

Internal Audit

2024/25 Annual Report and Overall Conclusion

August 2025

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

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

Standard 11.3 of [Global Internal Audit Standards \(GIAS\)](#) (UK Public Sector) requires the Chief Audit Executive to prepare an overall conclusion, at least annually, on the overall adequacy and effectiveness of the City of Edinburgh Council's (the Council) governance, risk management and control framework.

The annual conclusion includes consideration of:

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

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

Basis for the annual conclusion

The conclusion on the adequacy and effectiveness of the Council's systems of governance, risk and control is achieved through delivery of a risk-based audit and assurance programme aligned to the Council's key risks which is approved by the Corporate Leadership Team and the Governance, Risk and Best Value Committee annually in March and reviewed quarterly to ensure it remains aligned to current and emerging risks and issues impacting the Council's control environment.

The annual conclusion reflects audit activity performed across the four Council Directorates (Chief Executive's Office, Corporate Services, Place, and Children, Justice and Education Services) and the Edinburgh Health and Social Care Partnership during the period 1 April 2024 to 31 March 2025.

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

It also considers reports issued by the External Auditor; the results of other assurance activities performed during the year including the outcomes of inspection work undertaken by other assurance providers and the effects of any significant issues or changes impacting the Council's control environment. It does not, however, imply that Internal Audit has reviewed all risks and assurances relating to the Council.

The conclusion recognises the operating environment of the Council during the year reviewed, including delivering business plan priorities while continuing to operate in a challenging environment with increasing uncertainty and risks including financial sustainability and resourcing challenges, and the persistent demand and strain on homelessness and social care services. Balancing delivery of core services with investing in communities and services is a key to enabling Edinburgh to continue to be a vibrant and resilient capital city. This includes climate action and sustainable city ambitions including the Smart City Strategy, introduction of Scotland's first visitor levy and a commitment to safer, greener mobility across the city.

The Council has a clear focus on prevention with a transformation programme and key 'priorities for change'. It is recognised the pace of transformation needs to accelerate and a forthcoming organisational restructure will aim to help the Council achieve its priorities for the future.

2. Executive Summary

Overall conclusion

The 2024/25 Internal Audit report concludes that **‘reasonable assurance’** can be placed on the adequacy of the Council’s systems of governance, risk management and internal controls. This reflects assurance activity and follow-up work performed across the Council in the year to 31 March 2025, concluding that moderate improvements are required across the Council’s system of governance, risk management, and control.

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

20% of audit actions were overdue at year end. Management should ensure prompt action is taken to mitigate the risks identified in audits. Delays in implementation results in the Council being exposed to known risks for longer than originally agreed and may result in further associated impacts and consequences.

Internal Audit activity and number of findings raised

The 2024/25 Internal Audit plan included a total of 51 engagements across the Council and other organisations, including one agile audit of ongoing Council projects. 44 of the 51 audits were complete as planned (86%) with 32 audits completed across the Council. Advisory work was also performed to review the design of new processes and systems. Follow-up work to review management’s progress in implementing audit actions was also completed throughout the year.

A total of 120 findings (17 high, 64 medium, 17 low and 6 advisory) were raised across the 32 audit reports completed for the Council, with 310 associated recommendations.

Key themes and root cause

Review of the recurring themes and root causes across audits highlights that a coordinated effort is needed to strengthen core governance and controls across the following:

- procedures and processes
- records and data management
- quality assurance
- roles and responsibilities
- risk management.

Key risks and alignment to risk appetite

Analysis of audit findings across the 32 audits completed highlights the top five Council risk categories most frequently identified were:

- Service Delivery (72%)
- Regulatory and Legislative Compliance (56%)
- Governance and Decision Making (53%)
- Strategic Delivery (50%)
- Financial and budget management (41%)

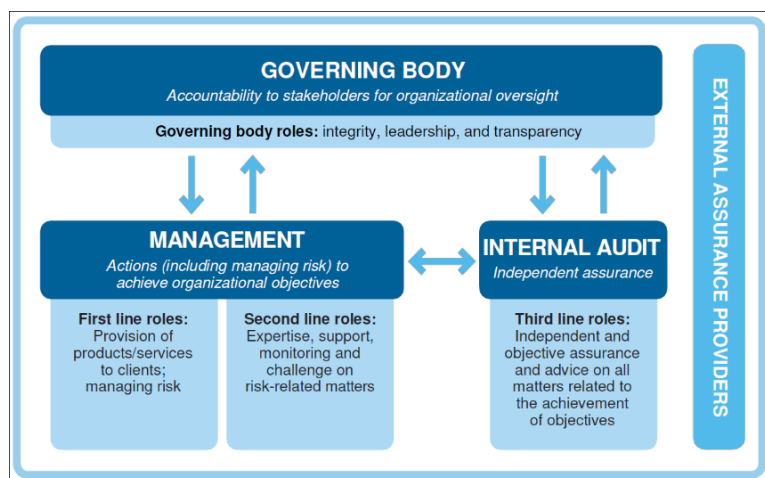
While the Council has an ‘open’ risk appetite for service delivery, the Q4 rating for this risk category was moderate. This assessment together with the number of findings raised for this category in audits indicates improvement is needed across the controls in this area.

The Council’s risk appetite for the remaining categories is ‘cautious’ or ‘averse’ with Q4 ratings of moderate or major. The alignment of audit findings indicates the Council is operating outwith its risk appetite in several key areas. Failure to address these issues in a timely manner may undermine the Council’s ability to remain within the agreed risk appetite and expose the Council to further associated risks and scrutiny.

3. Audit approach and responsibilities

The Three Lines Model

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



Internal Audit objectives, approach, and responsibilities

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

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

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

Management responsibilities

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

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

Governance, Risk and Best Value Committee

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

Other Assurance Providers

Internal Audit is not the only source of assurance provided to the Council. There are several additional assurance sources including: external audit, regulators, and inspectorates, that the Committee should equally consider when forming their view on the adequacy of the Council’s systems of governance, risk management and control. See [section 7](#) for further information on other assurance activity.

