



Herefordshire Council

Report of Internal Audit Activity
Plan Progress 2016-17 May 2017

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Our audit activity is split between:

- Operational Audit
- Key Control Audit
- Governance, Fraud & Corruption Audit
- IT Audit
- Special Reviews

See Appendix A for individual audits

Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 21 March 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- School Themes
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Director of Resources (Section 151 Officer) following consultation with the Senior Management Team. This year's (2016/17) Plan was presented to this Committee on 23 March 2016.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Update 2016-17

Completed Audit Assignment in the Period

Audit Plan Progress

The summary of the Annual Plan for 2016/17 (Appendix C) highlights progress to date. Based on the findings of each review, an overall control assurance is offered. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Risk Levels, please refer to [Appendix 'B'](#).

It is important that Members are aware of the status of audits as this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

As can be seen from [Appendix 'C'](#), the following audits have been progressed to date:

Operational:

- Completed, 19 reviews (1 substantial, 7 reasonable, 8 partial, 3 advisory)
- Discussion Document, 3 reviews
- In Progress, 3 reviews
- Removed - 7 reviews

Governance, Fraud and Corruption:

- Completed - 1 review

Follow Up Reviews:

- Completed - 10 reviews
- In progress - 2 reviews

Update 2016-17

Completed Audit Assignment in the Period

Audit Plan Progress

Special reviews:

- Completed - 2 reviews

School Themes –: SFVS – Schools Financial Value Standard

- Completed, 6 schools (3 partial, 3 reasonable)

Key Control:

- Completed – 7 reviews (2 partial, 5 reasonable)
- Draft Report – 1 reviews

Grants:

- Complete - 4 claims
- Removed - 1 claim

Completed Audit Assignments in the Period

Audit Plan Progress

Audits completed to final report since my last update are:

Operational

- FWI EDRMS/Mosaic Upgrade - Implementation & Assurance – Advisory
- Pre-Paid Cards (Direct Payments) – Partial
- Children Missing Education – Partial
- Concessionary Fares – Partial
- Catering Contract – Advisory
- Looked After Children – Partial
- Early Years Funding – Reasonable
- Midland Heart – Advisory

Key Control

- Accounts Payable – Reasonable
- Main Accounting – Reasonable
- Council Tax - Reasonable
- Payroll - Partial

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

Report on Significant Findings

Where a review has a status of 'Completed' and has been assessed as 'Partial' or 'No Assurance' or with a 'High' corporate risk, I will provide further detail to inform Members of the key findings (Priority 4 and 5) identified. For the audits completed since my last report, five audits have been assessed as Partial assurance (some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives).

One was assessed to have a 'High' corporate risk. – Pre-Paid Cards (Direct Payments)

The full detail of each significant finding and the agreed management action and implementation is detailed on pages 16-25.

Pre-Paid Cards (Direct Payments) – