

Internal Audit Report

Health and Social Care - Grip and Control

12 January 2026

HSC2501

Overall Assessment	Reasonable Assurance
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2025/26 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2025. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Engagement conclusion and summary of findings

The audit provides reasonable assurance over grip and control arrangements within the HSCP. While governance structures and savings oversight are strong, gaps in framework clarity, operational guidance, and contract management create risks to financial sustainability and service delivery. The following improvement actions aim to strengthen controls:

Grip and Control Principles

- establish clear principles to embed consistent understanding and measurable assurance of grip and control across the HSCP
- develop operational action plans for all savings proposals.

Guidance and Procedures

- document and publish escalation steps for returned invoices
- update outdated policies and procedures to reflect current practice
- introduce formal handover processes with shared document access
- establish a structured debt recovery process with defined responsibilities for all key teams involved including the Corporate Debt Recovery Team, Care Home Managers, and Business Support.

Overall Assessment

Reasonable Assurance

Contract Management

- ensure the contract register is accurate through annual Commissioning, Contracts and Procurement Board (CCPB) review
- complete the CELS procurement strategy and options appraisal process.

Areas of effective practice

- the Savings Governance Board (SGB) has overseen delivery of a total in-year saving of £42.65 million for 2024/25
- targeted interventions were delivered, reducing outstanding invoice payment queries from 1,000 (£3 million) in February 2025 to 195 in June 2025
- a 'financial huddle' process is in place to ensure structured review and approval of budget requests supported by a standard operating procedure for approvals and authorisations
- the CCPB and the SGB demonstrate good governance with clear agendas and minutes for all meetings and effective action tracking
- flash reporting to the SGB includes progress, risks, milestones and mitigating actions.

Audit Assessment

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

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Procedures and Training			Finding 1 - Grip and Control Principles	Medium Priority
Grip and Control Implementation			Finding 2 - Guidance and Procedures	Medium Priority
Monitoring and Oversight			Finding 3 - Contract Management	Medium Priority

Background and scope

The Edinburgh Health and Social Care Partnership ([EHSCP](#)) was established in April 2016 under the [Public Bodies Joint Working Act 2014](#). The activities of the EHSCP are commissioned, directed and governed by the Edinburgh Integration Joint Board ([EIJB](#)). The EHSCP comprises NHS Lothian and the City of Edinburgh Council (the Council), who work together to deliver adult health and social care services across the city.

The [Edinburgh IJB Strategic Plan \(2025-28\)](#) was [approved](#) in June 2025 which aims to provide a clear and realistic indication of what can be achieved in each area of the EIJB's responsibility over the next three years. The plan outlines many complex challenges facing Edinburgh's health and social care system and how the IJB plans to use the resources available to address them.

Grip and control is a key component to achieving financial balance and refers to governance processes and grip and control measures across key areas of spend to ensure effective management of cost pressures and containment of costs. Effective grip and control relies on clear roles and responsibilities, consistent approval and oversight processes, complete and accurate data, and robust monitoring processes.

The [Medium-Term Financial Strategy](#) (MTFS) was [approved](#) in March 2025 and aims to take a longer term and more strategic approach to financial planning, outlining the expected financial shortfall over the next three years. The MTFS was prepared largely on an incremental basis; meaning that changes to baseline income and costs have been estimated and a savings programme proposed to bridge the resulting financial gap.

The Savings Programme forms part of the overarching MTFS and is categorised each year according to the specific savings proposals that are included. In 2024/25, this included a combination of operational projects which improved grip and control, transformational projects to deliver strategic objectives, projects focussing on contracts and commissioning arrangements, and projects centring around reviews of current support packages. The Savings Governance Board (SGB) is responsible for monitoring delivery of savings as a whole across the HSCP.

The 2025/26 [Savings Programme](#) was presented to EIJB in March 2025 and outlined the significant financial challenges faced by the EIJB. The programme details 19 individual savings proposals totalling £29m (of a projected savings requirement of £31m) and combines operational projects to strengthen grip and control, transformational projects to advance the EIJB's strategic objectives, contract and commissioning reviews, and projects focused on current support package reviews. There are 7 savings proposals totalling £12.35m across the 'grip and control/efficiency' strategic theme. This review considered progress with the delivery of savings for the following 4 proposals led by the HSCP: Individual Service Fund (ISF) reclaim (£0.80m), Gross funding debt recovery (£1.55m), Negotiations of commissioned care home rates (£0.40m) and Community equipment (£0.30m).