4. Summary of work completed

The [2024/25 Internal Audit Plan](#) was approved by the Governance, Risk and Best Value Committee in March 2024 and included a total of 51 audits: 38 engagements across the Council and 13 audits for other organisations including Lothian Pension Fund (LPF) and the Edinburgh Integration Joint Board (EIJB). This report focuses on the audit work completed for the Council, as separate annual reports and conclusions are presented to LPF and the EIJB.

Audit plan review and coverage

Progress with delivery of the Internal Audit (IA) plan was reviewed and monitored quarterly by the GRBV Committee to ensure it remained aligned to the Council's risk profile and consideration of new and emerging risks.

A total of 44 audits were completed during 2024/25 with 32 audits completed for the Council. The following 4 audits were approved by Committee for deferral to the 2025/26 IA plan: Customer Contact Journey, Design of the Medium-Term Financial Plan and Change Programme, Review of Investigations Team and Short Term Lets Licencing.

In addition, the audit of Devolved School Management was deferred to 2025/26 and the scope / title updated to Management of School Funds which reflects ongoing risks in this area. The Service Level Agreements audit was removed as a review of related controls will be included in audits as standard from 2025/26.

A total of 12 audits were completed for other organisations including: Lothian Pension Fund (5); the Edinburgh Integration Joint Board (5); Lothian Valuation Joint Board (1) and SEStran (1). The Royal Edinburgh Military Tattoo audit was removed as no work was required by the organisation.

Details of all 2024/25 audit engagements and overall outcomes are provided at [Appendix 1](#). The table below provides a summary of Council audit work completed, per directorate:

Directorate	Audits completed
Cross Directorate	10
Chief Executive's Office	4
Customer and Corporate Services	2
Place	9
Children, Education and Justice Services	4
Health and Social Care Partnership	3
Total	32

A total of 1,235 audit days for the Council were completed compared to the 1,035 days planned. In addition, Internal Audit completed a further 302 days (compared to 225 planned days) of audit work for other organisations including the Lothian Pension Fund and the Edinburgh Integration Joint Board. 120 days were delivered by co-source partners. Additional time was required by both the Council's team and the new co-source provider to support onboarding in their first year of delivery.

Follow-up of recommendations

Circa 933 hours (129 days) were also used by Internal Audit to review and validate information and evidence provided by management to support closure of management actions previously raised in internal audits. See [section 6](#) for further information on progress of actions.

5. Audit outcomes and key messages

Overall outcomes for the 32 audits completed during 2024/25 across the Council and overall conclusions by Directorate are set out below with outcomes for audit work completed in 2023/24 provided in brackets for comparison:

Directorate	Overall conclusion by rating per directorate			
	Substantial Assurance	Reasonable Assurance	Limited Assurance	Advisory
Cross Directorate	0 (0)	8 (4)	1 (3)	2 (2)
CE Office*	2	0	1	0
Customer and Corporate Services	1 (1)	1 (4)	0 (0)	0 (2)
Place	2 (1)	4 (4)	2 (6)	1 (0)
Children, Education and Justice Services	1 (0)	3 (0)	0 (1)	0 (1)
Health and Social Care Partnership	0 (0)	3 (1)	0 (1)	0 (0)
Total	6 (2)	19 (13)	4 (11)	3 (5)

*The Chief Executive's Office was established in December 2024

A direct comparison between outcomes across years is not always possible as the number/scope of the audits included in the annual plans and the risks associated with open and overdue actions will vary in line with the changing risk profile. However, the figures above show a significant improvement in control adequacy across all Council directorates with a rise in green and amber outcomes in 2024/25 and reduction in overall red outcomes when compared to 2023/24.

A total of 120 findings and 310 audit recommendations were made across the 32 audits completed in 2024/25 as shown below:

Directorate	Recommendations by priority rating				
	High	Medium	Low	Advisory	Total
Cross Directorate	4	33	0	3	40
CE Office	14	32	1	2	49
Customer and Corporate Services	7	28	9	1	45
Place	27	47	22	0	96
Children, Education and Justice Services	10	23	2	0	35
Health and Social Care Partnership	14	29	2	0	45
Total	76 (25%)	192 (62%)	36 (12%)	6 (2%)	310

For cross directorate audits, actions are raised for each directorate as well as actions for controls managed by second line corporate functions. The high number of actions for Place Directorate reflect a higher proportion of completed audits in line with the 2024/25 risk assessment.

All audit reports are presented to the Governance, Risk and Best Value Committee for review and where necessary referred to the relevant Executive Committee for further monitoring. Progress with audit actions reported quarterly via the performance dashboard reporting which includes overdue actions.

Reports for audits with open actions are available on the [Council's website](#).

Root cause and thematic areas for improvement

Audits completed during 2024/25 highlighted the following 13 thematic areas for improvement across the Council. It is important that management reviews these to treat the root cause and prevent issues reoccurring rather than only the fixing the instances identified:

- Procedures / Processes – 26 audits (81%)
- Records and Data Management – 22 audits (69%)
- Quality Assurance – 21 audits (66%)
- Roles and Responsibilities – 18 audits (56%)
- Risk Management – 16 audits (50%)
- Role Specific Learning and Training – 13 audits (41%)
- Other Bodies and Partners – 10 audits (31%)
- Policies – 9 audits (28%)
- Workforce / Capacity Planning – 8 audits (25%)
- Programme / Project Management – 5 audits (15%)
- Value for Money – 4 audits (13%)
- Business Continuity Resilience – 3 audits (9%)
- Organisational Culture / Ethics – 1 audit (3%)

Core learning modules

In January 2025, the Council implemented mandatory 'core learning modules' which all corporate colleagues must complete. A new module is released every 8 weeks for completion within 8 weeks. A similar core learning module for learning and teaching colleagues including schools is expected to be launched in August 2025. Completion of the modules on an ongoing basis will help mitigate risks and strengthen controls for some of the recurring key themes identified.

