

## Governance, Risk and Best Value Committee

10.00am, Tuesday, 16 January 2018

### Present

Councillors Mowat (Convener), Main (Vice-Convener), Bird (substitute for Councillor Ritchie), Jim Campbell, Gordon, Lang, Munro, Staniforth (substitute for Councillor Rae), Watt and Webber.

### 1. Minute

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#### Decision

To approve the minute of the Governance, Risk and Best Value Committee of 28 November 2017 as a correct record subject to the addition in the decision of Item 5 – Edinburgh Leisure Annual Report 2016/17:

“To include in the annual report the results of the review of independent access to venues which was being carried out.”

### 2. Outstanding Actions

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Details were provided of the outstanding actions arising from decisions taken by the Committee.

#### Decision

- 1) To add a note to Action 3 – Corporate Leadership Team Risk Update – that the update report to the Corporate Policy and Strategy Committee in December 2018 would be referred to this Committee.
- 2) To ask for an update on progress to the next meeting on Action 4 – Home Care and Re-ablement service Contact Time
- 3) To request an update for the timescales for Action 6 – Governance of the Edinburgh Partnership.
- 4) To agree to close Action 21 – External Audit Review of CGI IT Security Controls.
- 5) To note the remaining outstanding actions.

(Reference – Outstanding Actions – 16 January 2018, submitted.)

### 3. Work Programme

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#### Decision

To note the work programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 16 January 2018, submitted.)

### 4. Edinburgh Health and Social Care Partnership – Update on Financial Position of the City of Edinburgh Council Services – referral from the Finance and Resources Committee

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The Finance and Resources Committee had referred a report on a service-specific update on the Council's position for Health and Social Care, to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

#### Decision

- 1) To note the report.
- 2) To request a report to the Edinburgh Partnership focusing on prevention and how all partners in the City could contribute to this workstream.

(References – Finance and Resources Committee 7 November 2017 (item 11); referral report from the Finance and Resources Committee, submitted.)

#### Declaration of Interest

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integration Joint Board.

### 5. 2016-17 Annual Audit Report and Review of Internal Controls – Progress Update

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An update was provided on the progress of the Annual Audit Report and review of the Council's Internal Control framework against the agreed improvement actions. A further progress update on longer-term actions were to be reported to the Committee in May 2018.

#### Decision

- 1) To note the progress made to date in addressing the actions contained within the Annual Audit Report and review of the Council's internal control framework.
- 2) To note that a further update on longer-term actions would be provided to the Committee's meeting in May 2018.

(References – Governance, Risk and Best Value Committee 26 September 2017 (item 9); joint report by the Chief Executive and the Executive Director of Resources, submitted.)

## 6. Internal Audit Quarterly Update Report – Quarter 2 (1 July – 30 September 2017)

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Details were provided on the Internal Audit reviews completed in Quarter two together with an update on progress with the overall delivery of the 2017/18 Internal Audit plan. Additional reviews were to be added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to formal approval by the relevant Committee.

The Internal Audit plan delivery had been significantly impacted by resourcing challenges within the team and a capacity analysis had been undertaken to assess the ability of the team to deliver the balance of the plan.

### Decision

- 1) To note that Internal Audit issued a total of six Internal Audit reports in the 2017/18 plan year with four reports being issued in Quarter 2 (1 July to 30 September 2017).
- 2) To note the risks associated with the two High rated findings raised.
- 3) To refer the Starters and Local Development Plan and Action Programme audit reports to the appropriate Council executive committees for information and further scrutiny where appropriate.
- 4) To refer the Starters audit report to the Edinburgh Integration Joint Board Audit and Risk Committee, as this could have a direct impact on the services delivered by the Health and Social Care Partnership.
- 5) To note that no reports were referred by the Edinburgh Integration Joint Board Audit and Risk Committee to Governance, Risk and Best Value Committee at their meeting in September 2017.
- 6) To note the volume of Internal Audit work in progress as at the end of Quarter two (30 September 2017) and the status of progress with the annual audit plan as at 30 November 2017.
- 7) To note that following a request for an update at Committee in November 2017, the resourcing challenges currently affecting upon Internal Audit capacity and recognise their potential impact on delivery of the 2017/18 Internal Audit plan as detailed at Paragraph 3.5 and Appendix 2 of the report by the Chief Internal Auditor.
- 8) To approve Option 2 in the report as the best approach to deliver the 2017/18 annual Internal Audit plan based on the options outlined at Paragraph 3.5 of the report. This would involve purchasing additional days from PwC under the current co-source agreement to support delivery of the plan and an Internal Audit annual assurance opinion for 2017/18 based on an appropriate level of coverage of the Council's key risks. In doing so to note that this approach would incur additional, unplanned costs and the Executive Director of Resources had