On [12 June 2025](#), the Governance, Risk and Best Value (GRBV) Committee considered a paper on payments to social care providers. This followed the annual audit report by External Audit in September 2024, which highlighted

- errors in the rates being paid to third party providers
- inaccurate cost data on the SWIFT system
- weaknesses in the control environment where invoices from suppliers were approved for payment.

In the June 2025 report, officers provided details of improvements made to address the issues raised by External Audit and to increase grip and control of payments to social care providers, including in-house tools to monitor spend and a refreshed policy on payments and invoice matching.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the EHSCP's approach to strengthening financial grip and control in response to financial and service delivery challenges. It also considered the overall scope of the savings programme, and monitoring and authorisation processes for key expenditure and workstreams.

Alignment to Risk and Business Plan Outcomes

The review also considered assurance in relation to the following Corporate Leadership Team (CLT) risk categories:

- Governance and Decision Making
- Legislative and Regulatory
- Service Delivery
- Suppliers / Partnership Management
- Health and Safety
- People
- Financial and Budget Management

Business Plan Outcomes:

We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost.

Limitations of Scope

The following areas were excluded from scope:

- direct interviews with EIJB members will be conducted as part of the 25/26 EIJB Strategic Commissioning audit and will not be included within the scope of this audit.

Reporting Date

Testing was undertaken between 16 June 2025 and 20 October 2025.

Audit work concluded on 3 December 2025, and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Action Plan

Finding 1 – Grip and Control Principles

The term 'grip and control' is commonly used within the health sector and has been recently adopted in the HSCP as a result of financial challenges with the term 'grip and control' used in reports and programmes. The HSCP has implemented a number of operational 'grip and control' mechanisms to control expenditure and budgets, including scrutiny and approvals of new and changed packages of care; scrutiny of recruitment through the vacancy panel; and scrutiny of budgets and areas of overspend through management meetings. These decisions, particularly around package of support and residential placements are made every day and represent a significant volume of activity.

There is no established definition of what the term grip and control means for the HSCP, with knowledge based on role and business area rather than shared principles to ensure it is collectively understood and consistently applied across services. It is acknowledged that operational 'grip and control' activities will differ across services, however without shared 'grip and control' principles there is a risk that what the term 'grip and control' means is interpreted in conflicting ways. There is also a risk that the term 'grip and control' is a buzz phrase which provides false rather than measurable assurance.

At the time of audit fieldwork, the Savings Programme included 'grip and control/efficiency' strategic theme proposals which aimed to deliver £12.35m of savings, with a number being delivered in partnership with NHS Lothian.

Finding Rating	Medium Priority
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This interdependency relies on coordinated action and further highlights the importance for a consistent grip and control principles to ensure there is clear alignment, shared understanding and accountability across all partners.

The audit included a review of 4 of the 19 grip and control savings proposals. It was noted that for 2 of the 4 proposals, while they included high-level actions and milestones which aim to increase the financial grip and control across the key areas identified, officers were unable to provide operational processes which sit below these, on the basis, this was unnecessary as they form part of existing processes. There were status reports and dashboard reporting for all proposals, however, it was challenging for audit to understand how these 2 savings proposals translate into clearly understood day to day operational actions which provide evidence of effective financial grip and control.

Risks

- Governance & Decision Making** - inconsistent understanding of grip and control resulting in unclear accountability, inconsistent and reactive rather proactive decision making
- Financial & Budget Management** – lack of a shared principles for grip and control resulting in undetected or unmanaged budget pressures, overlapping or gaps in initiatives, inconsistent /overstated savings and unreliable reporting across services/partners.

Recommendations and Management Action Plan: Grip and Control Principles

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	Management should consider developing a clear definition and brief set of principles for financial grip and control to support a shared and consistent understanding across the HSCP which is visible and	A clear definition and brief set of principles for financial grip and control	Chief Officer, EHSCP	Corporate Strategic Lead for Finance	30/06/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	explicit and can be consistently evidenced, reported and assured.	will be developed and shared with all staff.			
1.2	In recognition that it is now quarter 4 of 2025/26, 2026/27 savings proposals should be reviewed to ensure they are supported by documented action plans which clearly set out the actions required to increase the grip and control at an operational level.	<p>The refreshed Medium-Term Financial Strategy and new savings programme for 2026/27 is due to be considered by the EIJB in March 2026.</p> <p>As part of the implementation of the 2026/27 programme, all savings projects will be reviewed to ensure that documented action plans are in place.</p>	Chief Officer, EHSCP	Corporate Strategic Lead for Finance	30/09/2026

Finding 2 – Guidance and Procedures

Finding Rating	Medium Priority
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Operational procedures and guidance form the foundation of an effective internal control environment as they translate policy expectations and governance principles into consistent, repeatable operational practice. Clear procedures help to ensure that grip and control is effectively applied and monitored leading to consistent practice, clear ownership, and effective management of risks.

