

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE20 JUNE 2019Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 2018/19 QUARTER 4**PURPOSE OF REPORT**

1. To inform members of progress on Internal Audit's annual plan for 2018/19.

**BACKGROUND**

2. The work performed by Internal Audit is based on a rolling 5-year strategic plan, which is revised annually to take into account changes in circumstances. This report is provided to allow members to monitor the activities of Internal Audit and to oversee actions taken by management in response to audit recommendations.

**AUDIT PLAN 2018/19 - PROGRESS REPORT QUARTER 4**

3. A copy of the annual audit plan for 2018/19 is shown in appendix 1. A total of 14 audit reports relating to planned 2018/19 audit work have been issued since the last progress report as shown in appendix 2. The management response for one of the audit reports issued during the quarter has yet to be received but the due date for the response has not yet passed. All audit responses received in the quarter have been deemed satisfactory. Responses are deemed to be satisfactory if all recommendations are accepted for implementation by management and where any recommendation is not accepted, a satisfactory reason is given. Recommendations made which were not accepted by management are detailed in appendix 3. In addition, the quarterly performance indicators for the section are shown in appendix 4.

4. One new request for assistance was dealt with using contingency time during the quarter. This was in relation to theft of cash (£100) and a Chromebook at a council location. One of the items being dealt with using contingency brought to members attention in the previous progress report in relation to the tendering process has now been concluded and the main finding is that controls over the tender evaluation process need to be improved to ensure transparency and fairness in the award of tenders.

**RECOMMENDATION**

5. The Committee is asked to
  - (a) note Internal Audit's progress report for audits completed in the final quarter of 2018/19 and post year-end.
  - (b) confirm whether they wish any of the reports issued in the quarter as detailed in appendix 3 to be circulated to audit and scrutiny committee members or submitted to a future meeting for more detailed consideration.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

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**EAST RENFREWSHIRE COUNCIL**  
**Internal Audit Section**  
**ANNUAL AUDIT PLAN FOR 2018/19 PROGRESS REPORT**

<b>Department</b>	<b>Title</b>	<b>Audit Number</b>	<b>No. of days</b>	<b>Status</b>
Chief Executives	VAT	1	12	Complete
Corporate & Community	<b>Council Tax – reductions and liability</b>	2	24	<b>Complete</b>
	Creditor Payments	3	15	Complete
	Debtors control	4	10	Complete
	<b>Housing Benefit/ Universal Credit</b>	5	30	<b>Complete</b>
	Income Maximisation, money advice, welfare rights	6	30	<b>Complete</b>
	Insurance Arrangements	7	8	Complete
	Members' Expenses	8	12	Complete
	<b>Payroll</b>	9	25	<b>Complete</b>
	<b>Application controls – Payroll/HR</b>	10	18	<b>Complete</b>
	Education	<b>Parentpay</b>	11	18
Schools Cluster 1 – St Lukes		12	32	Complete
Operation of Trust		13	15	DEFERRED
Wraparound care		14	35	Complete
Environment	Project management of capital projects	15	22	In progress
	City Deal	16	15	<b>Complete</b>
	Grant Certification	17	22	Complete
	State Aid	18	10	Complete
	<b>PPP projects</b>	19	15	<b>Complete</b>
	Vehicle Services	20	12	Complete
	Year end Stocktake	21	5	Complete
Housing	<b>Housing Repairs</b>	22	20	<b>Complete</b>
HSCP	HSCP Health Care Centres and area offices – Barrhead Health and Care Centre	23	8	Complete
	HSCP Emergency payments (sect 22 & 12)	24	8	Complete
	<b>HSCP Self Directed Support Charges</b>	25	20	<b>Complete</b>
	Home Care Services	26	22	Complete
	IJB	27	20	Time not used
Trust	Community and Leisure Limited	28	20	Complete
Other	NFI	29	5	Complete
Various	Application controls – ICON cash receipting	30	18	Complete
	Contract 1– Community Benefits	31	8	Complete
	<b>Contract 2 – Quick Quotes</b>	31	12	<b>Complete</b>
	<b>Mobile phones</b>	32	15	<b>Complete</b>
	Fraud Contingency	33	70	Complete
	General Contingency	34	30	Complete
	LG Benchmarking Framework payment of invoices	35	5	Complete
	LG Benchmarking Framework equal opportunities	35	5	Complete
	Follow up	36	50	<b>Complete</b>
	Previous year audits	37	20	Complete
<b>Total</b>			<b>741</b>	

**Note – Audit reports issued in the final quarter or post year end are shown in bold**

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INTERNAL AUDIT REPORTS AND MEMOS ISSUED 2018/19															
FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted	
MB/1051/EL	21	Year End Stock Take	Environment	17/03/18	01/05/18	N/A	N/A	No Recommendations	-	-	-	-	-	-	
MB/1052/NS	28	Trust	Trust	09/04/18	30/04/18	01/06/18	25/06/18	Trust							
MB/1053/NS	23	Barrhead HCC	HSCP	10/04/18	07/06/18	13/07/18	10/07/18	Satisfactory	5	1	1	3	-	-	
MB/1054/NS	8	Members' Expenses	Corp & Comm	26/04/18	23/05/18	N/A	N/A	No Recommendations	-	-	-	-	-	-	
MB/1055/RM	28	Trust	Trust	30/04/18	30/08/18	05/10/18	9/10/18	Trust							
			Environment		11/10/18	17/11/18	07/11/18	Satisfactory							
MB/1056/FM	1	VAT	Accountancy	03/05/18	2/10/18	9/11/18	12/10/18	Satisfactory	5	-	-	5	-	-	
			Corp & Comm				08/11/18	Satisfactory							
			HSCP				14/11/18	Satisfactory							
MB/1057/RM	36	HSCP Follow Up	HSCP	03/05/18	15/08/18	25/09/18	5/10/18	Satisfactory 1 point not accepted	18	-	5	13	-	1	
			Corp & Comm				30/08/18	Satisfactory							
MB/1058/NS	36	Corp & Comm Follow Up	Corp & Comm	11/05/18	02/08/18	07/09/18	06/09/18	Satisfactory	12	-	4	8	-	-	
			HSCP				3/10/18	Satisfactory							
MB/1059/NS	12	Schools Cluster 1 – St Lukes	Education	18/05/18	12/10/18	23/11/18	23/11/18	Satisfactory	38	-	22	16	-	-	
MB/1060/EL	26	Homecare Services	HSCP	01/06/18	11/10/18	23/11/18	05/12/18	Satisfactory	17	1	9	7	-	-	
			Corporate & Comm				19/11/18	Satisfactory							
MB/1061/EL	36	Environment Follow Up	Environment	01/06/18	06/07/18	10/08/18	04/09/18	Ext 17/08/18 Reminder 28/08 Satisfactory 1 point not accepted and long implementation dates for two noted.	8	4	1	3	-	1	
MB/1062/FM	20	Vehicle Services	Environment	07/06/18	06/09/18	12/10/18	08/10/18	Satisfactory 1 point not accepted	11	-	8	3	-	1	
MB/1063/RM	18	State Aid	Environment	11/06/18	1/11/18	7/12/18	26/11/18	Satisfactory	12	-	3	9	-	-	
			Corp & Comm				14/11/18	Satisfactory							
MB/1064/MB	17	SPT grant 2016/17	Environment	25/06/18	18/10/18	N/A	N/A	No response required	-	-	-	-	-	-	
MB/1065/FM	3	Creditor Payments	Corp & Comm	12/07/18	29/11/18	11/01/19	10/01/19	Satisfactory	5	-	1	4	-	-	
			Accountancy				29/11/18	Satisfactory							

**INTERNAL AUDIT  
REPORTS AND MEMOS ISSUED 2018/19**

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted
MB/1066/RM	31	Community Benefits	Environment	13/07/18	25/10/18	30/11/18	26/11/18	Satisfactory	13	-	1	12	-	2
			HSCP				03/12/18	Satisfactory						
			Legal and Procurement				12/12/18	Satisfactory 1 point not accepted						
			Education				26/11/18	Satisfactory 1 point not accepted						
			Corp & Comm				20/11/18	Satisfactory						
MB/1067/RM	19	<b>PFI/PPP</b>	Environment	16/07/18	17/01/19	22/02/19	13/2/19	Satisfactory	1	-	-	1	-	-
MB/1068/NS	36	Chief Execs Office Follow Up	Chief Execs Office	20/07/18	16/08/18	25/09/18	3/10/18	Satisfactory	2	-	-	2	-	-
MB/1069/NS	28	Trust	Trust	20/07/18	09/10/18	23/11/18	23/11/18	Trust						
MB/1070/NS	35	LGBF Indicators: Payment of Invoices	Corp & Comm	25/07/18	09/10/18	23/11/18	14/11/18	Satisfactory	6	--	-	6	-	-
			Legal				15/11/18	Satisfactory						
MB/1071/NS	30	Application Controls: Icon Cash Receipting	Accountancy & Corp & Comm	07/08/18	12/11/18	14/12/18	15/11/18	Satisfactory	1	-	-	1	-	-
MB/1072/EL	36	Education Follow Up	Education	13/08/18	17/10/18	23/11/18	Ext 21/12/18 21/12/18	1 point not accepted Satisfactory	3	-	-	3	-	1
MB/1073/EL	14	Wraparound Care	Education	13/08/18	26/10/18	30/11/18	30/11/18	Satisfactory	12	-	3	9	-	-
MB/1074/MB	35	LGBF Indicators: Equal Opportunities	Corp & Comm	21/08/18	30/08/18	05/10/18	2/10/18	Satisfactory	4	-	-	4	-	-
MB/1075/NS	7	Insurance Arrangements	Corp & Comm	28/08/18	23/11/18	12/01/19	24/12/18	Satisfactory 1 point not accepted	8	-	-	8	-	1
MB/1076/RM	2	<b>Council Tax Reductions and Liability</b>	Corp & Comm	13/09/18	28/02/19	05/04/19	28/03/19	Satisfactory 2 points not accepted	13	-	3	10	-	2
MB/1077/NS	24	HSCP Emergency Payments (Sect 12 & 22)	HSCP	13/09/18	12/12/18	25/01/19	29/01/19	Satisfactory	10	-	4	6		-
MB/1078/EL	25	<b>Direct Payments SDS</b>	HSCP	03/10/18	14/01/19	15/02/19 Ext 2/2/19 Ext 1/3/19 Ext 8/3/19	22/03/19	Satisfactory (2 partially accepted)	10	1	7	2	0	-
MB/1079/FM	9	<b>Payroll</b>	Corp & Comm	20/09/18	21/02/19	29/03/19	29/03/19	Satisfactory 1 point not accepted	4	-	3	1	-	1
			HSCP				05/04/19	Satisfactory						
			Environment				13/03/19	Satisfactory						
			Education				02/02/19	Satisfactory						
			Legal				02/04/19	Satisfactory						
			Accountancy				23/02/19	Satisfactory						
MB/1080/NS	4	Debtors Control	Corp & Comm	04/10/18	12/12/18	25/01/19	08/01/18	Satisfactory	6	-	-	6		-
			HSCP				29/01/19	Satisfactory						
			Legal				24/01/19	Satisfactory						

