
| DESIGNATION | Emergency Planning, Risk and Resilience Officer |
| CONTACT INFO | skennedy@eastlothian.gov.uk 01620 827900 |
| DATE | 07 February 2019 |

Health and Social Care Service Risk Register 2019

Date reviewed: 06 February 2019

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|---|---|----------------------------|--------|-------------|---|--|--------|----------------------|--|--|-------------------------|---|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| H&SC 1 | <p>Service Activity Pressures</p> <p>Service Activity pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to client safety and independence, potentially generating reputational risk for the Council as well as failing to meet statutory responsibilities.</p> | <p>A new planning structure has been implemented to deliver on the agreed priorities of the IJB and significant service redesign programmes are underway and planned to commence during 2019.</p> <p>Work is also underway to accurately forecast trajectory of need across all Care Groups to inform service development and financial planning.</p> <p>Application of the Eligibility criteria has been reviewed and delegated authority implemented. Scrutiny of budget authorisations and analysis of trends through delegated authority is currently under review in line with Self Directed Support (SDS) legislation.</p> <p>All funding of commissioned provision has undergone a Strategic Fit and Best Value review. This includes Integrated Care Fund funding and services.</p> | 4 | 4 | 16 | <p>Refresh further Self Directed Support (SDS) action plan following outcome of the Thematic Review.</p> <p>Collaboration between Corporate Finance service and operational teams to develop new systems and processes to support new management team structure and deliver efficiencies and income recovery.</p> <p>A Community Transformation Programme is underway which will remodel both internal and external community services in order to modernise and better meet need both now and forecast in the future including shared service planning between Education, Children's Social Work Services and other relevant Council Services.</p> | 4 | 3 | 12 | <p>Director of Health & Social Care</p> <p>Heads of Service and Service Managers</p> <p>Chief Social Work Officer</p> | <p>April 2019</p> <p>December 2019</p> <p>April 2020</p> | 45 | <p>Risk updated by Head of Service and title changed to Service Activity Pressures January 2019.</p> <p>Risk further reviewed December 2018 with no change to assessment of current score.</p> <p>Risk refreshed by H&SC management June 2017 with current risk score increased from 15 to 16.</p> <p>Risk refreshed March 2017 with no change to assessment of current score.</p> <p>Risk reviewed June 2016 with current score reduced from 20 to 15 due to implemented measures and residual score reduced from 16 to 12 due to new planned measures.</p> <p>Risk reviewed January 2016 and both current (12 to 20) and residual risk (6 to 16) altered to high as a result of the current overspend position.</p> |
| H&SC 2 | <p>Access to Primary Medical Services</p> <p>There is a risk that East Lothian Health and Social Care Partnership will be unable to provide a satisfactory level of access to primary care services for its population potentially generating risk to patient care and organisational reputation.</p> | <p>East Lothian's share of NHS Lothian and Scottish Government investment has been prioritised by the IJB.</p> <p>A Primary Care Improvement Plan (PCIP) for East Lothian has been developed and agreed.</p> <p>Development of premises improvement plans at Harbours Practice, Cockenzie and North Berwick Practice to expand and modernise premises and to cope with population growth.</p> <p>Significant investment in training to deliver the workforce required as described above.</p> <p>Support to practices wishing to develop methods of joint working, especially if this</p> | 3 | 4 | 12 | <p>The establishment of multi-disciplinary and enhanced skill mix staffing resources within GP Practices e.g. further roll-out of Advanced Nurse Practitioner / Prescribers / GP Link Workers. Using Scottish Government and NHS Lothian Primary Care Investments 18/19 and onwards.</p> | 3 | 3 | 9 | <p>Director of Health & Social Care</p> <p>Head of Access and Older People</p> <p>Clinical Director</p> <p>Chief Nurse</p> | <p>March 2019</p> | | <p>Risk further reviewed December 2018 with current score reduced from 16 to 12.</p> <p>Risk introduced from H&SCP RR August 2017.</p> |

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|---|---|----------------------------|--------|-------------|---|--|--------|----------------------|---|---|-------------------------|--|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| | | <p>supports the overall aims of IJB strategy and the PCIP.</p> <p>The four Lothian IJBs are working together to prioritise investment as the elements of the Primary Care Improvement Plans are developed and introduced.</p> | | | | | | | | | | | |
| H&SC 3 | <p>Delayed Discharge</p> <p>Additional pressures and increased demands for services could lead to poor outcomes for the population and the inability to access the right services timeously leading to an inability for the Health and Social Care system to respond to wider need leading to potential negative outcomes for patients.</p> | <p>A weekly delayed discharge taskforce is chaired by the Chief Nurse. This is a Health and Social Care action meeting which leads to a Care Planning and Case Management approach to each individual requiring care.</p> <p>Increased surveillance of care homes and care at home providers to identify spare capacity.</p> <p>Closer working and good co-operation "Collaborative Allocation" with care at home providers to consolidate care support runs and release additional capacity, which has seen significant improvements in delays over 4 weeks over the past year.</p> | 3 | 4 | 12 | <p>Further development of a rehabilitative approach and review of client pathway to assist in streamlining process, releasing capacity and reducing delays.</p> <p>Financial modelling is being undertaken in terms of assessing the affordability of increases to National Minimum Wage and Scottish Living Wage and their effect on both daytime rates as well as night time support rates.</p> <p>Homecare & Hospital to Home Project Board established under the leadership of the Chief Nurse. First meeting took place 24.12.18, second meeting 29.01.19. Four works streams covering Service Development, Communications, HR/Workforce Development and Finance, will take forward agreed work areas.</p> <p>Implement early intervention clinic approach across East Lothian.</p> <p>Embed technology enable care approach as preventative measure</p> | 3 | 3 | 9 | <p>Director of Health & Social Care</p> <p>Head of Access and Older People</p> <p>Chief Social Work Officer</p> | <p>December 2019</p> <p>April 2019</p> <p>December 2019</p> <p>December 2019</p> <p>December 2019</p> | 9 | <p>Risk reviewed December 2018 with current score reduced from 16 to 12 due to implementation of measures while residual score remains 9.</p> <p>Risk reviewed June 2016 with current score reduced from 20 to 16 due to implementation of measures while residual score reduced from 16 to 9 due to new planned measure.</p> <p>Risk reviewed and refreshed January 2016 with Residual impact increased from 8 back to 16 due to ongoing capacity issues and the potential implementation of the proposed 72 hour target.</p> |
| H&SC 4 | <p>Failure of Provider</p> <p>The failure of a major Older Peoples or Specialist Provider e.g. Care Home or Domiciliary Care Service, could result in a loss of capacity and service users being put at risk as a result of their service being withdrawn at short notice.</p> <p>Additional challenges could impact on capacity and service continuity for vulnerable clients such as care home acquisition, poor quality of care or a lack of capacity to deliver care, potentially generating reputational and/or financial risk to the Partnership</p> | <p>Provider performance is monitored using a balanced scorecard approach which rewards good performance through incentives and the use of penalties for material breaches of the contract. There will be a dedicated Planning and Performance Manager and officer to deal with high risk occurrences where a provider ceases to operate or fulfil their contractual obligations.</p> <p>Contingency protocol established to deal with failure of a major care provider.</p> <p>Quarterly Multi-Agency quality of care meetings for both Residential and Homecare to provide support with improvement planning.</p> <p>Participation in national working groups to maintain national market intelligence.</p> <p>Joint work with NHS Care Home Team and GP Practices to maintain standards and address concerns.</p> | 4 | 3 | 12 | <p>Workforce planning & skill mix being developed within Council Care Homes and Home Care Service.</p> <p>Role re-definition e.g. generic support worker being developed in new rehabilitative team.</p> <p>Workforce of the future H&SC Academy/increasing care workforce in EL.</p> <p>Currently providing advice and support to Managers and employees to respond to the requirement of the EU settlement scheme.</p> | 3 | 3 | 9 | <p>Director of Health & Social Care</p> <p>Heads of Service and Service Managers</p> <p>Chief Social Work Officer</p> | <p>December 2019</p> <p>December 2019</p> <p>December 2019</p> <p>December 2019</p> | 9 | <p>Risk further reviewed December 2018 with no change to assessment of current score.</p> <p>Risk further reviewed August 2017 with no change to assessment of current score.</p> <p>Risk refreshed June 2017 by H&SC management with current score reduced from 16 to 12 and Residual from 12 to 9 due to control measures now in place.</p> <p>Risk refreshed March 2017 with no change to assessment of current score.</p> <p>Risk reviewed June 2016 and current score</p> |