Escalation procedures – returned invoices

The Banking and Payments team process invoices for the HSCP and document their procedures on Knowledgebase, the team's designated platform for guidance and reference materials. However, an escalation procedure for returned invoices has not yet been documented, resulting in reliance on informal practices within the team.

Outdated policies and procedures

Policies and procedures should be up to date and reflect current practice to support fair and consistent decision-making. The following documents have not been reviewed to ensure they reflect organisational and or operational changes:

- The [Eligibility Criteria Policy](#) has not been updated since 2015. This was highlighted in the [Social Care Direct](#) audit, and a management action is in place to update the policy by 31 March 2026
- The [procedure](#) for Incapable Adults covering Financial Interventions, Corporate Appointeeship, Access to Funds, and Guardianship Orders was last updated in 2021. The current version does not reflect the new organisational structure. It is recognised that the restructure is not yet complete
- In addition, ineffective handover arrangements for community equipment savings administration during periods of extended absence was highlighted with officers unable to access documents and methods used

to monitor progress due to these being held in NHS systems which could not be accessed.

Debt management and recovery processes

Recovery of debt for care homes is undertaken by the Council as part of debt recovery arrangements. As of October, £4.5 million remains outstanding to care homes for debts over 86 days, which are now in recovery prior to legal action.

Discussion with Care Home Managers and Business Support Officers highlighted they have a core role in supporting debt management of outstanding debts including discussions with families through established relationships, however there is currently no formal process for the Corporate Debt Recovery Team to share debt information with the Business Support Team and Care Home Managers. The Corporate Debt Recovery Team did initiate contact in August 2025 to establish a Relationship Management Session to consider this, however as at October 2025, they were awaiting a response.

Risks

- **Service Delivery** - incomplete, inaccessible, or inconsistent operational guidance for key processes may lead to delays, errors and impact the quality of service delivery
- **Financial & Budget Management** - insufficient operational procedures for financial approvals, supplier payments, and debt recovery could result in mismanagement of funds and unresolved debts, including outstanding debts to care homes.
- **People** - Reliance on individual knowledge and informal practices could lead to errors and inconsistencies, with limited handovers reducing access to guidance and hindering effective decision-making.

Recommendations and Management Action Plan: Updating Guidance and Procedures

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Management should document an escalation procedure for returned invoices which clearly sets out roles and responsibilities for the EHSCP and the Banking and Payments team. Once approved, this should be uploaded to Knowledgebase to ensure guidance is clear, accessible, and consistently applied across the EHSCP and the Council.	Agreed. A procedure will be co-designed and communicated.	Chief Officer, EHSCP	Service Manager Contracts and Brokerage	30/06/2026
2.2	In line with the action in the Social Care Direct Audit, the Eligibility Criteria Policy should be reviewed and updated in line with current requirements and presented to Committee for approval.	Completion of action will be tracked via the Social Care Direct audit in line with the expected completion date of 31 March 2026.	N/A	N/A	N/A
2.3	The procedure for Incapable Adults: Financial Interventions: Corporate Appointeeship: Access to Funds, and Financial Interventions and Guardianship Orders should be reviewed and updated to ensure it reflects current organisational structures, legislation, regulatory requirements and best practice.	Identified procedures will be updated to reflect current structures, legislation and regulatory requirements and best practice	Chief Officer, EHSCP	MHO Service Manager	30/09/2026
2.4	A formal handover process for key roles when officers will be absent should be developed, including shared access to documentation required to ensure continuity.	Agreed.	Chief Officer, EHSCP	Interim Head of Service, Community Hospitals, Care Home and Technology	30/06/2026
2.5	The HSCP and Business Support should engage with the Corporate Debt Recovery team to establish a documented procedure for effective management and recovery of Care Home debt, including: <ul style="list-style-type: none"> monthly reporting of outstanding balances for each council-run care home, ensuring reports are shared with the Business Support Team Manager and Care Home Managers. clear action plans setting out action to be taken to in relation to outstanding balances with responsibilities for monitoring, reporting, and recovery clearly defined. 	Agreed.	Chief Officer, EHSCP	Interim Head of Service, Community Hospitals, Care Home and Technology	30/09/2026