Areas where limited assurance was provided and improvements are required as a priority

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

- **Security of Publicly Accessed Council Premises** - highlighted significant gaps in policies, procedures and controls
- **Safety of Council Operated Heavy Goods Vehicles (HGVs)** – key safety processes and procedures were found to provide limited assurance on the maturity of the control environment and management of driving risks within the HGV fleet
- **Partnership Working (Edinburgh Partnership Board)** – the review highlighted that the control environment supporting the Edinburgh Partnership and community planning processes is not yet fully established.
- **Community Transport Project Management** – monitoring and oversight arrangements to ensure adequate financial management and governance of the Community Transport Project were lacking

Areas where reasonable assurance was provided

The following 10 audits included high priority issues that require timely resolution to reduce risks and improve governance:

- **Democracy and Governance: Committee Reporting** – improvements required to the reporting process including volume of reports, ensuring recommendations are clear, reducing manual processes and replacement of the current reporting system
- **Integrated Impact Assessments** – guidance and requirements were not routinely adhered to with a lack of documented evidence to support decision making and approval
- **Implementation of Whistleblowing and Assurance Actions** – central mechanisms to collate and monitor wider assurance actions and provide assurance they were being effectively managed

- **Social Care Direct (Adult Services)** – the Eligibility Policy had not been updated since 2015 and operation of the policy was inconsistent with limited documented procedures
- **Transfer of the Management of Development Funding** – highlighted issues with the recording authorisations of payments to Registered Social Landlords
- **Support for Carers** – inadequate performance reporting and limited validation of data provided and irregular, poorly documented contract management meetings
- **Education Support Provision** – no risk assessment or Integrated Impact Assessment had been completed to assess the impacts of the service provision decision
- **Refugee and Migration Services** – highlighted issues relating to policies, procedures and alignment to national strategy
- **Waiting Lists and Assessments** – highlighted persistent delays to waiting times with targets not met and inconsistent monitoring of caseloads
- **Flexible Workforce** – highlighted that robust controls had not been established within Education to monitor the length of supply worker contracts in line with supply worker guidelines and the recruitment and selection policy

No high priority rated findings were raised in the following audits:

- CGI Incident Response
- Quality Assurance - Social Work and Social Care Services
- Food Safety and Hygiene
- Getting It Right for Every Child
- Attendance Management

- Reinforced Autoclaved Aerated Concrete (RAAC)
- Non-Contracted Spend and Waivers
- Port Facility Security Plan
- Annual Validation

Areas where substantial assurance was provided

A sound system of governance, risk and control with internal controls operating effectively and consistently applied to support the achievement of objectives in the following areas was noted:

- Voter Photo ID
- Early Years Cross Boundary Places
- Flooding and Surface Water Management
- New Parking Rules
- CGI Service Stability
- Granton Waterfront Programme Management

Advisory work

Advisory work was also undertaken across the following areas to support adequate design of controls, operational processes and management of key risks:

- Value for Money
- City Region Deal – Managing Cost Inflation
- New Social Care System Implementation (Mosaic)

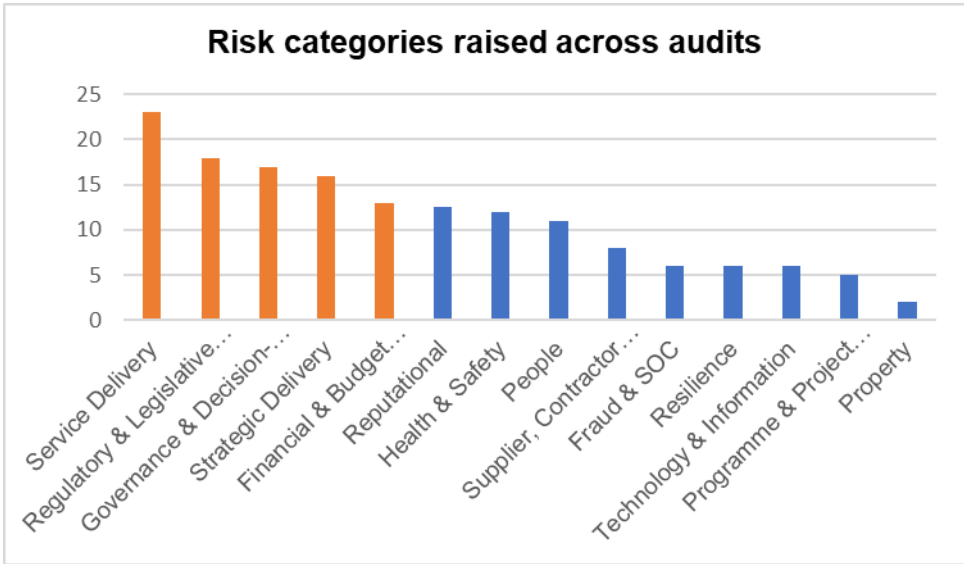
In addition, there was Internal Audit representation across a number of key governance forums and working groups to provide advice on emerging issues including the Strategic Programme Board, Strategic Complaints Group, Health and Safety Group, Essential Learning Board, Cyber and Information Security Steering Group (CISSG), Information Board and the Fraud and Serious Organised Crime Group.

6. Alignment to risk management and risk appetite

Issues raised in audits completed during 2024/25 were aligned to the Council’s 14 risk categories. The top 5 areas of risk and % of audits these were most frequently identified in were:

- Service Delivery – 23 **(72%)**
- Regulatory and Legislative Compliance - 18 **(56%)**
- Governance and Decision Making – 17 **(53%)**
- Strategic Delivery - 16 **(50%)**
- Financial and Budget management - 13 **(41%)**

The chart below sets out the risk categories based on the total number of audits with the most frequently raised categories highlighted.