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|---|--|----------------------------|--------|-------------|--|--|--------|----------------------|---|---|---|---|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| | | <p>Regulated services regularly inspected by the Care Inspectorate and effective collaborative working over performance of Regulated services.</p> <p>Working with other Partnerships to allow information sharing mutual support and contingency planning.</p> | | | | | | | | | | Increased from 12 to 16 due to current situation while residual score increased from 6 to 12. | |
| H&SC 5 | <p>Duty of Care</p> <p>Failure to fulfil our duty of care could result in the death, serious harm or detriment to a person. This could in turn result in prosecution, having to pay compensation and a negative impact on the reputation of the Council.</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor practice, a failure to prioritise or non-compliance with procedures/guidance.</p> | <p>Prioritise maintenance of adequate staffing levels for Adult/Child Protection and other work with vulnerable children and adults.</p> <p>Briefing sessions, specialist training and support are in place.</p> <p>Regular formal supervision in place for all staff including completion of PRD's and ESKF, focusing on specific and agreed development needs.</p> <p>Services comply with required professional registration standards for all staff e.g. SSSC, HCPC, NMC etc.</p> <p>"Safer Recruitment" practices and PVG Checks embedded.</p> <p>Public Protection Office and Committee oversee all aspects of Child Protection and Adult Support and Protection performance and improvement.</p> <p>Regular monitoring and learning from incidents including through Significant Adverse Event investigation outcomes</p> <p>Regular environmental inspections e.g. Patient Quality Indicators (PQI) in Health and Social Care e.g. Care Inspectorate</p> <p>All Regulated Services inspected, improvement plans produced with regular quality assurance review meetings.</p> | 3 | 4 | 12 | <p>Mosaic is being developed to improve the ways cases are recorded and risks identified.</p> <p>Care and Clinical Governance Group established which is to provide strategic oversight within the partnership. Chief Social Work Officer/Chief Nurse/Clinical Director/AHP Lead oversight and review of practice to assess workload allocation and risk management.</p> | 3 | 3 | 9 | <p>Chief Social Work Officer</p> <p>Critical Services Oversight Group</p> <p>Director of Health & Social Care</p> <p>Heads of Service and Service Managers</p> <p>Chief Nurse</p> | <p>December 2019</p> <p>December 2019</p> | 4, 5, 6, 7 | <p>Risk further reviewed December 2018 with no change to assessment of current score.</p> <p>Risk refreshed by H&SC management June 2017 with current risk score increased from 8 to 12 and residual from 4 to 9.</p> <p>Risk refreshed March 2017 with current score reduced from 12 to 8.</p> |