**INTERNAL AUDIT  
REPORTS AND MEMOS ISSUED 2018/19**

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted
MB/1081/FM	10	App'n Controls – Payroll/HR	Corp & Comm	29/10/18	07/05/19	07/06/19	30/05/19	Satisfactory	5	-	1	4	-	-
MB/1082/NS	5	Housing Benefits	Corp & Comm	24/10/18	29/03/19	03/05/19	17/04/19	Satisfactory	5	-	-	5	-	-
MB/1083/RM	31	Contract – Quick Quotes	Education	06/11/18	29/03/19	03/05/19	03/05/19	Satisfactory	13	-	-	13	-	-
			Environment				30/04/19	Satisfactory						
			Legal				29/5/19	Satisfactory						
			Accountancy				01/04/19	Satisfactory						
			HSCP				10/04/19	Satisfactory						
			Corp & Comm				17/04/19	Satisfactory						
MB/1084/NS	32	Mobile Phones	Corp & Comm	28/11/18	26/03/19	03/05/19	29/04/19	Satisfactory	10	-	-	10	-	-
			Environment				30/04/19	Satisfactory						
			Education				02/04/19	Satisfactory						
			HSCP				10/04/19	Satisfactory						
			Legal Services				08/05/19	Satisfactory						
			Accountancy				09/04/19	NR						
MB/1085/NS	36	CEO Follow Up	Chief Exec's	07/12/18	28/03/19	03/05/19	03/04/19	Satisfactory	2	-	1	1	-	-
MB/1086/RM	15	Project Management of Capital Projects	Environment	13/12/18										
MB/1087/FM	36	HSCP Follow Up	HSCP	10/01/19	16/04/19	24/05/19	30/05/19	Satisfactory	11	-	-	11	-	-
MB/1088/FM	6	MART (income Max, Money Advice, Welfare Rights)	Corp & Comm	14/01/19	23/05/19	28/06/19	11/06/19	Satisfactory 2 pts not accepted	8	-	-	8	-	2
MB/1089/NS	22	Housing Repairs	Housing	18/01/19	24/04/19	31/05/19	30/05/19	Satisfactory however long timescale noted for one of recs.	10	-	4	6	-	-
MB/1090/RM	16	City Deal	Environment	12/02/19	21/05/19	28/06/19			3	-	-	3	-	
			Accountancy											
MB/1091/RM	11	Parentpay – music tuition	Education	26/02/19	29/04/19	24/05/19	05/06/19	Satisfactory	15	-	1	14	-	-

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**SUMMARY OF 2018/19 REPORTS ISSUED IN QUARTER ENDED 31 MARCH 2019 AND POST YEAR END****1. MB/1067/RM PFI/PPP**

The objectives of the audit were to ensure that:

- A contract manager is in place and has defined roles
- Adequate monitoring of invoices is undertaken prior to payment
- Monitoring procedures have been established for the provision of contracted services
- Unitary charges/service payments agree to payment schedule profile
- Scottish Government Direct Support payments are calculated in accordance with the contract
- The contractor is subject to comprehensive and regular scrutiny of performance and viability
- Liaison meetings take place in accordance with the contract and are evidenced
- Reports are submitted to the relevant officer in accordance with the contract
- The provisions of the Project Agreement payment mechanism including RPI uplift are adhered to
- Insurance checks are regularly carried out to ensure that the contractor can demonstrate adequate insurance cover
- Costs of insurance are borne by the appropriate parties or shared in accordance with the Agreement
- Deductions or change orders are applied correctly
- Provisions relating to renewal of fabric as specified in the contracts after set number of years is complied with

Audit testing indicates that most of the objectives are being met with only two points to be brought to management's attention:

Change orders are not always being processed timeously by the contractor however action to rectify this appears to be outwith the control of the Council therefore no recommendation was made. One recommendation was made regarding Insurance for Roads PFI not being positively approved by Head of Accountancy which carries the risk that verification of insurance coverage is not evidenced. This recommendation was classified as low risk. The recommendation was accepted by management.

**2. MB/1076/RM COUNCIL TAX REDUCTIONS AND LIABILITY**

The objectives of the audit were to ensure that:

- Procedures are in place for processing reductions and are based on current legislation
- A consistent and transparent approach is used in determining liability
- All amendments to liability have supporting documentation and are actioned promptly
- Discounts and exemptions are only granted following verification
- Appeals are dealt with in accordance with legislation
- Appropriate reconciliations and checks are carried out at regular intervals and are reviewed by Senior Management
- All data is held securely.

Testing confirmed that the council tax service is generally operating in accordance with procedures and the appropriate controls are in place with no high risk recommendations being made. There are however some areas where recommendations are made to reduce the risk of loss of income to the council such as ongoing checks to ensure single persons discounts are valid, visiting properties to verify exemption status and withdrawing discounts and exemptions within the appropriate timescale.

The checklist which was expanded following direct debits being taken from bank accounts earlier than the designated date are not always being completed in full or consistently. Council Tax procedure notes do not incorporate version control and are not complete.

Thirteen recommendations were made, three were classified as medium risk and ten as low risk. Two recommendations were not accepted by management.