The 2024/25 Quarter 4 Corporate Leadership Team risk report presented to Committee in [June 2025](#) set out the Council’s risk profile, the most significant risks facing the Council and key actions being taken in response to those risks. The Q4 risk rating and risk appetite for the risk impacts identified across the top 5 areas of risk identified in audit reports is set out below.

Risk Categories	Q4 rating	Risk Appetite
Service Delivery		Open
Regulatory and Legislative Compliance		Averse
Governance and Decision Making		Averse
Strategic Delivery		Cautious
Financial and Budget Management		Cautious

The outcome of audit work aligned to the Q4 ratings indicates that the Council is operating beyond its stated risk appetite in several key areas. This may pose a risk to achievement of strategic objectives and priorities particularly where the Council continues to face organisational change, ongoing financial constraints and increasing complexity of service demands.

To support achievement of objectives and delivery of key priorities, the Council should take action to strengthen control frameworks in high risk areas, ensure effective oversight of risk mitigation and assurance, and promote a risk-aware culture to supporting embedding of effective making across all levels of the Council.

7. Progress with implementation of audit actions

As set out on [section 5](#) of this report, a total of 310 new audit actions were raised across the audit reports completed during the year.

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

A total of 302 audit actions raised across 45 previous audits were closed during 2024/25. 332 actions were due for closure during the year with 189 (57%) closed on time.

Completion of the 302 audit actions resulted in the closure of 26 audits. As of 20 July 2025, 117 of 392 actions raised in 2024/25 audits were closed, resulting in a 30% reduction in the risks associated with findings raised in audits during the year. This includes 23% of high rated actions. As at 21 July 2025, all actions for 5 audits completed in 2024/25 were closed. This demonstrates a continued focus from management to address control weaknesses and mitigate risk.

Progress with completion of audit actions for 2024/25 audits is provided in [Appendix 1](#) and a list of the 26 audits closed during 2024/25 in [Appendix 4](#).

Overdue Management Actions

Performance and progress of implementation of management actions are reported monthly to the Executive Directors for monitoring and quarterly to the Governance, Risk and Best Value Committee for scrutiny. Overdue audit actions were also referred to the relevant Executive Committee for scrutiny in line with their respective remits. As at 31 March 2025, 81 management actions (27 high, 40 medium and 14 low rated) were past their original implementation date (20% of all open

audit actions). This in an increase of 7% when comparing to the 2023/24 year-end position (13%).

The following table illustrates the allocation and performance trend for overdue management actions across all directorates as at 31 March 2025 compared with last year:

Directorate	Overdue actions 31/3/24	Overdue actions 31/3/25	Performance Trend
Chief Executive’s Office	n/a	9	n/a
Customer and Corporate Services	4	1	↑
Place	14	44	↓
Children, Education and Justice Services	2	7	↓
Health and Social Care Partnership	7	20	↓
Total % of open actions	27 (13%)	81 (20%)	↓

Failure to complete audit actions on time means that the Council remains exposed to associated risks for longer than initially agreed.

The Council should also be alert to the potential consequences that inadequate controls in a specific area may have on other areas across the Council, the longer they remain outstanding. Directorates and services should ensure that risks associated with overdue actions including risk dependencies are adequately captured in relevant risk registers.

Annual validation review of previously implemented actions

An [annual validation review](#) which assessed ongoing adequacy and effectiveness of a sample of previously implemented actions was performed during 2024/25. The audit reviewed a total of 19 actions which had been implemented by management between 1 January 2023 and 31 December 2023.

Of the 19 actions reviewed, 16 (84%) were functioning as originally validated.

For the following 3 actions (16%) the circumstances had changed since originally implemented and/or validated by Internal Audit – therefore new audit actions were created to track managements mitigation of associated risks:

- **Sensory Loss Support** – direct feedback from service users should be sought to understand the experience of service providers within Sensory Loss Support Services and drive decision making
- **Planning Householder Applications and use of IDOX system** – following a move from an internally hosted to externally hosted server, user access forms should be reimplemented to improve access controls of the system
- **Tree Management** – management confirmed that a full review of KPIs is required and that KPIs will be designed which can be measured on current systems without significant manual intervention.

Actions closed due to management's acceptance of risk

A total of 3 actions were closed across 3 audits at follow-up stage due to management's acceptance of the risks. All risk acceptances are reported to the CLT for monitoring and to the GRBV Committee for scrutiny. Details of the audits where actions were risk accepted are provided in [Appendix 5](#).

Rebased audit actions

In [March 2023](#), revised future dates for overdue historical actions across the following audits reported to the GRBV Committee. Details of progress with the rebased actions are provided below:

- **Health and Social Care Partnership - Lone Working** (July 2020) 17 of 18 actions complete. 1 medium action outstanding to update Lone Working operational procedures and monitoring controls was delayed and is now expected to complete by 31 August 2025.
- **Corporate Resilience** (September 2018) 5 high priority actions outstanding relating to reviewing and testing of resilience protocols across directorates was delayed and is now expected to complete by 30 September 2025.

Following this the refresh of the Council's overall Business Continuity Plan and Emergency Plan is due to be completed by May 2026.

Cyber Resilience

2024/25 saw an increase in the escalation of cyber threats with high profile incidents including a NHS board major data breach, ransomware attacks on retail providers and cyber-attacks impacting service provision and exposing data at several Councils. The Council must remain alert to increasing cyber threats and ensure timely completion of outstanding resilience and cyber related audit actions, as well as those which will strengthen records and data management processes. This should include regular scenario planning, due diligence on the cyber security of key partners, suppliers and third parties, effective communications and regular service level reviews of the effectiveness of controls including testing exercises.