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|---|---|----------------------------|--------|-------------|--|--|--------|----------------------|---|--|-------------------------|--|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| H&SC 6 | <p>Public Protection</p> <p>A service user dies by murder, culpable homicide, reckless conduct, violence, suicide or accident, or sustains significant harm as a result of abuse or neglect or detriment and becomes subject to Public Protection (Child Protection or Adult Support and Protection) measures due to a lack of appropriate operational processes and resources.</p> <p>This would result in potential human tragedy and reputational damage to and increased scrutiny of the Health and Social Care Partnership.</p> <p>This may be due to processes not being followed, risk-taking behaviours or, omission / commission on the part of parents/carers. Some types of harm or death cannot be predicted or necessarily prevented by agency interventions.</p> | <p>All public protection policy, protocol, procedure and guidance documents will continue to be reviewed and updated at least annually.</p> <p>The scrutiny and improvement planning for regulated services through Care Inspectorate Inspections are fully embedded in service performance improvement.</p> <p>The East and Midlothian Public Protection Committee (EMPPC), incorporates Child Protection, Adult Support and Protection, Offender Management and Violence Against Women and Girls and ensures links with other strategic partnerships. The Committee is supported by a range of sub-groups to deliver its duties as set out in national guidance.</p> <p>The East Lothian Public Protection Improvement Plan is monitored and updated on a quarterly basis.</p> <p>Public Protection training and awareness raising is in place for social care and health staff and is updated regularly.</p> <p>The Public Protection Committee and Critical Services Oversight Group undertake regular self-evaluation of Public Protection arrangements.</p> <p>The Communications sub group of the Public Protection Committee has been reinstated. This group will have oversight of inter-agency communications activity for public protection.</p> | 3 | 4 | 12 | <p>Focus on raising Public awareness of Public Protection issues through the Public Protection improvement plan and communication strategy.</p> <p>Embed case file audit and practice compliance standards within performance framework.</p> | 2 | 4 | 8 | <p>Heads of Service and Service Managers</p> <p>Chief Social Work Officer</p> <p>CSOG/Public Protection Committee</p> | <p>December 2019</p> <p>December 2019</p> | 5 | <p>Risk further reviewed December 2018 with current score increased from 8 to 12 and residual score increased from 6 to 8 due to learning from local and national case reviews.</p> <p>Risk further reviewed August 2017 with no change to assessment of current score.</p> <p>Risk refreshed March 2017 with no change to assessment of current score.</p> <p>Risk refreshed June 2016 with current score reduced from 15 to 8 and residual risk reduced from 8 to 6.</p> |
| H&SC 7 | <p>Staff Resource</p> <p>Lack of a skilled, sufficiently qualified and experienced staff resource or the unexpected loss of a key employee or employees would result in an inability to provide high quality assessment and support and increased pressure on existing staff as well as reducing the quality and scope of the service resulting in lives and safety being put at risk. This may also result in some statutory duties not being met.</p> <ul style="list-style-type: none"> Difficulties in recruiting to vacancies within the psychiatric workforce have a direct detrimental impact on the ability of East Lothian HSCP Mental Health services to provide robust and | <p>Competitive salaries and working conditions in place in some areas, recruitment and selection procedures adhered to, with regular professional salary benchmarking taking place.</p> <p>High professional standards, reputation and innovation are maintained while the service has an excellent record among professional workers which all helps attract high calibre staff.</p> <p>Professional Development Programme and commitment to ongoing Social Work practice of "Development of Growing our Own" (promoting staff from within).</p> <ul style="list-style-type: none"> Temporary enhancement of Psychiatric Nursing teams to provide additional capacity for | 4 | 3 | 12 | <p>All Children and Adult Services Policy and Guidance documents to be checked and updated and then regularly reviewed and refreshed.</p> <p>The first joint workforce plan for the ELH7SCP has been developed in draft form and will be ready by April 2019.</p> <p>Service developments and redesign leading to opportunities to review current job families and redesign roles and responsibilities.</p> <p>Integrated Education Framework being developed in conjunction with regulatory bodies e.g. Social Work Scotland, Care Inspectorate and Health Improvement Scotland initially for Care Home, Mental</p> | 3 | 2 | 6 | <p>Director of Health & Social Care</p> <p>Heads of Service and Service Managers</p> <p>Chief Social Work Officer</p> | <p>December 2019</p> <p>April 2019</p> <p>December 2019</p> <p>December 2019</p> | 6, 9 & 10 | <p>Risk further reviewed January 2019 by Head of Service and Current Score increased from 9 to 12 and Residual Score from 4 to 6.</p> <p>Risk further reviewed August 2017 with no change to assessment of current score.</p> <p>Risk refreshed March 2017 with residual score reduced from 6 to 4.</p> <p>Risk reviewed in June 2016 with current risk score reduced from 12 to 9 and residual score reduced from 9 to 6.</p> |

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|--|--|----------------------------|--------|-------------|--|--|--------|----------------------|----------------------------------|---|-------------------------|---------------------------------|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| | <p>appropriate assessment, care and treatment services, including emergency psychiatric care, to the population of East Lothian.</p> <p>Competing with private sector and adjacent Partnerships to recruit staff and Carers e.g. Foster Carers.</p> <p>Application of Council pay and grading structures to Social Work services staff may lead to difficulty in recruiting and retaining suitably qualified and experienced staff, in a nationally competitive market place.</p> <p>The European Union Settlement may also have an impact on our employees.</p> | <p>the routine monitoring and review of follow up patients.</p> <ul style="list-style-type: none"> Rapid run down process implemented to review IHTT patients/ urgent patient issues every morning to manage/ mitigate patient safety risk. Protection of job plans for the remaining Consultant Psychiatric team to enable targeted focus on new patients/ urgent assessment. Active partnership with Medical Staff bank, to seek/ identify/ recruit locum Consultants whilst proceeding with permanent recruitment. <p>Mandatory training compliance. Compliance levels improving following audit which has resulted in an action plan being put in place.</p> <p>Development of an overall learning culture, use of Action Learning Sets and promotion and development of skills such as "Giving and Receiving Feedback" and "Coaching".</p> <p>The Council regularly publicise the need for Foster Carers and celebrate Foster Carers Community achievements annually.</p> <p>Feedback from Employee Engagement Survey, Investors in People, iMatters and Inspections Regimes see development of annual HGIOC improvement plan and service workforce development plan.</p> <p>Promote and embed PRD, staff learning opportunities and high levels of supervision.</p> <p>Review of Mental Health Officer capacity to meet demand for statutory duties and the Adults with Incapacity Act.</p> | | | | <p>Health, Resource Centre and Homecare Staff (both Health & Council).</p> <p>Continued partnership approach with Medical Leadership team in NHS Lothian to provide appropriate short term cover and identify longer term solutions.</p> | | | | | May 2019 | | |
| H&SC 8 | <p>Specific Non-Compliance with GDPR</p> <p>Non-compliance with GDPR requirements due to handling of personal data by third-party U.S.-based Processor which could lead to data breaches and potential fines from the Information Commissioners Office.</p> | <p>Third-party U.S.-based Processor is a member of the Privacy Shield framework.</p> | 3 | 4 | 12 | <p>Verification of contractual clauses between the Supplier and the third-party U.S.-based Processor ensuring GDPR-level data protection practices, in particular regarding the limitation of data processing and data retention.</p> | 2 | 3 | 6 | Director of Health & Social Care | March 2020 | | New Risk created January 2019. |

| Risk ID | Risk Title and Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures In Place | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] Target Risk Score | | | Risk Owner | Timescale for Completion / Review Frequency | SOA Outcome Number Link | Evidence held of Regular Review |
|---------|---|--------------------------------|----------------------------|--------|-------------|--|--|--------|----------------------|------------|---|-------------------------|---------------------------------|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | | |
| | | | L | I | L x I | | L | I | L x I | | | | |
| 5 | | August 2017 | S Kennedy | | | Updated Version 4 reviewed by D Small, S Saunders & A McDonald | | | | | | | |
| 6 | | August 30 2017 | S Kennedy | | | New risk added on Substance Misuse | | | | | | | |
| 7 | | December/January 2018-19 | S Kennedy | | | Several updated made by all Managers with specific updates made by the Group Service Manager - Planning and Performance. | | | | | | | |
| 8 | | January 2019 | S Kennedy | | | New risk added on Specific Non-Compliance with GDPR and Risk on "Demographic Pressures" changed to "Service Activity Pressures". All High and Very High Risks checked by Director of Health & Social Care and Head of Children and Adult Services. | | | | | | | |