**The medium risk recommendations and those not accepted by management are reproduced below.**

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.2	A check should be established to ensure that the declaration for SPD has been returned or SPD entitlement should be ended after a specified period.	Low	No	Process will be changed when awarding sole occupancy discounts from April 2019. Customer will be informed that discount has been awarded and will be advised that they must inform us immediately if :- a) It is not due at this time b) there is a future change in circumstances.	N/A	N/A
4.4.1	Enquiries should be made to ascertain why the September cancellation process was not run, why the October process was run but did not catch all applicable reductions and whether any others have been missed in addition to the discount in the audit sample.	Medium	Yes	Investigation has been concluded and process is now in place to ensure there will be no repeat of this issue.	Senior Revenues Officer	In place
4.6.1	If visits cannot routinely be made due to lack of resources, analysis should be carried out to identify the highest risk properties and visits carried out on these as a minimum.	Medium	No	The current visits which take place are already targeting high risk cases.	Council Tax Team Leader	In place
4.9.1	Priority should be given to preparing or updating procedures notes for CT refunds and transfers between CT accounts, with due emphasis on money laundering considerations and the checks that must be carried out before a refund or transfer is made	Medium	Yes	Procedures notes for CT refunds and transfers between CT accounts, with due emphasis on money laundering considerations and the checks that must be carried out before a refund or transfer is made will be updated.	Operations Manager	May 2019

### **3. MB/1077/NS HSCP EMERGENCY PAYMENTS (SECT 12 AND 22)**

The objectives of the audit were to ensure that:

- In relation to Section 22 payments, ensure that payments have been made to cover an exceptional emergency situation and that the appropriate paperwork has been completed and authorised prior to the payment being made.
- In relation to Section 12 payments, ensure that the payment was made to an applicant who is 16 years or older and has a community care need, such as being affected by disability or are vulnerable due to mental or physical health issues or are homeless.
- Also checks were carried out to determine if they had satisfied the social worker that there were no other sources of income (e.g. crisis loan or DWP benefit).

Audit testing focused on amounts coded to ledger codes SC20 (Childcare), 306906 (Section 22 Immediate Needs) for 2017/18 and 2018/19. No amounts were traced to the ledger for codes set up to record section 12 payments.

The review of paperwork held at both Barrhead and Eastwood showed that application forms are not always available to support the payments and where there were application forms, these had not always been fully completed meaning that compliance with the criteria for Section 12 and 22 payments could not be confirmed.

The Section 22 application forms require additional authorisation for payments in excess of £50 however this was not always obtained.

Ten recommendations were made, four were classified as medium risk and all others classified as low risk. All recommendations were accepted by management.

**The medium risk recommendations are reproduced below with the management response.**

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Section 12 or 22 monies should not be disbursed unless there is an application form with all sections fully completed and all required signatures obtained	Medium	Yes	(1) A reminder will be issued to all relevant social workers team leaders and service managers.  (2) Existing forms and guidance will be reviewed, agreed and implemented.	Head of Finance and resources and Chief Social Work Officer  Governance Manager	28 Feb 2019  31 Mar 2019
4.1.2	All Social Workers should be reminded of the requirement to ensure that all application forms are authorised and where expenditure is over £50 that additional authorisation is required.	Medium	Yes	As per part 1 above	Head of Finance and resources and Chief Social Work Officer	28 Feb 2019
4.1.3	Payments must not be split across application forms to avoid the requirement for additional scrutiny and approval.	Medium	Yes	As per part 1 above	Head of Finance and resources and Chief Social Work Officer	28 Feb 2019
4.2.1	All cash disbursed to the applicants should be signed for and a copy of the receipt attached to the Section 12 or 22 paperwork passed to the imprest holder to support the payment.	Medium	Yes	Existing forms and guidance will be reviewed, agreed and implemented.	Governance Manager	31 Mar 2019

#### 4. MB/1078/EL SELF DIRECTED SUPPORT DIRECT PAYMENTS

The objectives of the audit were to ensure that:

- All clients receiving self-directed support have been appropriately assessed
- All clients receiving self-directed support are identified and recorded
- Care packages are appropriately authorised
- Segregation of duties is maintained between those processing payments and authorising packages
- Sufficient checks are carried out on care receipts submitted and payments processed
- Appropriate budgetary control is exercised and sufficient management data is provided to support this.

All direct payment service agreements are logged on Care First as with any other type of care package. Work is ongoing to fully assess the implications of the direct payment functionality to interface with creditors. However the HSCP is also looking at the use of purchase cards for these payments which would enhance information for monitoring.

In the interim, direct payments continue to be recorded, paid and monitored using a spreadsheet. Reconciliations between the spreadsheet and the ledger are regularly carried out, up to date and automated as far as they can be. For each direct payment there should be an authorised DP agreement (DP2) and this was found for each client in audit samples, however there is no consistent approach to completion by individual workers. Each client and DP agreement should be recorded on the Carefirst system and for each payment there should be an authorised Service Agreement. This was satisfactorily evidenced in audit testing.

SDS Practice Guidance indicates that there will be checks carried out annually by HSCP Finance on all DP bank accounts and that statements of expenditure will be requested and monitored by Finance staff. This does not however happen in practice and at present, any check will be reactive to any issue raised.

Ten recommendations were made, one was classified as high risk, seven as medium risk and two as low risk. All recommendations were accepted by management except for the two classified as low risk which were partially accepted.