8. Other Assurance providers

Progress with Care Inspectorate improvement actions

The Care Inspectorate's adult social care inspection report was published in [March 2023](#), with a follow up report in [November 2024](#). The last children's social care inspection was in [June 2019](#). The Council presented quarterly updates on the Children's Services [improvement plan](#) and Edinburgh residential services [improvement plan](#) to the Council's Education, Children and Families Committee. The Health and Social Care Partnership provided six monthly reports on the Adult support and protection, social work and social care service [improvement plan](#) to the Council's Policy and Sustainability Committee, and the EIJB Performance and Delivery Committee.

Internal Audit assurance – social work and social care

The 2024/25 IA plan included a review of quality assurance on improvement outcomes linked to the Care Inspectorate Inspections and the overall improvement approach for social work and social care services. IA also reviewed key controls for Social Care Direct for adult services, waiting lists and assessments, refugee and migration services and support provided to carers.

The 2025/26 IA Plan includes work on health and social care grip and control, self-directed support, resident funds in care homes, foster and kinship care allowances and throughcare. Agile audit work on Mosaic, the new social care operating system will also continue.

Independent Review - Handling of misconduct allegations

The [Dunion report](#) June 2025, concluded that whilst most complaints, particularly those in 2023, were found to have been handled appropriately, there were weaknesses in complaint escalation, whistleblowing and record keeping with regard to concerns made about elected members and recommendations were made to strengthen safeguarding and accountability. Actions will be reported to Committee in August 2025.

Governance and Assurance Model – Assurance Mapping

The Council's [Governance and Assurance Framework](#) has been delayed due to resource constraints in the Governance team. This has delayed development of an Assurance Map across the Council which means that IA has been able to place limited reliance on other assurance activity across the Council in 2024/25.

Information Governance

In February 2025, the Information Commissioner's Office (ICO) issued a reprimand to the Council due its failure to respond to Subject Access Requests within the statutory timeframe. The Council agreed to a consensual audit covering a broad scope of its data protection practices. The [ICO audit report](#) provided reasonable assurance for governance and accountability and high assurance for both requests for personal data and training and awareness, with recommendations for improvement across the 3 areas. During 2025/26, IA will conduct standard checks of information governance related controls for most audits.

Education Scotland and quality improvement actions

Quality Improvement and Scrutiny updates are provided to the Education, Children and Families Committee, which detail Education Scotland scrutiny and quality improvement activity across the Council's education services. The [March 2025](#) update provided detail on recent Education Scotland inspections across nursery, primary and secondary schools. Improvement actions will be tracked and monitored by the Council's Education Quality Improvement Service with follow-up visits planned.

Health and Safety

The [Corporate Health and Safety Team](#) undertook audits as part of a rolling programme with outcomes reported quarterly to the Council's Health and Safety Group.

9. Internal Audit Function

Internal Audit Structure

Internal Audit for the Council is delivered largely through an in-house team, consisting of 14 full-time equivalents. This includes a trainee as part of the Council’s trainee rotation scheme. A co-source arrangement is in place to support delivery of specialist areas and following procurement in September 2024, new co-source partners were onboarded in November 2024 to deliver audits across pensions and ICT.

During 2024/25, capacity in the IA team was reduced significantly (63 days lost) due to long term sickness absence of two team members resulting in the need to defer 5 audits to the 2025/26 IA plan.

During 2024/25, 39 of 44 audits were delivered by the Council’s in-house Internal Audit team. Five audits were delivered by a co-source audit partner. Co-source audits covered technology areas: CGI Service Stability and Incident Response. The NHS Lothian Internal Audit Team also supported completion of one EIJB audit in line with the audit principles. The Council’s Chief Audit Executive maintained oversight of the quality all audit work completed including co-source engagements.

Learning and development

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

The general approach to learning and development across the full audit team has been reviewed to ensure completion of at least 20 hours learning per team member, in line with audit standards. Targeted learning was provided to enhance the skills and knowledge of the team, including increased use of data analytics, an internal focus on technology auditing, governance, financial risk and modelling.

Circa 1609 (223 days) were used for learning and development. New team members including a trainee completed 765 hours. The remainder of the team completed an average of 77 hours of learning / continued professional development. In addition, circa 154 hours were spent supporting and delivering training to new team members and trainees.

During 2024/25 the Head of Internal Audit also gained the Chartered Member of the Institute of Internal Auditors (CMIIA) designation.

Global Internal Audit Standards (GIAS) Preparation

The [Global Internal Audit Standards](#) came into effect in January 2025. Preparation for took place throughout the year with internal training, a refresh of internal audit processes and methodologies. Training was also delivered to stakeholders including GRBV members with 283 hours were spent facilitating and attending training sessions to support introduction of the new standards for audit team members, other colleagues and elected members.

Key Performance Indicators

An audit journey map and key performance indicators are in place to support timely completion of the audit programme. IA performance against KPIs for the 2024/25 audit plan is set out below:

Close out < 5 days	84%	Release of findings <10 days	85%
Draft report <10 days	63%	Audits completed within agreed number of days	68%
Final report <10 days	100%		
Audit Surveys – overall satisfaction with audit process			98%

10. Conformance with Global Internal Audit Standards (UK Public Sector)

Global Internal Audit Standards (UK Public Sector)

The [Global Internal Audit Standards](#) (GIAS) came into effect in January 2025, with the UK Public Sector requirements effective from April 2025. During 2024/25, Internal Audit reviewed and revised its methodology to ensure that requirements are fully met.

A comprehensive training programme for stakeholders including the audit team, senior management, committee members and other organisations was delivered to raise awareness of the requirements of the standards and respective roles and responsibilities.