East Lothian Council

Risk Matrix

Likelihood Description

| Likelihood of Occurrence | Score | Description |
|--------------------------|-------|--|
| Almost Certain | 5 | Will undoubtedly happen, possibly frequently >90% chance |
| Likely | 4 | Will probably happen, but not a persistent issue >70% |
| Possible | 3 | May happen occasionally 30-70% |
| Unlikely | 2 | Not expected to happen but is possible <30% |
| Remote | 1 | Very unlikely this will ever happen <10% |

Impact Description

| Impact of Occurrence | Score | Description | | | | | | | |
|----------------------|-------|---|--|---|---|--|---|--|---|
| | | Impact on Service Objectives | Financial Impact | Impact on People | Impact on Time | Impact on Reputation | Impact on Property | Business Continuity | Legal |
| Catastrophic | 5 | Unable to function, inability to fulfill obligations. | Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances) | Single or Multiple fatality within council control, fatal accident enquiry. | Serious - in excess of 2 years to recover pre-event position. | Highly damaging, severe loss of public confidence, Scottish Government or Audit Scotland involved. | Significant disruption to building, facilities or equipment (Loss of building, rebuilding required, temporary accommodation required). | Complete inability to provide service/system, prolonged downtime with no back-up in place. | Catastrophic legal, regulatory, or contractual breach likely to result in substantial fines or other sanctions. |
| Major | 4 | Significant impact on service provision. | Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty) | Number of extensive injuries (major permanent harm) to employees, service users or public. | Major - between 1 & 2 years to recover pre-event position. | Major adverse publicity (regional/national), major loss of confidence. | Major disruption to building, facilities or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required). | Significant impact on service provision or loss of service. | Legal, regulatory, or contractual breach, severe impact to Council. |
| Moderate | 3 | Service objectives partially achievable. | Significant impact on budgets (can be contained within overall directorate budget) | Serious injury requiring medical treatment to employee, service user or public (semi-permanent harm up to 1yr), council liable. | Considerable - between 6 months and 1 year to recover pre-event position. | Some adverse local publicity, limited damage with legal implications, elected members become involved. | Moderate disruption to building, facilities or equipment (loss of use of building for medium period). | Security support and performance of service/system borderline. | Legal, regulatory, or contractual breach, moderate impact to Council. |
| Minor | 2 | Minor impact on service objectives. | Moderate impact on budgets (can be contained within service head's budget) | Lost time due to employee injury or small compensation claim from service user or public (First aid treatment required). | Some - between 2 and 6 months to recover. | Some public embarrassment, no damage to reputation or service users. | Minor disruption to building, facilities or equipment (alternative arrangements in place and covered by insurance). | Reasonable back-up arrangements, minor downtime of service/system. | Legal, regulatory, or contractual breach, minor impact to Council. |
| Minimal | 1 | Minimal impact, no service disruption. | Minimal impact on budgets (can be contained within unit's budget) | Minor injury to employee, service user or public. | Minimal - Up to 2 months to recover. | Minor impact to council reputation of no interest to the media (Internal). | Minimal disruption to building, facilities or equipment (alternative arrangements in place). | No operational difficulties, back-up support in place and security level acceptable. | Legal, regulatory, or contractual breach, negligible impact to Council. |

| Risk | Impact | | | | |
|--------------------|-------------|-----------|--------------|-----------|------------------|
| Likelihood | Minimal (1) | Minor (2) | Moderate (3) | Major (4) | Catastrophic (5) |
| Almost Certain (5) | 5 | 10 | 15 | 20 | 25 |
| Likely (4) | 4 | 8 | 12 | 16 | 20 |
| Possible (3) | 3 | 6 | 9 | 12 | 15 |
| Unlikely (2) | 2 | 4 | 6 | 8 | 10 |
| Remote (1) | 1 | 2 | 3 | 4 | 5 |

Key

| | | | | |
|------|-----|--------|------|-----------|
| Risk | Low | Medium | High | Very High |
|------|-----|--------|------|-----------|

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 February 2019

BY: Chief Executive

SUBJECT: Education Risk Register

6

1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Education Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Education Risk Register has been developed in keeping with the Council's Risk Management Strategy and is a live document, which is reviewed and refreshed on a regular basis, led by the Education Local Risk Working Group (LRWG).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Education Risk Register and in doing so, the Committee is asked to note that:
 - the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
 - the total profile of the Education risk can be borne by the Council at this time in relation to the Council's appetite for risk.
 - although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer term risks for Education and are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Education LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
- High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;
- Medium risk is tolerable with control measures that are cost effective;
- Low risk is broadly acceptable without any further action to prevent or mitigate risk.

3.3 The current Education Risk Register includes 10 High risks, 6 Medium risks and 3 Low Risks. Per the Council's Risk Strategy only Very High and High risks are reported to the Committee.

4 POLICY IMPLICATIONS

4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Education LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.

6.2 Personnel - There are no immediate implications.

6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Education Risk Register 2019

7.2 Appendix 2 – Risk Matrix 2018

| | |
|----------------------|---|
| AUTHOR'S NAME | Scott Kennedy |
| DESIGNATION | Emergency Planning, Risk and Resilience Officer |
| CONTACT INFO | skennedy@eastlothian.gov.uk 01620 827900 |
| DATE | 07 February 2019 |