**The high and medium risk recommendations are reproduced below with the management response.**

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Financial review of all direct payment clients should be undertaken as soon as possible and resource should be targeted to allow this.	High	Yes	Letters were issued to all Direct Payment recipients w/c 28 <sup>th</sup> Jan 2019 reminding them of financial record-keeping responsibilities and advising that HSCP Finance will be writing to them in March/April 2019, asking for a year-end balance and a random month's receipts. Participated in 3 SDS Forum events to explain record keeping, auditing and monitoring requirements to those in receipt of direct payments.	Client Finance Manager	31 Jul 2019
4.1.2	HSCP management should ensure at least annually that all option 1 clients have provided receipts to support expenditure and that any unspent monies are recovered.	Med	Yes	Current requirements are that a year-end balance plus one random full months' worth of receipts are asked for. New procedures are currently being produced, which will ensure recovery of surplus funds in accounts, within	Client Finance Manager	New procedures by 31 Jul 2019 and

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				agreed parameters. The new role of Finance Support Officers (FSO) will be responsible for monitoring of direct payments, liaising with social workers to ensure appropriate use of funds. All clients will be written to in March/April 2019 as part of the annual review. During 2019/20 we will review our existing contractual requirements.		reviews ongoing thereafter
4.2.1	A review of the process for direct payments should take place with a view to ensuring that the process is easier to control, monitor and recover monies if necessary. This should take place as a priority.	Med	Yes	The process will be re-written to ensure FSOs are all aware of procedures. The spreadsheet log has been altered already to separately identify ended Service Agreements where action is needed with regards to a potential recovery of funds.	Client Finance Manager	31 Jul 2019
4.2.2	As soon as an alternative method of payment is implemented, relying solely on a spreadsheet database as a means of monitoring and controlling payment should cease.	Med	Yes	Alternative methods of payment will be investigated, including using CareFirst and payment cards.	Client Finance Manager	31 Mar 2020
4.3.1	Detailed and structured guidance should be produced to assist staff in assessing the appropriate use of direct payment option 1 monies. Where specific circumstances occur and more creative use of DP funding is being considered, there should be a process for recording and authorising this.	Med	Yes	Work has already begun around writing new guidance in conjunction with the locality managers. Once approved by DMT, this will be issued to all staff and separate guidance will be made available to clients.	Head of Adult Social Care and Localities	31 Jul 2019
4.4.1	Training across all teams should be provided for operational staff in how to complete DP agreements generally and how to support clients receiving a direct payment, specifically those under option 1.	Med	Yes	All documentation is currently being revised in line with the work on Individual Budgets. Thereafter training will be provided to relevant staff. Regular refresher training will be provided as required. We will continue to work with the SDS Forum to ensure any issues they become aware of can be addressed.	Client Finance Manager	31 Jul 2019 thereafter ongoing

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.5.1	<p>A review of the policy adopted regarding the rate payable to option 1 clients should take place to ensure that:</p> <ul style="list-style-type: none"> <li>- clients are not placed in financial detriment for choosing option 1 with agency support</li> <li>- a fair and equitable payment policy is adopted for all clients regardless of the option chosen.</li> </ul>	Med	Yes	<p>Work on implementing Individual Budgets for clients is nearing completion, which will ensure equity across all options. In the interim a review can be requested if clients feel they don't have enough money to pay for the care they are assessed as needing.</p> <p>A reminder of this was sent to staff in Sept 2018 and was forwarded to Internal Audit in November 2018.</p> <p>All care packages will be reviewed to bring them under the new individual budget process, which will commence once the Individual Budget Process is implemented.</p>	Head of Finance and Resources	31 Jul 2019 and ongoing thereafter
4.7.1	<p>A process should be implemented to allow formal recorded recovery action to be taken to ensure that amounts overpaid are recovered from ongoing payments or repaid directly to the HSCP.</p>	Med	Yes	<p>A report has been developed to identify all direct payment care packages that have ended. This report is reviewed monthly to ensure any payment made after an end date (for example due to the timing of notification of the change) will be recovered, linked to the closing statement for the account.</p>	Client Finance Manager	31 Jul 2019

## 5. MB/1079/FM PAYROLL

The objectives of the audit were to ensure that:

- Payroll procedures are established
- Controls are in place to ensure that employee records are only created where an authorised post exists and the required documents/authorisations have been obtained
- Records are maintained of all statutory and non-statutory deductions made
- Controls are in place to ensure that prior to employees leaving, all relevant sections are notified and appropriate documentation is provided to the relevant internal and external bodies
- Payments are made correctly, securely and timely
- Data is held in accordance with the organisations information classification and data retention policies.

Four recommendations were made, three were classified as medium risk and one as low risk. All recommendations were accepted by management except one. Further details are provided in the table below.

Testing confirmed that the payroll service is generally operating in accordance with procedures and the appropriate controls are in place however there is potential inconsistency in the recovery of payroll related overpayments and there is no guidance on plus rates which are being paid to employees.

Recommendations made in the previous audit of payroll (MB/984/FM) were followed up during this audit and it was established that of the ten recommendations which were accepted, all were implemented apart from one relating to leavers checklists. Testing indicates that leavers checklists are still not being completed and returned to HR to demonstrate leavers access to all council systems is removed and council equipment returned when they leave though it is acknowledged that responsibility for this rests with departments.

The medium risk recommendations are reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Directors should implement a process which ensures that a leavers checklist is completed for every employee who leaves the council and that this form is uploaded to information@work.	Medium	No	<b>Corp &amp; Comm</b> With current systems it is not possible for Directors to implement a process to ensure that the completed leaver's checklist is filed. A memo reminder will be issued to Leadership Group Plus to cascade to teams to encourage this practice.	Sharon Dick	4/4/19
			Yes	<b>HSCP</b> We note the introduction of the updated corporate leaver process and will communicate this to all managers	Business Support Manager	May 2019
			Yes	<b>Environment</b> Email sent to all managers reminding them to ensure a leavers checklist is completed and uploaded to info@work	David Kermack	Complete
			Yes	<b>Education</b> Correspondence will be issued to staff reminding them of the requirement for leaver's checklist to be completed for all staff leaving the council. Staff on corporate network will be advised form should be uploaded to Info@Work and staff on Education network will be advised to e-mail form to HR.	Business Support Manager (Budget Unit – Barry Taylor)	Apr 19
			Yes	<b>Accountancy</b> All managers will be reminded of the need to complete a leavers checklist for employees ceasing to work for the Council,	Head of Accountancy	March 2019
			yes	<b>Legal</b>	GM	April 19
4.4.1	HR guidance on pursuit of payroll related overpayments should be prepared and communicated to all departments.	Medium	Yes	<b>Corp &amp; Comm</b> A process exists for the pursuit of overpayments, a guidance note is being prepared to communicate this to departments.	Kath McCormack, HR Manager	4/4/19
4.4.2	HR guidance should be prepared and issued advising of the circumstances of when plus rates may be paid.	Medium	Yes	<b>Corp &amp; Comm</b> A process map is being prepared to clarify circumstances.	Kath McCormack, HR Manager	4/4/19

