

Internal Audit – Management Report

2022-23: Corporate Wide Review: Health & Safety – Second Line of Defence

Prepared by: Ryan Wakefield

Issue Date: 09/02/2023

Assurance Rating: RED



Executive Summary

Background and Scope

The City's Executive Leadership Board (the Board) is responsible and accountable for the provision of a safe and healthy workplace. Its key 'second line of defence' assurance function is the Corporate Health, Safety and Wellbeing Committee (the Committee), and support of the Corporate Health and Safety function together with Departmental Safety Managers, located in high-risk departments/business areas, and the City's Health and Safety Professional Network.

The City has recently been issued an Improvement Notice by the Health and Safety Executive in response to an incident where an individual suffered life-changing injuries. The second line of defence should be a key component of risk oversight, with active involvement in compliance and performance monitoring, supporting effective health and safety risk management and thereby minimising instances of serious incidents. The purpose of the audit was to obtain assurance that adequate arrangements exist by which the second line functions:

- seek assurance that operational health and safety risks are being appropriately identified, assessed, recorded, monitored and escalated to the Committee for corporate attention, where required;
- monitor the extent to which health and safety risks escalated for corporate attention are being managed effectively; and
- provide assurance to the City's Board and Members on the extent to which the health and safety risk management framework is operating effectively.

Summary

The audit confirmed that there is no effective second line of defence in operation in respect of health and safety assurance, undermining the Board's ability to ensure that a safe and healthy workplace is in place. Limited assurance has been provided in respect of the arrangements in practice.

Opportunities to strengthen the second line arrangements had been identified prior to the audit and Internal Audit determined that a range of measures are being implemented to address these, for example development of a new Corporate Health and Safety Business Plan and updating Member and Officer governance arrangements. Whilst assurance cannot be provided that the second line activities in operation adequately support effective risk management, Internal Audit considers that the new designs represent an appropriate response to issues raised, focused on addressing fundamental gaps / inefficiencies. Three red priority recommendations have been made to further strengthen the second line of defence.

As part of its rolling programme of assurance work in respect of Health and Safety, Internal Audit will undertake a review in 2023-24 to evaluate the impact of implementation of the proposed second line of defence designs.

This audit has focused on the extent to which the second line of defence seeks assurance over the management of health and safety risks that have been escalated for corporate attention. Internal Audit has undertaken a related piece of assurance work in respect of the management of Corporate Health, Safety and Wellbeing Risk (CR09), identifying clear opportunities for improvement; the two audit reports should be read in conjunction.

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Section 1: Findings, Issues, Risks and Recommendations

Control Objective: To obtain assurance on the extent to which adequate arrangements are in place by which the City's Second Line of Defence functions seek assurance that operational health and safety risks are being appropriately identified, assessed, recorded, monitored and escalated to the Corporate Health, Safety and Wellbeing Committee for corporate attention, where required.

The following controls were examined within the above objective:

	Control Present?	Control applied?	Control Effective in Operation?
Regular assurance is sought that departments and business areas have adequate mechanisms in place for identifying health and safety risks and are completing and updating health and safety risk assessments in line with corporate requirements.	N	N/A	N/A
Regular assurance is sought that departments and business areas are recording operational health and safety risks, in accordance with corporate requirements.	N	N/A	N/A
Regular assurance is sought that there are adequate arrangements in place by which departments and business areas monitor the extent to which operational health and safety risks are being managed effectively, in line with corporate requirements.	N	N/A	N/A
Regular assurance is sought that there is appropriate and complete escalation of health and safety risks by departments for corporate attention to the Corporate Health, Safety and Wellbeing Committee, in accordance with corporate requirements.	N	N/A	N/A

Overall Conclusion on the Control Objective

The Second Line of Defence assurance functions have not established arrangements for obtaining assurance that operational health and safety risks are being appropriately identified, assessed, recorded, monitored and escalated for corporate attention to the Committee, where required. Internal Audit confirmed this through discussions with the Head of Corporate Health and Safety and examination of records related to the quarterly meetings of the Committee held during the period November 2021 to September 2022. In the absence of robust arrangements, ineffective responses to departmental or business area health and safety risks may go undetected, resulting in an increasing level of risk that major or extreme accidents occur on City premises.

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Internal Audit noted that the Committee receives some assurance related information such as Fire Safety Compliance Audit Outcome reports and Audit and Key Performance Indicator Dashboard reports, which set out performance against a range of health and safety indicators – for example in respect of accident reports by severity, total incidents, physical assaults and verbal abuse incidents and the number of ‘near misses’. The current arrangements do not, however, enable the provision of sufficient relevant assurance in respect of operational health and safety risk management and a red priority recommendation has been made to support strengthening of the second line of defence in this area (recommendation 1).