In line with standard 5.2 of the GIAS, work to develop the 2025-28 IA Strategy which sets out the vision, objectives and key priorities for the Council's IA function in line with the GIAS was undertaken. This included consideration of the IA Workforce Plan and Digital Strategy. The key priorities for 2025 – 28 are:

- enhancing the strategic impact and visibility of Internal Audit
- building a resilient, skilled and well-resourced audit team
- modernising audit through technology, data and innovation
- ensuring quality, compliance with standards and driving continuous improvement

Independence and limitations of scope

In line with GIAS (UK Public Sector) Internal Audit must be independent, and all internal auditors must be objective in performing their work. To ensure conformance with these requirements, Internal Audit has established processes to ensure that both team and individual independence is consistently

maintained and that any potential conflicts of interest are effectively managed. Internal Audit did not face any impairments to independence during 2024/25, any scope or resource limitations imposed by services when completing audit work.

Quality Assurance and Improvement Programme

Ongoing reviews to ensure quality on an audit-by-audit basis are in place. This includes Head of Internal Audit review and sign-off of terms of reference and reporting for all audit work, and ongoing supervision and review of fieldwork throughout by an engagement manager.

Periodic assessments are conducted through self-assessments and Internal Quality Assessments (IQA) on an annual basis. In line with standard 12.1 of the GIAS, during 2024/25, two senior auditors led an IQA which focused on readiness for the new GIAS with feedback provided on a thematic 'what success looks like' basis to raise quality standards generally across the team as well as specific feedback on sampled audits to support individual development to ensure the audit team maintains conformance with the GIAS.

External Quality Assessments (EQA) should be completed every five years. An EQA was performed in 2021/22 for the Council's Internal Audit function by the Chartered Institute of Internal Auditors (IIA) and the results reported to Committee in December 2022. There are no outstanding actions from the 2021/22 EQA. The next EQA for the Council's Internal Audit function is due to be performed in 2026/27. This assessment will consider conformance with the new GIAS (UK Public Sector).

In line with the standard 8.4 of the GIAS, a proposal for the EQA including the timing, selection of assessor and the scope of the assessment will be presented to the GRBV Committee.

Appendix 1 – Outcomes and status of 2024/25 audits as at 21 July 2025

Audit title, high level scope and date audit completed		Outcome	% Actions completed	
Cross Directorate				
1.	Non-Contracted Spend and Waivers – review of arrangements for managing and limiting non-contracted spend (the procurement of goods and services out with the approved suppliers list or contract frameworks) and waivers (where requirement to comply with Contract Standing Orders has been waived).	Reasonable Assurance	76%	4 of 17 actions outstanding
2.	Security of Publicly Accessed Council Premises – review of processes in place for managing building security for publicly accessed Council premises.	Limited Assurance	6%	16 of 17 actions outstanding
3.	Attendance Management – review of cross directorate adherence to the Council's Sickness Absence Policy and supporting guidance including managing thresholds, return to work conversations, formal review meetings, referrals, and provision of support.	Reasonable Assurance	47%	18 of 34 actions outstanding
4.	Flexible Workforce – considered the Council's strategic approach to utilising a flexible workforce, as well as monitoring, reporting and governance of use of overtime, agency staff and temporary/casual contracts.	Reasonable Assurance	31%	11 of 16 actions outstanding
5.	CEC Annual Validation Audit – review of a sample of previously implemented and closed audit actions to confirm that they have been effectively sustained.	Reasonable Assurance	33%	2 of 3 actions outstanding
6.	Value for Money – initial design review of the Council's approach to delivering value for money and meeting the principles of economy, efficiency, effectiveness. Further work will be undertaken in 2025/26 as the programme progresses.	Advisory	N/A	N/A – advisory report. No actions raised.
7.	Implementation of Whistleblowing and Assurance Actions – in line with the Tanner Review, review of progress with implementation of a sample of whistleblowing recommendations and other assurance actions and effectiveness of directorate oversight arrangements.	Reasonable Assurance	9%	41 of 44 actions outstanding
8.	Integrated Impact Assessments – review of adherence to the Council's Integrated Impact Assessment guidance and toolkit to ensure legal obligations in relation to equality, socioeconomic disadvantage, climate change, sustainability, the environment and human rights are adequately considered when making decisions, developing proposals, and delivering services.	Reasonable Assurance	5%	20 of 21 actions outstanding
9.	Quality Assurance: Social Work and Social Care Services - review of the adequacy of controls established to ensure the Council has effective arrangements in place for improving the quality of planning and delivery of social work and social care services including monitoring processes, practice evaluations, case file reviews and progress towards improving practice outcomes identified by the Care Inspectorate	Reasonable Assurance	0%	4 of 4 actions outstanding

Audit title, high level scope and date audit completed		Outcome	% Actions completed	
Chief Executive's Office				
10.	Voter Photo ID – review of arrangements established including awareness raising and processing acceptable forms of ID, Voter Authority Certificates, Anonymous Elector's Documents and working with partner agencies to support voters as required.	Substantial Assurance	100%	All actions complete
11.	Democracy and Governance: Committee Reporting – review of administrative arrangements established to support effective committee reporting and review of a sample of meetings/papers/action logs to ensure adequate and timely information is provided as required and requested to aid informed decision making.	Reasonable Assurance	0%	45 of 45 actions outstanding
12.	Partnership Working – review of the adequacy of design of the key controls established to ensure that the Council realises proposed partnership working benefits, efficiencies and improved outcomes as set out in the 2023-27 Business Plan.	Limited Assurance	6%	15 of 16 actions outstanding
Customer and Corporate Services				
13.	CGI Incident Response – assessment of the adequacy of design and operating effectiveness of the CGI Incident Response processes for the Council including lifecycle, governance and oversight and evidence of adequate testing/exercising of the plan.	Reasonable Assurance	20%	1 of 5 actions outstanding
14.	CGI Service Stability - assessment the adequacy of design and operating effectiveness of the CGI processes and controls in place to limit service disruptions and achieve service stability.	Substantial Assurance	0%	3 of 3 actions outstanding
Children, Education and Justice Services				
15.	Educational Support Provision – review of the removal of Educational Support Base (ESB) provision in schools and the decision to provide no places for the next school year from a risk, planning and budgetary perspective.	Reasonable Assurance	100%	All actions complete
16.	Early Years Cross Boundary Places – review of proposals for early years funding and cross boundary places to ensure that the arrangements meet the Statutory Guidance and that the Council is ensuring that all funding due is being received or is otherwise offsetting the costs to the children's home authorities.	Substantial Assurance	80%	1 of 5 actions outstanding
17.	Refugee and Migration Services – review of approach to supporting refugees and adults with no recourse to public funds and alignment with the Scottish Government New Scot Refugee Integration Strategy as well as supporting unaccompanied asylum-seeking children.	Reasonable Assurance	0%	16 of 16 actions outstanding
18.	Getting Right for Every Child – review of the adequacy of d key controls established to ensure the Council has embedded GIRFEC processes in practice, taking into account GIRFEC pathways and practitioner guidance.	Reasonable Assurance	0%	10 of 10 actions outstanding