endorsed an additional spend of up to £100k to support this critical work. In approving the proposals set out in Paragraph 3.5 of the report, to agree that the proposed audit on waste services should be considered a priority for early delivery in 2018/19.

(Reference –report by the Chief Internal Auditor, submitted.)

## **7. Accounts Commission – Local Government in Scotland – Financial Overview 2016-17**

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Details were provided on the Accounts Commission’s Scotland-wide review of local government financial performance for 2016/17 which was published in November 2017. The overview report was aimed primarily at councillors and senior officers and assessed councils’ financial performance and preparedness in the context of a number of existing and emerging challenges.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To refer the report to the Finance and Resources Committee for its consideration in the context of setting the Council’s 2018/23 revenue and capital budget framework.
- 3) To circulate a copy of the Account Commission: Local Government in Scotland – Financial Overview 2016/17, to all councillors for information.
- 4) To provide details on why the renewals and repair fund element of the Council’s reserves was so significant.

(Reference –report by the Executive Director of Resources, submitted.)

## **8. Internal Audit – Overdue Recommendations and Late Management Responses – as at 26 October 2017**

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The current overdue Internal Audit recommendations were considered together with audit reports that had been issued where final management responses had not been received within the two-week service standard.

### **Decision**

- 1) To note the status of the overdue Internal Audit recommendations as at 26th October 2017.
- 2) To note that there were currently two reports issued in draft where management responses had not been received within the two-week service standard, and one report that had been delayed due to changes in the Internal Audit team.
- 3) To note the proposals to address challenges associated with timing of audit responses received and quality of evidence provided to support closure of recommendations.
- 4) To provide details in the next regular report on the progress with improving quality of evidence to support validation.

- 5) To ask that specific problems of management responses not being received within the two-week service standard be identified in the follow up report.

(Reference – report by the Chief Internal Auditor, submitted.)

## **9. Corporate Leadership Team Risk Update**

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Details were provided on the Council's top risks and the key controls in place to mitigate them as at 6 December 2017. These risks had been scrutinised and challenged by the Corporate Leadership Team and were presented for oversight and review.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To request a written member briefing which outlined the risks to the Council arising from the decision by Carillion to enter into administration, with a full report to be provided to the February meeting of the Committee.

(Reference – report by the Executive Director of Resources, submitted.)

## **10. Status of the ICT Programme**

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Details were provided on the programme of works within ICT and the current services delivered by the Council's external ICT partner, CGI.

### **Decision**

- 1) To note the report by the Executive Director of Resources.
- 2) To agree that in the absence of a significant improvement in the delivery of the contract, representatives of CGI should be invited to attend a further meeting of the Committee on 8 May 2018.
- 3) To ask the Executive Director to provide details on why the length of contract was determined and whether this was best practice.

(References – report by the Executive Director of Resources, submitted.)

## **11 External Audit Review of CGI IT Security Controls – Progress Update**

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The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 6 of Part 1 of Schedule 7(A) of the Act.

An update was provided on a series of identified improvement actions following the receipt of the external auditor's report together with agreed deadlines for delivery of these improvements by CGI.

## **Decision**

- 1) To note the progress update, as externally assessed by Scott Moncrieff on the effectiveness of the ICT security controls operated by CGI on behalf of the Council.
- 2) To ask for a report providing an update on the audit actions and covering general security for the May Committee meeting.

(References –report by the Executive Director of Resources, submitted.)

## **13. Whistleblowing Monitoring Report**

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The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7(A) of the Act.

An overview of the disclosures received and investigation outcome reports completed during the period 1 July to 30 September 2017 was provided.

## **Decision**

To note the report by the Chief Executive.

(Reference – report by the Chief Executive, submitted)