## 6. MB/1080/NS DEBTORS CONTROL

The objectives of the audit were to ensure that:

- Accounts are properly raised and posted for all chargeable services
- Accounts are issued promptly in advance of the service being provided where possible
- Payments received are promptly processed and correctly posted to debtors' accounts
- Write-offs, cancellations and credit notes are properly controlled
- Arrears follow-up procedures are properly controlled.

Testing carried out during the audit showed that records were generally well kept and up to date and no significant high risk recommendation are made. One of the previous recommendations which has been implemented is in relation to the Debtors service keeping a record to show reasons for any delays in issuing reminders to provide context for the instances where the letters were not issued in accordance with the procedures. Whilst a record is now in place it is noted that since April 2018 there have been six occasions where the reminder letters were delayed and in five of these cases it was due to IT issues with the files. Six recommendations were made, all were classified as low risk. All recommendations were accepted by management.

#### **7. MB/1081/FM APPLICATION CONTROLS PAYROLL/HR**

The objectives of the audit were to ensure that:

- Each transaction is authorised, complete, accurate, timely and input only once
- User access controls are appropriate and system security access is sufficient
- An appropriate level of control is maintained during processing to ensure completeness and accuracy of data
- Controls ensure the accuracy, completeness, confidentiality and timeliness of output reports and interfaces
- A complete audit trail is maintained which allows an item to be traced from input through to its final resting place, and a final result broken down into its constituent parts
- Arrangements exist for creating back-up copies of data and programs, storing and retaining them securely and recovering applications in the event of failure

Generally adequate application controls are in place and operating satisfactorily however, further consideration should be given to reviewing audit trails logs and standing data amendments to ensure all transactions are valid and authorised. Five recommendations were made, one was classified as medium risk and all the others were classified as low risk. All recommendations were accepted by management.

**The medium risk recommendation is reproduced below with the management response.**

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.5.1	Audit trail reports should be run regularly and reviewed to identify any deleted transactions or unusual amendments	Medium	Yes	This is a requirement of the new Core HR System	Kath McCormack	November 2019

#### **8. MB/1082/NS HOUSING BENEFITS**

The objectives of the audit were to ensure that:

- Appropriate policies and procedures, based on current legislation, are available to ensure that administration and assessments are being carried out in accordance with current legislation
- Appropriate audit trails exist to support all payments made and are in accordance with DWP requirements
- Procedures are in place to ensure that pending claims are monitored and followed up as necessary
- Claims for backdated or extended payments are only made in accordance with guidelines
- Changes of circumstances are processed in a timely manner
- Appeals against decisions are carried out in a timely manner by appropriate senior benefits staff.

Audit testing confirmed that claims are being processed in accordance with policy and procedures and appropriate evidence is obtained to support the amounts being paid.



It was noted that all but one of the previous recommendations have now been implemented and further testing on the calculation of changes of circumstances processing times indicated that there was significant improvement in accuracy levels of the dates being used.

Five recommendations were made, all were classified as low risk. All recommendations were accepted by management.

#### **9. MB/1083/RM CONTRACT – QUICK QUOTES**

The objectives of the audit were to ensure that:

- Number of suppliers invited to bid complies with CSOs/ QQ Guidance
- Number of quotes received is in compliance with corporate procurement guidance and where less than 3 are received, reasons are sought from suppliers for not submitting a quote
- Where only one bid is received, Chief Procurement Manager authorisation is sought before proceeding and those who did not submit a bid are not invited to any future quotes
- Local suppliers listed on the Online Trading Network are being included in QQs
- Official purchase orders are being raised at the time of acceptance of any quick quote and cross-referenced to QQ
- The purchase order value reflects the QQ value
- The QQ evaluation matrix is completed and retained for audit purposes
- QQs are reviewed by appropriate Category Manager prior to issue
- QQ template document is used in all cases
- Where fewer than 5 suppliers are invited to bid, a file note is produced and retained by the procuring department giving the reason for the reduced number.

There are several parts of CSOs and the QQ guidance which are not being complied with throughout the Council's purchasing departments, suggesting that there is a lack of awareness of these documents. The guidance is overdue for updating and could also be streamlined and relaunched in terms of more publicity as some of the guidance is contradictory or unclear.

There is also difficulty in ensuring that local suppliers are given a chance to submit a bid and in verifying that there are local suppliers who can fulfill the requirements. The Online Trading Network is intended as a vehicle for this but it is not fit for purpose.

Thirteen recommendations were made, all were classified as low risk. All recommendations were accepted by management.

#### **10. MB/1084/NS MOBILE PHONES**

The objectives of the audit were to ensure that:

- A full and up to date inventory is maintained of all mobile devices in use across the Council.
- Device usage reports are provided timeously to departmental management and prompt action is taken where necessary.
- ICT informs Internal Audit of all reported losses following the initial report.
- Mobile phones are allocated to specific members of staff and the inventory is updated promptly whenever use of phone changes or a member of staff leaves the Council.