Current Developments

The audit established that a new Corporate Health and Safety Business Plan has been developed and includes Corporate Key Performance Indicator targets. The plan recognises that a key aim for the City is to ‘have a health and safety management system and framework to enable good management of health, safety and statutory wellbeing risks and opportunities’, and sets out that a key workstream is to undertake a health and safety management system gap analysis to inform the Corporate Health and Safety Action Plan; this work is planned to be completed by Quarter 3 of 2023/24.

In terms of key features of the new arrangements, it is understood that:

- Progress made against the Corporate Health and Safety Business Plan will be reported to and monitored by the Committee;
- To assist in the implementation of the Corporate Health and Safety Business Plan it is expected high risk departments or business areas will develop local Health and Safety Business Plans which will include local Key Performance Indicator targets; performance against delivery of these local Health and Safety Business Plans will be monitored both locally and regularly throughout the year by the Committee;
- The local Health and Safety Business Plans will replace the former Annual Certificates of Assurance regime, the regime by which departments and business areas previously provided assurance once a year on specific health and safety arrangements to the Committee (which has been deemed as ineffective);
- Implementation and monitoring information will be shared with the Board to inform and facilitate action, as required.

It is the view of Internal Audit that the design of these proposals represents an improvement upon the current arrangements and should, subject to successful implementation, facilitate an effective second line of defence function – particularly as these will be supported by the revised Committee Terms of Reference.

The revised Terms of Reference recognises the role of the Committee ‘to support the City meet its health and safety aims and objectives including its aim to have a health and safety management system and framework to enable good management of health, safety and statutory wellbeing risks and opportunities’. The Terms of Reference also state that one of the Committees key roles is to ‘monitor the City’s risk profile and the scope of the health and safety management system within the context of the organisation’.

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Ref	Issue	Risk	Recommendation	Priority
1.	The Corporate Health Safety and Wellbeing Committee does not monitor the extent to which City departments or business areas have adequate arrangements in place for identifying, assessing, recording or monitoring health and safety risks together with escalating risks for corporate attention, where required.	Consequently, ineffective responses to departmental or business area health and safety risks may go undetected, increasing the risk of accidents or incidents resulting in individuals ill health, Health and Safety Executive enforcement action, reputational damage and financial costs such as incident costs, remedial costs, civil and criminal legal costs.	The Corporate Health Safety and Wellbeing Committee should devise arrangements for monitoring the extent to which City departments or business areas have adequate arrangements in place for identifying, assessing, recording and monitoring health and safety risks together with escalating health and safety risks for corporate attention, where required.	Red

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Control Objective: To obtain assurance on the extent to which adequate arrangements are in place by which the City’s Second Line of Defence functions monitor the extent to which health and safety risks escalated for corporate attention are being managed effectively.

The following controls were examined within the above objective:

	Control Present?	Control applied?	Control Effective in Operation?
Regular assurance is sought in respect of the adequacy of monitoring to ensure that corporate health and safety risks escalated for corporate attention are being managed effectively, in line with corporate requirements.	N	N/A	N/A

Overall Conclusion on the Control Objective

The Committee does not have established arrangements for monitoring the extent to which health and safety risks escalated for corporate attention are being managed effectively. There is partial mitigation in that the Committee receives some relevant assurance information, but the current arrangements are not, in their own right, sufficient. A red priority recommendation has been made to reduce the potential for inadequate management of significant health and safety risks to go undetected (recommendation 2).

Current Developments

The Committee’s revised Terms of Reference sets out its responsibility is to ‘review and monitoring significant risks identified through incident reporting and local risk registers’. Successful rollout of the related process should directly address the absence of arrangements for monitoring the extent to which health and safety risks escalated for corporate attention are being managed effectively.

Ref	Issue	Risk	Recommendation	Priority
2.	The Corporate Health Safety and Wellbeing Committee does not monitor the extent to which health and safety risks escalated for Corporate attention are being managed effectively.	There is an increased that the inadequate management of significant health and safety risks goes undetected, resulting in devastating consequences for individuals such as loss of life or severe injury.	The Corporate Health Safety and Wellbeing Committee should devise arrangements for monitoring the extent to which health and safety risks escalated for Corporate attention are being managed effectively.	Red

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Control Objective: To obtain assurance on the extent to which adequate arrangements are in place by which the City’s Second Line of Defence functions provide assurance to the Executive Leadership Board and Members on the extent to which the health and safety risk management framework is operating effectively.

The following controls were examined within the above objective:

	Control Present?	Control applied?	Control Effective in Operation?
Timely and sufficient information is provided to the Board on the extent to which Corporate Health and Safety Risks are being managed effectively.	N	N/A	N/A
Timely and sufficient information is provided to Members on the extent to which Corporate Health and Safety Risks are being managed effectively.	N	N/A	N/A

Overall Conclusion on the Control Objective*Executive Leadership Board*

The audit established that the Committee does not currently provide assurance to the Board on the extent to which the health and safety risk management framework is operating effectively; this was determined through examination of the notes and actions points arising from the meetings of the Board for the period April to November 2022. In the absence of such reporting, the Board is unable to effectively fulfil its role of providing a safe and healthy workplace, increasing the likelihood of non-compliance with The Management of Health and Safety at Work Regulations 1999.