| Risk ID | Risk Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures (currently in place) | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] | | | Risk Owner | Timescale for Completion/ Review Frequency | Evidence held of Regular Review |
|---------|--|--|----------------------------|--------|-------------|--|---|--------|----------------------|---|---|---|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| ED 1 | <p>Workforce Recruitment and Retention</p> <p>There is a nationwide shortage of teachers, including supply teachers, which is impacting on East Lothian. In practice this means that classes are being covered by Management. Further changes are being made to the supply system to improve efficiency of processes.</p> <p>East Lothian is currently expanding the School Estate which will require a significant increase in teacher numbers.</p> <p>The lack of teaching staff could impact on our statutory duty to provide a quality of education for all learners.</p> | <p>New approach to filling current vacancies including maternity leave and advertising and recruiting to supply list on an ongoing basis.</p> <p>Appointment of permanent Primary supply teachers.</p> <p>Work with Contact Centre to improve communication with supply teachers in order to engage their services.</p> <p>Teacher Workforce Group established to review and develop further arrangements for recruiting new staff.</p> <p>Work collaboratively with neighbouring authorities and Edinburgh University including provision of an appropriate course for returners to the profession which is currently being delivered and enhanced through local promotion.</p> | 4 | 4 | 16 | <p>The Council continues to review procedures for the appointment and deployment of supply staff including inter-authority collaboration, which it's hoped will lead to reduction in unfilled posts and Head Teachers workload.</p> <p>The Education Service is exploring alternative routes into teaching as a means to enhancing the number of qualified teachers available.</p> <p>The Service is also exploring the use of digital learning and teaching for the Secondary Sector in engagement with the E-Sgoil in the Western Isles.</p> <p>An Education Support Officer (Digital Learning) will be recruited to support taking forward new approaches to deliver the curriculum in the senior phase using digital technology.</p> <p>Civil servants (Via COSLA & Scottish Government) continue to inform the national debate around permanent and supply teacher numbers.</p> <p>The Education Service is planning to review remits to free up relevant members of staff to take forward the New Routes into Teaching and undertake the Workforce Development plan.</p> | 3 | 4 | 12 | Head of Education | <p>August 2019</p> <p>February 2019</p> <p>May 2019</p> <p>May 2019</p> <p>Ongoing</p> <p>February 2019</p> | <p>Risk further reviewed and updated January 2019 by Head of Education with residual score increased from 9 to 12.</p> <p>Risk further reviewed and updated August 2017 with no change to assessment of scores.</p> <p>Residual risk score increased from 6 to 9 July 2015.</p> |
| ED 2 | <p>Expansion of Early Learning and Childcare (ELCC) to 1140 hours.</p> <p>Scottish Government is implementing plans to expand ELCC to 1140 hours by 2020. Potential risk that this cannot be delivered within the timescale due to challenges of expanding within existing resource, available funds and staffing.</p> <p>Risk that there is an impact on the quality in existing early years provision because the focus is on the expansion.</p> <p>Reputational risk to the Council from Scottish Government reporting on progress in relation to the delivery of 1140hrs ELCC. Parents not able to access 1140hrs of ELCC.</p> <p>Risk that Partner Providers are not able to deliver the 1140 hours as they are no longer financially viable or meet the quality standard.</p> | <p>The Council continues to develop detailed plans and work with Scottish Government (SG) to take forward the expansion. Project board and associated working groups are in place.</p> <p>There is clear governance of the project through the 1140 hours project board to ensure careful planning, communication and monitoring of progress.</p> <p>Work underway to establish baseline of quality across all provision and ELCC across all settings will be supported and monitored by the early years team</p> <p>Scottish Government National Standard for Partnership and associated guidance in place and ongoing discussion/collaboration with partners.</p> <p>Relationships are well established with neighbouring authorities as is learning from other approaches and ensuring that progress is on track.</p> | 4 | 4 | 16 | <p>Continue to ensure regular planned governance meetings with focussed actions and reporting on key priorities take place.</p> <p>Continue to review the planning and preparation for full implementation by 2020.</p> <p>Ongoing work with council departments to ensure key priorities are met.</p> <p>Liaison with SG to ensure that risks are flagged and that the service is aware of expectations and demands.</p> | 3 | 4 | 12 | <p>Head of Education</p> <p>Head of Council Resources</p> <p>Head of Finance</p> <p>Chief Operating Officer</p> | <p>August 2019</p> <p>2020</p> <p>August 2019</p> <p>August 2019</p> | <p>Risk reviewed by Head of Education January 2019 with no change to assessment of current score.</p> <p>New risk created August 2017 by Education Senior Management Team.</p> |

| Risk ID | Risk Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures (currently in place) | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] | | | Risk Owner | Timescale for Completion/ Review Frequency | Evidence held of Regular Review |
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| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| | | <p>Strong focus on the quality of existing provision alongside the expansion and enhancement of the number of staff focussed on both areas.</p> <p>Positive engagement with partner nursery providers of early learning and childcare to ensure planning meets the SG brief regarding parental choice, flexibility, quality and accessibility.</p> <p>Work stream groups established, including cross sector representation and network meetings to feed in to the project board to ensure collective detailed planning across service areas & consider risks associated with delay.</p> | | | | | | | | | | |
| ED 3 | <p>Additional Support Needs</p> <p>Population growth across the County and increased awareness and assessment of Children and Young people's Additional Support Needs resulting in increased demand on the ASN Service Area and specialist provision.</p> | <p>The Council is monitoring and tracking the nature and level of need across all establishments in order to target resources effectively.</p> <p>Regular budget monitoring meetings with Education and Finance managers as well as school reviews to monitor and review compliance with policies and guidance.</p> <p>Key policies in place to reflect national guidance & statutory duties in line with ASL Act 2009 and Equality Act 2010 and training in place to support the implementation of all new policies and guidance.</p> <p>The Educational Psychology Service resource allocation model operates across all educational establishments and is targeted at the children and young people with the greatest need.</p> <p>Accessibility Strategy (2017 -2020) and Autism Strategy are in place.</p> <p>ASN External Review completed and recommendations being taken forward.</p> <p>Increasing capacity within specialist provisions.</p> <p>Monthly monitoring of attendance, exclusion and physical restraint data at school level.</p> | 4 | 4 | 16 | <p>Joint work with Children's Services to develop new approaches through earlier intervention strategies reducing the number of out-with residential placements.</p> <p>Continue with monitoring and tracking ASN transport and review procedures to secure best value.</p> <p>Improved identification and reporting of the numbers of Children and Young People with ASN to inform future budgetary requirements and service needs.</p> <p>Ongoing review of Council's Additional Support Needs provision being carried out to determine current and future need.</p> | 3 | 4 | 12 | Head of Education | <p>December 2019</p> <p>June 2019</p> <p>June 2019</p> <p>March 2019</p> | <p>New risk identified by Acting Service Manager - Education (ASN & EPS) and updated by Head of Education January 2019.</p> |