Reports from Vodafone were obtained from Procurement and ICT showing current users of mobile devices. These reports were matched to payroll reports taken from business objects by Audit. The analysis carried out showed that there were employees on the Vodafone report who were not appearing on the payroll report and others that were being shown as leavers on payroll.

Discussion with two department contacts confirmed that limited checks were being carried out on the reports being provided to them by Corporate Procurement. Given that responsibility for monitoring has not been passed to ICT, this would be an opportunity to revise the monitoring arrangements.

Ten recommendations were made, all were classified as low risk. All recommendations were accepted by management.

#### **11. MB/1085/NS CEO FOLLOW UP**

A full copy of this report and the response has been circulated to Audit and Scrutiny Committee Members.

A total of 27 recommendations were made in the reports being followed up. Follow-up checks carried out during the audit showed that good progress has been made in implementing recommendations previously made.

Only two recommendations remain outstanding and require to be re-made, one was classified as medium and the other as low. Both recommendations were accepted by management and relate to Treasury Management. Training to relevant employees in relation to the Anti Money Laundering Policy is still to be provided and the Loan Interest Reconciliations require to be brought up to date and independently reviewed.

#### **12. MB/1087/FM HSCP FOLLOW UP**

A full copy of this report and the response has been circulated to Audit and Scrutiny Committee Members.

A total of 47 recommendations were made in the reports being followed up. Follow-up checks carried out during the audit showed that effort has been made in implementing recommendations previously made.

Eleven recommendations remain outstanding and require to be re-made, all were classified as low risks. All recommendations were accepted by management.

#### **13. MB/1088/FM MART (Income Max, Money Advice, Welfare Rights)**

The objectives of the audit were to ensure that:

- Appropriate policy and procedures are in place to cover the operation of the service
- Quality assessment has been measured against National Standards;
- Training needs of staff are being addressed
- Reports produced are reliable and have accurate supporting documentation
- Benchmarking arrangements are in place
- Individual and team performance targets are clear and monitored
- All aspects of each case have been documented and each is treated consistently.

Audit testing confirmed that the service is operating satisfactorily and there are no significant findings. It was noted that there were several clients where a signed mandate was not available. A review of SLA's should be carried out to ensure that these are still current and re-issued where necessary. Procedure notes should be reviewed and updated to reflect recent changes in the way the service operates.

Eight recommendations were made, all were classified as low risk. All but two of the recommendations were accepted by management however the responses are deemed satisfactory as they explain that non- acceptance is due to a change in commitment. Details of the two recommendations not accepted are reproduced below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.3.1	A report should be written on AdvicePro that shows the number of cases reviewed as a percentage of total cases for both Welfare Rights and Money Advice Cases. If this is not possible, a manual record should be kept to evidence that approximately 5% of cases have been subject to a senior officer review.	Low	No	Commitment removed. Following discussions with SLAB for National Standards has been replaced with a minimum commitment of 3 cases per month per advisor. AdvicePro report created to evidence this	Brian Dunigan	06/06/2019
4.3.2	The procedure notes should be updated to reflect that 5% of cases will be subject to senior officer review.	Low	No	See above	Brian Dunigan	06/06/2019

#### 14. MB/1089/NS HOUSING REPAIRS

The objectives of the audit were to ensure that:

- Written procedures for housing repairs are in place
- Housing repairs are carried out in accordance with legislation and the Councils agreed policy/procedures
- There is documentary evidence to support all housing repairs and maintenance transactions
- Property records are kept up to date
- All relevant records are updated to record repairs carried out
- All repairs and maintenance work is correctly carried out and valued
- All repairs and maintenance work is initiated and recorded promptly and carried out within the specified timescales
- All repairs and maintenance transactions are legitimate and appropriate
- There are mechanisms in place to ensure that repairs are completed to a satisfactory standard.

A review of the policies and procedures in place for housing repairs showed that these require to be updated as the corporate documents that they refer to are no longer in use. It was also noted that there are no detailed notes covering the daily and weekly processes carried out by employees. The risk associated with this is greater due to the high staff turnover and increased use of agency staff.

The sample of jobs taken showed that there are weaknesses in relation to evidence to support the agreement of owner/occupiers prior to carrying out the work and also significant delays between the works being completed and the invoices being issued.

It was also noted that there does not appear to be a formal process in place to ensure that the users of OHMS are still current employees who require access to the system, with this being done on an ad-hoc basis.

Ten recommendations were made, four were classified as medium risk and six as low risk. All recommendations were accepted by management however the timescale for completion for point 4.1.2 is deemed unsatisfactory however management have advised that this is due to the service redesign that is in progress and once this has been completed the procedures can then be prepared.

The medium risk recommendations are reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.2	A more detailed set of procedure notes should be written which provides more detail as to what employees are expected to do in each role and why.	Medium	Yes	Although there are high level procedures, it has been identified there is gap in detailed process maps. Housing Services are undertaking a review of the Housing Maintenance Team, including working Groups, outside consultants and its part in the overall Housing Services re-design/restructure. Our timescale for target completion for this exercise is after the completion of the Re-design of the Service.	Suzanne Conlin	31/3/2021
4.2.1	An annual review of OHMS users should be carried out by asking all departments to confirm that users still require access to the system. Documentary evidence of the exercise should be held as evidence of action taken.	Medium	Yes	This review was missed this year. However, the issue of all council leavers being notified to system owners needs to be reviewed. Housing Services will pick up other departmental leavers once a year, but updating should be more regular.	Suzanne Conlin	31/3/2020
4.4.1	An appropriate system requires to be established that provides evidence that rechargeable repairs have been agreed in advance with the tenant prior to the work being instructed.	Medium	Yes	An annual check will continue to be carried out and the results reviewed to ensure compliance with the audit recommendation.	Suzanne Conlin	Complete
4.8.1	An appropriate system requires to be established to ensure all contractors used by Housing Maintenance are being appropriately monitored by a named individual to ensure jobs are being completed in a timely manner and to the required quality.	Medium	Yes	Housing Services are undertaking a review of the Housing Maintenance Team, including working Groups, outside consultants and its part in the overall Housing Services re-design/restructure. This issue has been identified as needing resolved.	Suzanne Conlin	31/12/19