Audit title, high level scope and date audit completed		Outcome	% Actions completed	
Place Directorate				
19.	Transfer of the Management Development Funding – bi-annual review of the key controls supporting TMDF from the Council to registered social landlords in line with Scottish Government requirements.	Reasonable Assurance	100%	All actions complete
20.	City Deal Cost Inflation – review of approach to managing cost inflation via an advisory workshop-based advisory review to consider a review of risks associated with cost inflation and scrutiny of project costs set out in business cases.	Advisory	78%	2 of 9 actions outstanding
21.	Safety of Council Operated Heavy Vehicles – review of Council operated heavy vehicles and whether Council drivers meet all the qualifications for driving such vehicles linked to previous internal audit work on Council Drivers.	Limited Assurance	73%	7 of 26 actions outstanding
22.	Port Facility Security Plan – annual review of the Port Facility Security Plan as per Department for Transport requirements.	Reasonable Assurance	100%	All actions complete
23.	Reinforced Autoclaved Aerated Concrete (RAAC) – review of the Council’s response to managing RAAC including monitoring, reporting and governance of the programme of building assessments and progress with remedial actions.	Reasonable Assurance	60%	2 of 5 actions outstanding
24.	Food Hygiene and Safety – review of Council arrangements to discharge the statutory duties set out in the Food Law Code aligned to the Food Standards Scotland local authority performance and auditing programme.	Reasonable Assurance	0%	7 of 7 actions outstanding
25.	Flooding and Surface Water Management – review of the Council’s strategic approach to managing flooding and surface water management and preparedness for a major incident involving flooding.	Substantial Assurance	80%	1 of 5 actions outstanding
26.	New Parking Rules – review of the Council’s arrangements for managing prohibited parking including parking on pavements, double parking, parking at crossing points and parking on verges.	Reasonable Assurance	63%	3 of 8 actions outstanding
Health and Social Care Partnership				
27.	Social Care Direct (Adult Services) – review of Social Care Direct Team with a specific focus on processes for screening referrals received, initial triage for adult concern and the response service for people to meet immediate needs.	Reasonable Assurance	29%	12 of 17 actions outstanding
28.	Waiting Lists and Assessments – review of the design and effectiveness of the key controls established to ensure that the Partnership effectively prioritises adult social care assessments and manages waiting lists effectively and in line with applicable legislation and guidance.	Reasonable Assurance	9%	10 of 11 actions outstanding

Audit title, high level scope and date audit completed			Outcome	% Actions completed	
29.	Support for Carers - assessment of the adequacy of design and operating effectiveness of the key controls established to ensure the HSCP has established effective processes to provide information, advice and support for unpaid adult carers and achievement of priorities 1 to 4, and 6 of The Edinburgh Joint Carer Strategy 2023-2026.		Reasonable Assurance	0%	20 of 20 actions outstanding
Major Projects					
30.	Financial Management/Governance of Major Projects – review of the monitoring and oversight arrangements to ensure adequate governance and financial management of two major projects.	Granton Waterfront Programme	Substantial Assurance	0%	5 of 5 actions outstanding
31.		Community Transport Project	Limited Assurance	7%	1 of 15 actions outstanding
32.	New Social Care Operating System: Mosaic - review of adequacy of design and operating effectiveness of the key controls established to support successful delivery and implementation of the Mosaic Social Care Operating System.		Advisory	N/A	Agile audit

Rating	Substantial Assurance	Reasonable Assurance	Limited Assurance	Advisory	Total
No. of audit reports issued	6	19	4	3	32
No. of audits closed	1	3	0	1	5
No. of audits with actions outstanding	5	16	4	2	27

Appendix 2 – Overall assurance and priority rating definitions

In March 2024, as part of the annual review of the [Internal Audit Charter](#), the Committee approved adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) [standard definitions](#) for audit conclusions. Details of the standard definitions are provided below:

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

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

Appendix 3 – Risk Categories and Risk Appetite Information

Risk	Risk Appetite	Risk Description	Impact Statement
Strategic Delivery	Cautious	Inability to design and / or implement a strategic plan for the council. Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. Political, economic, social, technological, environment and legislative change).	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions.
Financial and Budget Management	Cautious	Inability to perform financial planning, deliver an annual balanced budget, manage cash flows, and confirm ongoing adequacy of reserves. Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.	Council is unable to continue to deliver services and implement change in line with strategic objectives, inability to meet financial directions including strategic partnerships, adverse external audit opinion, adverse reputational consequences.
Programme and Project Delivery	Open	Inability to deliver major projects and programmes effectively, on time and within budget. Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.	Inability to deliver Council strategy, achieve service delivery improvements and deliver savings targets.
Health and Safety (including public safety)	Averse	Risks arising from employees and / or citizens (including those in the council's care) suffer unnecessary injury and / or harm caused by a lack of health and safety awareness/effective systems.	Legal, financial and reputational consequences.
Resilience	Cautious	Risks arising from ineffective/insufficient contingency planning resulting in an inability to respond to a sudden high impact event or major incident(s).	Disruption across the city to service delivery including essential services, and serious injury or harm to employees and / or citizens.
Supplier, Contractor, and Partnership Management	Cautious	Risks arising from ineffective supplier and contractor management resulting in an inability to effectively manage the council's supplier and partnership relationships.	Inability to deliver services and major projects within budget and achieve best value.