Finding 3 – Contract Management

Finding Rating	Medium Priority
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Contract Register

The [Contract Register](#) is the recording system for monitoring and reporting of all contractual arrangements for The City of Edinburgh Council. The contract register for the HSCP should be subject to annual review by the Contract, Commissioning & Procurement Board (CCPB). Review of the contract register noted out of date information such as inclusion of expired contracts and incorrect contract owners.

Managing risks of single suppliers and procurement frameworks

Community Equipment Loan Service (CELS) is a partnership between the City of Edinburgh Council, East Lothian Council, Midlothian Council, and NHS Lothian responsible for delivering, assembling, installing and collecting specialist equipment aids for daily living. Following a direct procurement process using the YPO Framework (a national collaborative contract which is available for use by all UK public sector bodies); Nottingham Rehab Limited (NRS) was selected to continue the contract for the supply and maintenance of equipment from 1 June 2025 with an estimated annual value of £4.5m. However, NRS went into liquidation on 1 August 2025.

A [report](#) to Finance and Resources Committee in September 2025 outlined actions taken and aimed to provide assurance that all actions complied with the Council's contract standing orders and that the impact on vulnerable people was minimised through provision of an alternative continued service. The report advised an options appraisal and procurement strategy would be developed to support re-procurement.

Risks

- Governance & Decision Making** – delays or unclear governance in decision-making could result in non-compliance and poor oversight
- Financial & Budget Management** - unexpected liquidation of suppliers creating unplanned costs or budget overruns
- People** - vulnerable service users may experience harm or disruption if equipment supply and maintenance are delayed
- Supplier / Partnership Management:** dependence on a single supplier exposing the service to failure if the supplier becomes insolvent.

Recommendations and Management Action Plan: Review of the contracts register and managing framework risks

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	<p>The HSCP should ensure the contract register is maintained and the process including roles and responsibilities are clearly understood by all Contract Managers.</p> <p>In addition, the CCPB should seek to ensure that the annual review of the contract register provides assurance that accurate and up to date information on HSCP contracts is held.</p>	<p>Review contract register and update quarterly.</p> <p>Service Manager Contracts and Brokerage to bring annual assurance report to CCPB.</p>	Chief Officer, EHSCP	Service Manager Contracts and Brokerage	31/12/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.2	The options appraisal and procurement strategy for the Community Equipment Loan Service (CELS) should be completed as set out in the committee report.	Agreed.	Chief Officer, EHSCP	Interim Head of Service, Community Hospitals, Care Home and Technology	31/03/2027

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings		Finding Priority 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 objectives in the area audited.	Advisory	
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 objectives in the area audited.	Low Priority	
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 objectives in the area audited.	Medium Priority	
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 objectives in the area audited.	High Priority	
		Critical Priority	

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
Procedures and Training	<ul style="list-style-type: none">The concept of grip and control and alignment to the savings programme and strategic themes is clearly understood by officers involved in delivery of savings across the HSCP.Training and development requirements for officers with responsibility of grip and control related processes including approval and sign off are in place, relevant, clearly understood, completed on time and monitored.
Grip and Control Implementation	<ul style="list-style-type: none">There are processes in place to ensure the EHSCP is actively reviewing areas of spend based on financial risk and strategic priorities to achieve financial balance, including:<ul style="list-style-type: none">robust processes for approval and authorisation of spend limits including agency spend, recruitment, care packages and payments to suppliers including social care providersrobust monitoring processes and alignment with contract review and renewal requirements to reduce contract waiversclear processes to deliver the identified savings across the 4 proposals: Individual Service Fund (ISF); Gross funding debt recovery; Negotiations of commissioned care home rates and Community equipment with agreed targets/timescales to measure success, and designated officers with defined responsibilities for oversight of grip and control measures.
Monitoring and Oversight	<p>There are clearly established governance and oversight arrangements in place for monitoring the effectiveness of grip and control measures including:</p> <ul style="list-style-type: none">at an operational day to day level monitoring budgets and taking prompt action to address any overspendsgrip and control related savings proposals are to ensure forecasted savings are achieved.