| Risk ID | Risk Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures (currently in place) | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] | | | Risk Owner | Timescale for Completion/ Review Frequency | Evidence held of Regular Review |
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| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| ED 4 | <p>Changing demographics of East Lothian Population – proposed LDP housing development, population growth and subsequent need to expand the schools' estate.</p> <p>Failure to respond to the changing demographics of the East Lothian population such as unexpected or unpredicted fluctuations in the make-up of the population e.g. the number of pupils with Additional Support Needs. This may lead to not having suitable school provision available in the short term.</p> <p>Risk to uncertainty with forward planning for new establishments where house development completion rates are slower than expected delaying the start date for new school buildings.</p> | <p>Strategic Asset and Capital Plan Management (SACPM) is responsible for the managing and planning for the School Estate Management. Education feed into this activity by preparing pupil roll projections and class organisation profiles.</p> <p>Regular monitoring in place in SACPM Plan Management to review programme for school requirements. Changes which may impact on capital investment escalated to Education & Finance for consideration.</p> <p>Strong communication links with parent councils and wider parent forums. Regular Education Asset Management meetings are held to manage the impact of potential housing development on the schools' estate.</p> <p>Schools' Estate Planning Officer post filled – capacity monitoring in place.</p> | 4 | 4 | 16 | <p>The Council is making provision for significant capital expenditure to provide sufficient capacity for the expansion of the schools estate. A capital programme of c.£150 Million is identified for the period to 2024, partially funded by S75 contributions from new housing development.</p> <p>A Learning Estate Investment Management plan will be created to reflect the programme being taken forward identified as a result of the LDP and set out a plan for the future sustainability and management of the whole School Estate.</p> <p>Contingency plans being developed to mitigate against risk, including recruitment of additional temporary technical staff by March 2019.</p> <p>Review of Council's Additional Support Needs Strategy.</p> | 3 | 3 | 9 | <p>Chief Operating Officer</p> <p>Service Manager - Strategic Asset & Capital Plan Management</p> | <p>2024</p> <p>March 2019</p> <p>March 2019</p> <p>April 2019</p> | <p>Risk further reviewed and updated January 2019 with Residual Risk Score reduced from 12 to 9.</p> <p>Risk refreshed by Head of Education January 2018 with Current score increased from 12 to 16 and residual score from 8 to 12.</p> <p>Risk refreshed August 2017 by Service Manager – SA&CPM current score increased from 8 to 12 and predictive scores from 4 to 8.</p> |
| ED 5 | <p>School Estate Management</p> <p>Failure to maintain up-to-date information on the Condition and Suitability of the schools' estate may result in having insufficient data to inform planned maintenance budgets and essential building works as well as potentially leading to increased insurance claims.</p> <p>Failure to provide adequate financial and staffing resources to maintain the school estate to the required standard could result in schools falling into an unsatisfactory condition and being unsuitable for current use.</p> | <p>Rolling programme of condition and suitability surveys for the Primary schools are reported on annually to provide SPI data.</p> <p>Property Inspectors and the Asset Team identify priorities on a 3 year rolling programme and implement within available budgets. Work is prioritised on a risk management basis, addressing statutory compliance matters first (fire safety, electrical, safety DDA etc.).</p> <p>Reports to Corporate Asset Group will highlight risks which cannot be managed and may impact on the operation or safety of the school estate.</p> | 3 | 4 | 12 | <p>Condition and Suitability surveys for all Primary schools are almost complete, with only newer schools to be completed for 2018/19. These are reported on annually to Scottish Government through SPI data return.</p> <p>Suitability Surveys – new Government guidance has been produced, and a refresh of assessments will be conducted, these will be reported in May 2019.</p> <p>Capital bids made to get additional budget in order to upgrade and maintain to a satisfactory Condition. Ability to maintain and upgrade School buildings, dependent on approval of funding.</p> | 3 | 3 | 9 | <p>Depute Chief Executive – Resources and People Services</p> <p>Service Manager - Strategic Asset & Capital Plan Management</p> | <p>March 2019</p> <p>May 2019</p> <p>May 2019</p> | <p>Risk further reviewed and updated January 2019 by Service Manager (Strategic Asset & Capital Plan Management) with residual score increased from 8 to 9.</p> <p>Risk transferred from Corporate Risk Register May 2014 then refreshed July 2014.</p> |
| ED 6 | <p>Statutory Requirements</p> <p>A failure to meet our statutory requirements and other targets due to budget constraints or conversely overspending our budget in order to meet said statutory requirements and targets.</p> <p>There are increasing requirements from the Government e.g. teacher numbers guarantee and 600/1140 hours of childcare and early education and there is a need to think creatively around budget deployment to meet needs.</p> <p>If appropriate solutions are not implemented, this could result in children and young people not receiving their entitlement to education and lead to a reduction in opportunities for young people with the consequence of parental</p> | <p>Annual budget allocation is prioritised and monitored, while the Scheme of Devolved School Management determines allocation at School level.</p> <p>Detailed budget planning measures are in place together with monthly monitoring and validation.</p> <p>Benchmarking against other authority initiatives and devolved school management schemes to ensure efficiencies.</p> <p>Working with Finance colleagues at early stage to highlight and address possible budget pressures.</p> <p>Working with Head Teachers to support their understanding of financial climate impact on School Based Budgeting.</p> | 3 | 4 | 12 | <p>Continue to increase Head Teacher awareness of Pupil: Teacher ratios and monitor staffing levels more rigorously to mitigate against not meeting the required ratio.</p> | 3 | 3 | 9 | <p>Head of Education</p> <p>Head of Council Resources</p> <p>Deputy Chief Executive – Resources and People Services</p> <p>Head of Finance</p> <p>Chief Operating Officer</p> | <p>August 2019</p> | <p>Risk further reviewed and updated November 2018 with current risk score reduced from 16 to 12.</p> <p>Risk further reviewed and updated August 2017 with no change to assessment of scores.</p> <p>Risk Refreshed August 2016 with no change to score.</p> <p>Refreshed September 2015 –</p> |