Technology and Information	Cautious	<p>Potential failure of cyber defences, network security, application security, and physical security and operational arrangements.</p> <p>Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.</p>	<p>Inability to use systems to deliver services, loss of data and information, regulatory and legislative breaches, and reputational consequences.</p> <p>Impact to services through systems not being fit for purpose.</p>
Governance and Decision Making	Averse	<p>Inability of management and elected members to effectively manage and scrutinise performance and take appropriate strategic and operational decisions.</p> <p>Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.</p>	<p>Poor performance is not identified, and decisions are not aligned with strategic direction.</p>
Service Delivery	Open	<p>Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements.</p> <p>Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.</p>	<p>Censure from national government and regulatory bodies; and adverse reputational impacts</p>
People	Cautious	<p>Insufficient resources to support delivery of quality services that meet citizen needs effectively and in line with statutory requirements.</p> <p>Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/hr policies resulting in negative impact on performance.</p>	<p>Ongoing employee health and wellbeing, increased trade union concerns, censure from national government and regulatory bodies, and adverse reputational impacts.</p> <p>Impact of negative colleague behaviours culturally, reputationally, legal and financial.</p>
Regulatory and Legislative Compliance	Averse	<p>Delivery of council services and decisions are not aligned with applicable legal and regulatory requirements.</p> <p>Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring, that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).</p>	<p>Regulatory censure and penalties, legal claims, and financial consequences.</p>
Reputational Risk	Cautious	<p>Adverse publicity because of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties.</p>	<p>Adverse impact to the council's reputation in the public domain.</p>

		Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.	
Fraud and Serious Organised Crime	Cautious	Risks arising from a lack of support and awareness of what fraud and serious crime are resulting in isolated or systemic instances of internal and / or external fraud and / or serious organised crime.	Financial consequences, loss of systems, loss of data inability to deliver services, regulatory censure and penalties, and adverse reputational impacts.
Property	Cautious	Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.	Financial, reputational, legal, business continuity/resilience impact to council colleagues and citizens of unsafe/unavailable buildings. Impact to essential services if there are loss of premises impacts to for example schools/care homes.

Appendix 4 – Audits closed during 2024/25

During 2024/25, all outstanding audit actions for the following 26 audits were completed and the audit closed.

No.	Directorate	Audit Title	Year of audit
1.	Cross Directorate	Council Budget Process Lessons Learned	2023
2.		Procurement – Contract Standing Orders	2023
3.		Recruitment and Selection	2023
4.		Health and Safety – Asbestos Recommendations	2020
5.		Complaints Management	2021
6.		Implementation of Whistleblowing Investigation & Child Protection recommendations	2021
7.		Management of the Housing Revenue Account	2022
8.		Annual Validation Review 2022/23	2022
9.	CE Office	Voter Photo ID	2024
10.	Corporate Services	CGI Risk Management	2022
11.		CGI - IT Currency Management, Obsolescence and Innovation Review	2023
12.		Empowered Learning Programme	2022
13.		Ongoing Education ICT Support	2022
14.		Enterprise Resource Planning (ERP)	2023
15.		Key Financial Systems – Debtors	2023
16.	Place	Housing Stock Condition - Tenant Safety Damp and Mould	2023
17.		Port Facility Security Plan	2023
18.		Transfer of the Management of Development Funds	2024
19.		Trams to Newhaven	2023
20.		Scaffolding for Housing Property Repairs	2023
21.		Port Facility Security Plan	2024
22.	HSCP	Transitions for young adults with a disability from children's services to Adult Social Care	2022
23.		HSCP Financial Sustainability	2023
24.		HSCP Budget Monitoring and Reporting	2023
25.	CEJS	Self-Directed Support - Children's Services	2022
26.		Education Support Provision	2024

Appendix 5 – Risk acceptances

Risks accepted at follow-up stage

Management periodically review actions to consider whether they remain appropriate and if there has been any movement on risks originally identified at the time of the audit. In line with agreed audit processes, management can request that a risk is closed based on management's risk acceptance aligned to risk appetite. The risk acceptance must be approved by the appropriate Corporate Director/Chief Officer.

During 2024/25, a total of 3 actions were partially risk accepted by management at follow-up stage with full details provided to the GRBV Committee as part of the quarterly review of open and overdue actions. A summary of the actions are set out below:

Audit code and title	Recommendation title and rationale for risk acceptance	Residual risk rating at closure & date closed
HSC2301 HSCP Financial Sustainability	1.1: Use of the Joint Strategic Needs Assessment (JSNA) – Management advised that the JSNA is more suited to be used in the EIJB Strategic Plan, which should look at what services will be required in the future to meet the changing need and commissioning plans can then be developed on top of this, which can then be fed into the MTFP. The MTFP is not the place to do this directly. The purpose of the MTFP is to give us an indication of where costs are going, in order to develop things like savings programmes etc.	Medium August 2024
CD2307 Recruitment and Selection	2.2: Service Job Approvers and Coding Checks - HR have communicated to all Directorates that they must review their current list of recruitment approvers and advise HR of any updates. For the second point referencing the position and post code related to the old HR and Payroll system (iTrent). The new HR and Payroll system was introduced in October 2024, and a new recruitment module is due to be launched in March 2025, the roll out of the new recruitment module will include new guidance and training for all recruiting managers. HR accept any risk in relation to this.	Low November 2024
PL2307 Void Management	5.1: Performance Reporting Categories - management have made the decision to not change the sub-heading reporting category, on the basis that it's not considered prudent or efficient to make an additional short-term change to this descriptor as it will take time for officers to adjust. Management accept the risk until NEC is implemented.	Medium October 2024