#### 15. MB/1091/RM PARENTPAY – MUSIC TUITION

The objectives of the audit were to ensure that:

- Written procedures have been established covering all processes of parentpay music tuition

- Effective procedures are established for the management of instrumental debt including whether service is timeously withdrawn for non-payment
- All expected income can be accounted for and the financial ledger and parentpay system are reconciled on a regular basis
- Charges imposed agree to those approved by Cabinet
- Exemption/discounts are granted in accordance with policy
- Reporting/monitoring of payments made through parentpay is sufficient to allow reminder process to be applied and a specified time to pay following reminder is enforced
- Refunds due where pupils have been withdrawn from tuition are paid correctly
- There is transparency of all transactions for both parents and the Council
- Follow-up of recommendations made and accepted in the parentpay/cashless catering audit report issued July 2018 to ensure they have been implemented.

It is acknowledged that this current school year is the first year for which music tuition could be paid via parentpay and as such it is understandable that there were some initial teething problems. Parents are understood to appreciate the facility to be able to pay for music tuition through the parentpay system. Some of the provisions shown in the terms and conditions are not being adhered to and reconciliations are not being carried out between parentpay and the ledger to ensure that all expected income is being accounted for.

Fifteen recommendations were made, one was classified as medium risk and 14 as low risk. All recommendations were accepted by management.

The medium risk recommendation is reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.6.1	The ledger and the parentpay system should be reconciled on a regular basis.	Medium	Yes	Budget Unit will now reconcile ParentPay and the ledger on a regular basis	Business Support Manager (B Taylor)	May 19

## 16. CC101 ADVOCACY SERVICES

A review of the evaluation process for advocacy services was carried out using contingency time following concerns being raised by an elected member and a member of the public. Five recommendations were made as a result of the review, two of which were classified as high risk, two as medium risk and one as low risk.

The main focus of the review was on the tender evaluation process and the decision taken not to progress to awarding the contract. This decision was against procurement advice at the time. The previous contract for advocacy services expired on 31 May 2018 however payments continue to be made (£158k as at 29/4/19) for services despite no contract being in place. Employees involved in evaluating tenders need to be adequately trained to ensure there is consistency in scoring.

The high and medium risk recommendations are reproduced below with the management responses.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
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Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
1.1	Audit should be advised of the intended start date of a new contract as soon as possible so that payments made out with a proper contractual basis can be kept to a minimum.	High	Yes	Once a decision has been taken to move to award a new contract the contract the accountancy and Contracts Manager will notify audit accordingly.	Accountancy and Contracts Manager	Ongoing
2.1	HSCP management should ensure that all evaluators for future tenders are fully trained and aware of the need to score contractors consistently based purely on the submission and provide adequate notes to justify their scoring.	Medium	Yes	Procurement have agreed to undertake a training session for evaluators prior to the evaluation of the tender. All employees who will undertake the evaluation of the tender have committed to undertake this training. In future Any new employees who will undertake the evaluation of tenders will also be trained	Commissioning and Planning Manager and Children's Services Strategy Manager	Ongoing
3.1	Cancellation of tenders should only be made with the agreement of procurement and where the circumstances fully justify the cancellation.	Medium	Yes	We will ensure that we seek agreement of procurement section regarding cancellation of any future tenders if required.	Commissioning and Planning Manager /Children's Services Strategy Manager	Ongoing
3.2	HSCP should provide details to Audit of the differences between the cancelled tender and the revised tender when it is issued.	High	Yes	The differences between the previous tender and the revised tender have been captured in the paper discussed and agreed with DMT on 13 <sup>th</sup> February 2019. This is attached for information.  As with 3.1 should such circumstances arise in the future relevant information will be supplied.	Commissioning and Planning Manager	Complete

Risk Ratings for Recommendations	
<b>High</b>	<ul style="list-style-type: none"> <li>• Key controls absent, not being operated as designed or could be improved and could impact on the organisation as a whole.</li> <li>• Corrective action must be taken and should start immediately.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• There are areas of control weakness which may be individually significant controls but unlikely to affect the organisation as a whole.</li> <li>• Corrective action should be taken within a reasonable timescale.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>• Area is generally well controlled or minor control improvements needed.</li> <li>• Lower level controls absent, not being operated as designed or could be improved</li> </ul>

<b>Efficiency</b>	<ul style="list-style-type: none"><li>• These recommendations are made for the purposes of improving efficiency, digitalisation or reducing duplication of effort to separately identify them from recommendations which are more compliance based or good practice.</li></ul>
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**EAST RENFREWSHIRE COUNCIL**  
Internal Audit Section

**QUARTERLY PERFORMANCE INDICATORS**

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 4 Actual	Cumulative 2018/19
<b>2. Audit Coverage.</b>			
2.2 Actual direct audit days as a percentage of total days available	75%	84%	77%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	1	9
2.4 Percentage of planned contingency time used.  (Days available exclude public holidays, annual leave and sickness absence)	<100%	17%	39%
<b>5. Issue of Reports.</b>			
5.1 Number of audit reports issued per quarter.	-	14	40
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	17.7 weeks	13.7 weeks
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	8.1 working days	11.1 working days

**Notes**

1. Average weeks calculated as working days divided by 5.
2. Working days excludes weekends, public holidays, annual leave and sickness absence.

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