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| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| | dissatisfaction and damage the reputation of the Council. The opportunity is to create new propositions and service offerings. | Staffing is continually monitored to ensure we meet the required Pupil to Teacher ratio at September Census point. Close working with schools regarding established staffing compliments and continual updating of SEEMIS records to ensure accurate and up to date information is held. Early Years Strategy includes the required capital and revenue investment to deliver the Scottish Government's 1140hrs programme. | | | | | | | | | | Current Risk Score increased from 8 to 16 and residual score from 4 to 9. Risk reviewed August 2017 with no change to the score. |
| ED 7 | Educational Attainment Failure to raise the standards of educational attainment for all will lead to a reduction in opportunities for young people such as entrance to Further and Higher Education or employment, with a consequence of parental dissatisfaction and damage to reputation of individual schools and the Education service. A failure to report positive findings in relation to the four national priorities set out within the national improvement framework and in the use of Pupil Equity Funding to close the attainment gap will lead to further scrutiny by external organisations such as Audit Scotland, Education Scotland and Scottish Government. | Each school has a School Improvement Plan, guided by the revised annual Education Service Plan (developed and delivered by Education Steering group in consultation with key stakeholders) with target setting for attainment. More rigorous and robust approaches for quality assuring school performance have been implemented and take into account new national guidance e.g. Pupil Equity Fund and National Improvement Framework. Curriculum frameworks have been developed across all areas to improve continuity and progression in learning with the broad general education. School strategies in place for increasing expectations of pupils and families (including tackling the barriers to improving achievement and ensure pupil attendance i.e. reducing the attainment gap). A suite of data continues to be developed and refined to highlight KPIs, share with schools and agree performance improvement. Activities to improve attainment are reported at Education Committee as appropriate. Continue to improve the transition of young people from mainstream education to work, training, further and higher education through working with secondary schools and East Lothian Works who are now part of the Education service. | 3 | 4 | 12 | New improvement targets to be set for schools to increase attainment and improve performance. Continue to develop an authority wide model for the Senior Phase that incorporates all elements of the curriculum. Continue to develop partnership arrangements with QMU and Edinburgh College to broaden the curriculum as part of the DYW recommendations by 2020. Ongoing monitoring of the effectiveness of the Future Technologies Centre (Construction Academy). East Lothian Works to work with Early Learning and Childcare Team to develop a career path for potential future Early Years Practitioners. | 3 | 3 | 9 | Head of Education | August 2019 August 2019 2020 June 2019 June 2019 | Risk further reviewed and updated November 2018 with current risk score reduced from 16 to 12. Risk further reviewed and updated August 2017 with no change to assessment of scores. Refreshed August 2014 with current risk score increased from 6 to 16 and residual risk score increased from 4 to 9. |
| ED 8 | East Lothian Works (ELW) – Impact of Brexit on Grant Funding (European Social Fund - ESF) ELW relies heavily on ESF funding to support delivery of employability programmes for adults. The draft Withdrawal Agreement between UK and EU (March'18) states the UK would continue to participate in the ESF programme until 2023, meaning we would continue to receive the same level of funding as if the UK was a member of the | UK government has indicated that it is committed to ensuring there is no gap in funding in the event of a no deal. In July 2018, the UK government extended a guarantee to cover all projects, including European Social Fund Projects funded by EU under the 2014-2020 programme period. The extension means that Scottish government will continue to sign and fund new projects after EU Exit until programme closure providing additional certainty, guaranteeing investment in skills and | 3 | 4 | 12 | Undertaking an East Lothian Works Service Review to identify staffing levels required to maximise use of ESF funding. Continue to monitor Brexit scenario and review implications on levels of funding if required. | 2 | 4 | 8 | Head of Education | March 2019 March 2019 | New risk identified by Chief Operating Officer (Education) February 2019 |

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|---------|--|---|----------------------------|--------|-------------|-------------------------------|---|--------|--|---------------------------------------|---|---------------------------------|
| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| | EU until the end of the 2014-2020 programme period. In the event of a no deal scenario, the UK's departure from the EU would mean we would be unable to access EU funding for European Social Fund projects after exit day. | employment to the end of the current European Social Fund programme period. | | | | | | | | | | |
| ED 9 | <p>Management of Resources</p> <p>Failure to manage a delegated budget in a fair, equitable and transparent way and risk that school's budget is not deployed in accordance with best value principles. As a result financial expenditure is not well planned and resources are not used effectively to meet the needs of learners. Failure to adhere to Local Authority procurement arrangements.</p> <p>Potential risk of short-term funding being used to employ additional members of staff who through continuous service will achieve permanency in their role and the cost pressures associated with retaining them when the PEF funding ceases. Additional budgetary pressures may arise in relation to the retention of staff who could be surplus to requirements.</p> <p>Reputational damage to the Council should schools fail to deliver a positive outcome for those children and young people the funding has been awarded to. No improvement in attainment, no closing of the attainment gap ultimately failing to meet the requirements of the Attainment Challenge</p> <p>Risk of not receiving positive inspections as there is insufficient evidence of impact on closing the attainment gap evaluated under QI 3.1 – Ensuring wellbeing, equality and inclusion. This could lead to increased scrutiny by external scrutiny bodies such as Education Scotland.</p> | <p>Clear DSM guidance is in place and support provided to HTs and Business Managers through the Education Service and Finance colleagues.</p> <p>Budget spend is monitored by the Education Service and any issues are discussed with HTs with support from the QIT as required. Budget validations carried out by Principal Officer.</p> <p>Guidance and support provided from Council Procurement team. Clear guidance available for HTs.</p> <p>Head Teachers have submitted proposals on how they intend to use the funding, indicating the expected impacts/outcomes it will have in relation to closing the attainment gap. Central department officers have worked collaboratively with Head Teachers to support and challenge to ensure the proposals are robust and that they will be monitored throughout the course of the school session to measure impact.</p> <p>Database of staff appointments held within the department to identify those funded through PEF. Close working with HR and Finance colleagues to manage the impact this additional workforce will have longer term.</p> <p>Additional resources allocated to central Education, HR, Finance and Procurement services to support and implement the effective use of PEF.</p> <p>Monitoring of the impact additional resources are having in relation to the supports/interventions put in place.</p> <p>Regular monitoring of additional staffing appointed under PEF as well as additional resources being incurred.</p> <p>Close liaison with Head Teachers and colleagues in Finance, HR and Procurement to support, monitor and record the additional staffing and other resources put in place.</p> | | | 12 | | | 8 | <p>Head of Education</p> <p>Chief Operating Officer</p> <p>Head Teachers</p> | <p>August 2019</p> <p>August 2019</p> | <p>Risk further reviewed February 2019 by Head of Education and Chief Operating Officer.</p> <p>Risk reviewed November 2018 with current risk score reduced from 16 to 12 and residual score reduced from 12 to 8 due to more established working practices being in place.</p> <p>New risk identified August 2017 by Education Senior Management Team.</p> | |