Members

Audit testing determined that the Committee does not provide assurance to the relevant Member Committee, the Corporate Services Committee, on the extent to which Corporate Health and Safety risks are being managed effectively, as established from an examination of the meeting minutes for the period May to October 2022; in the absence of such assurance, Member oversight is significantly hampered. Internal Audit noted that the Corporate Services Committee updated its Terms of Reference in October 2022 to clarify its responsibilities in relation to Health and Safety and a red priority recommendation has been made to further support oversight through the provision of relevant, sufficient and timely information (recommendation 3).

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Current Developments

As set out previously, as part of reviewing its remit, the Corporate Health and Safety Committee has revised its terms of reference, recognising its responsibility to ‘provide assurance about the organisation’s health and safety management system’ and that it is ‘the focal point for all the Corporation’s health and safety governance arrangements’. A key element of the revised terms is that, going forward, that ‘the Committee will produce an annual report, and other regular reports when required, on fire, health, and safety performance to enable the Board and Corporate Services Committee to fulfil their Terms of Reference in relation to health and safety’. Furthermore, it states its responsibility for ‘reporting significant findings regularly to the Corporate Services Committee and provide oversight for other reporting to relevant Member chaired committees’. Internal Audit considers that these measures represent appropriate responses to providing assurance required by both the Board and Corporate Services Committee, facilitating effective discharge of their health and safety responsibilities.

Ref	Issue	Risk	Recommendation	Priority
3.	The Corporate Services Committee and Executive Leadership Board do not currently receive sufficient assurance on the extent to which to the City’s health and safety risk management framework is operating effectively.	The absence of assurance, undermines the effectiveness by which the Executive Leadership Board and Corporate Services Committee discharge their respective responsibilities in respect of health and safety.	The Corporate Health, Safety and Wellbeing Committee should report regularly to both the Corporate Services Committee and Executive Leadership Board, setting out the extent to which the City’s health and safety risk management framework is operating effectively.	Red

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Recommendation

1. The Corporate Health Safety and Wellbeing Committee should devise arrangements for monitoring the extent to which City departments or business areas have adequate arrangements in place for identifying, assessing, recording and monitoring health and safety risks together with escalating health and safety risks for corporate attention, where required.

Management Response

1. Implementation of workstreams in 2023/24 Corporate H&S Business Plan. Priority 1 and Priority 4.
2. High risk business areas produce health and safety business plans, linked to Corporate H&S Plan and their Pentana Top X. Low risk business areas adopt Corporate H&S Plan.
3. Regular monitoring and reporting on local H&S business plans by high-risk business areas to CHSC¹. Corporate Health and Safety monitor and report on the Corporation H&S Business Plan, including lower risk business areas.
4. Health and safety risks on Pentana regularly monitored by CHSC in conjunction with business area H&S Plans.
5. Integrate health and safety into the strategic business planning and risk monitoring processes and procedures.

Responsible Officer: Chief Operating Officer and Chair of Health and Safety Committee. Corporate Head of Health and Safety and Head of Profession.

Implementation Date: Year end 2023/24 and 2024/25.

¹ Corporate Health and Safety Committee.

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Recommendation	Management Response
<p>2. The Corporate Health Safety and Wellbeing Committee should devise arrangements for monitoring the extent to which health and safety risks escalated for Corporate attention are being managed effectively.</p>	<p>6. Implementation of workstreams in 2023/24 Corporate H&S Business Plan. Priority 4</p> <p>7. CHSC shall review and monitor escalated and significant risks identified through incident reporting, local risk registers and Top X.</p> <p>8. CHSC shall monitor the Corporation’s risk profile and the scope of the health and safety management system within the context of the organisation.</p> <p>9. CHSC receive reports from Chief Officers on their Department, Service or Institution to enable monitoring and assurance, including arrangements for adequate mitigation.</p> <p>Responsible Officer: Chief Operating Officer and Chair of Health and Safety Committee. Corporate Head of Health and Safety and Head of Profession.</p> <p>Implementation Date: Year end 2024/25</p>
<p>3. The Corporate Health, Safety and Wellbeing Committee should report regularly to both the Corporate Services Committee and Executive Leadership Board, setting out the extent to which the City’s health and safety risk management framework is operating effectively.</p>	<p>10. CHSC shall produce an annual report, and other regular reports when required, on fire, health, and safety performance to enable the Executive Leadership Board (ELB) to fulfil its Terms of Reference and Corporate Services Committee in relation to the Terms of Reference in relation to health and safety. It will include extent to which the City’s health and safety risk management framework is operating effectively.</p> <p>Responsible Officer: Responsible Officer: Chief Operating Officer and Chair of Health and Safety Committee. Corporate Head of Health and Safety and Head of Profession</p> <p>Implementation Date: December 2023</p>