| Risk ID | Risk Description (Threat/Opportunity to achievement of business objective) | Risk Control Measures (currently in place) | Assessment of Current Risk | | | Planned Risk Control Measures | Assessment of Residual Risk [With proposed control measures] | | | Risk Owner | Timescale for Completion/ Review Frequency | Evidence held of Regular Review |
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| | | | Likelihood | Impact | Risk Rating | | Likelihood | Impact | Residual Risk Rating | | | |
| | | | L | I | L x I | | L | I | L x I | | | |
| | | Quality Improvement Team monitor the impact at school level through discussions with Head Teachers and looking at attainment data results. Regular meetings with Education Scotland Attainment Advisor to discuss and monitor progress. | | | | | | | | | | |
| ED 10 | IT Infrastructure The IT infrastructure may not be sufficient to support the use of digital technologies moving forward. A failure to address this could result in a lack of infrastructure to address the use of digital technology and impact on the ability to enhance learners' digital literacy skills. | Collaborative working between IT ICT and Education continues in respect of addressing the needs of schools and the wider services. Review undertaken and paper produced on Digital Learning and Teaching Strategy. An on-line learning environment for all students to reflect the way young people can now learn is in place and proving successful. The Council has a partnership agreement with Education Scotland Technology Team to assist with the delivery of enhancing staff and pupils' digital skills. | 3 | 4 | 12 | Finalise and implement the Digital Learning and Teaching Strategy which is dependent upon appropriate finance. Work with schools to encourage them to promote the effective use of current and future ICT resources. An Education Support Officer (Digital Learning) will be recruited to support taking forward new approaches to deliver the curriculum in the senior phase using digital technology. | 2 | 4 | 8 | Head of Education Service Manager Education (Strategy & Ops) Service Manager - IT Infrastructure Quality Improvement Manager | August 2019 August 2019 May 2019 | Risk refreshed November 2018 with no change to assessment of current scores. Risk further reviewed and updated August 2017 with no change to assessment of current scores. New risk created August 2016. |

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|---|-------------------------|------------------|---|
| Original date produced (Version 1) | 1st March 2012 | | |
| File Name | Education Risk Register | | |
| Original Author(s) | S Kennedy | | |
| Current Revision Author(s) | S Kennedy | | |
| | | | |
| | | | |
| Version | Date | Author(s) | Notes on Revisions |
| 12 | February 2018 | S Kennedy | Updates made by Head of Education and Service Manager following comments made when presented to Audit and Governance Committee. |
| 13 | November 2018 | S Kennedy | Risks updated by Service Manager – Education (Strategy & Ops) and Chief Operating Officer (Education) |
| 14 | January 2019 | S Kennedy | Risks updated by Principal Educational Psychologist and Service Manager (Strategic Asset & Capital Plan Management) and new risk ED1 created by Acting Service Manager - Education (ASN & EPS). |
| 15 | January 2019 | S Kennedy | Risk Register updated by Head of Education and new risk added on East Lothian Works |
| 16 | February 2019 | S Kennedy | Final updates made by Chief Executive and Head of Education |

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|------------------------|
| Overall Rating |
| 20-25 Very High |
| 10-19 High |
| 5-9 Medium |
| 1-4 Low |

East Lothian Council

Risk Matrix

Likelihood Description

| Likelihood of Occurrence | Score | Description |
|--------------------------|-------|--|
| Almost Certain | 5 | Will undoubtedly happen, possibly frequently >90% chance |
| Likely | 4 | Will probably happen, but not a persistent issue >70% |
| Possible | 3 | May happen occasionally 30-70% |
| Unlikely | 2 | Not expected to happen but is possible <30% |
| Remote | 1 | Very unlikely this will ever happen <10% |

Impact Description

| Impact of Occurrence | Score | Description | | | | | | | |
|----------------------|-------|---|--|---|---|--|---|--|---|
| | | Impact on Service Objectives | Financial Impact | Impact on People | Impact on Time | Impact on Reputation | Impact on Property | Business Continuity | Legal |
| Catastrophic | 5 | Unable to function, inability to fulfill obligations. | Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances) | Single or Multiple fatality within council control, fatal accident enquiry. | Serious - in excess of 2 years to recover pre-event position. | Highly damaging, severe loss of public confidence, Scottish Government or Audit Scotland involved. | Significant disruption to building, facilities or equipment (Loss of building, rebuilding required, temporary accommodation required). | Complete inability to provide service/system, prolonged downtime with no back-up in place. | Catastrophic legal, regulatory, or contractual breach likely to result in substantial fines or other sanctions. |
| Major | 4 | Significant impact on service provision. | Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty) | Number of extensive injuries (major permanent harm) to employees, service users or public. | Major - between 1 & 2 years to recover pre-event position. | Major adverse publicity (regional/national), major loss of confidence. | Major disruption to building, facilities or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required). | Significant impact on service provision or loss of service. | Legal, regulatory, or contractual breach, severe impact to Council. |
| Moderate | 3 | Service objectives partially achievable. | Significant impact on budgets (can be contained within overall directorate budget) | Serious injury requiring medical treatment to employee, service user or public (semi-permanent harm up to 1yr), council liable. | Considerable - between 6 months and 1 year to recover pre-event position. | Some adverse local publicity, limited damage with legal implications, elected members become involved. | Moderate disruption to building, facilities or equipment (loss of use of building for medium period). | Security support and performance of service/system borderline. | Legal, regulatory, or contractual breach, moderate impact to Council. |
| Minor | 2 | Minor impact on service objectives. | Moderate impact on budgets (can be contained within service head's budget) | Lost time due to employee injury or small compensation claim from service user or public (First aid treatment required). | Some - between 2 and 6 months to recover. | Some public embarrassment, no damage to reputation or service users. | Minor disruption to building, facilities or equipment (alternative arrangements in place and covered by insurance). | Reasonable back-up arrangements, minor downtime of service/system. | Legal, regulatory, or contractual breach, minor impact to Council. |
| Minimal | 1 | Minimal impact, no service disruption. | Minimal impact on budgets (can be contained within unit's budget) | Minor injury to employee, service user or public. | Minimal - Up to 2 months to recover. | Minor impact to council reputation of no interest to the media (Internal). | Minimal disruption to building, facilities or equipment (alternative arrangements in place). | No operational difficulties, back-up support in place and security level acceptable. | Legal, regulatory, or contractual breach, negligible impact to Council. |

| Risk | Impact | | | | |
|--------------------|-------------|-----------|--------------|-----------|------------------|
| Likelihood | Minimal (1) | Minor (2) | Moderate (3) | Major (4) | Catastrophic (5) |
| Almost Certain (5) | 5 | 10 | 15 | 20 | 25 |
| Likely (4) | 4 | 8 | 12 | 16 | 20 |
| Possible (3) | 3 | 6 | 9 | 12 | 15 |
| Unlikely (2) | 2 | 4 | 6 | 8 | 10 |
| Remote (1) | 1 | 2 | 3 | 4 | 5 |

Key

| | | | | |
|------|-----|--------|------|-----------|
| Risk | Low | Medium | High | Very High |
|------|-----|--------|------|-----------|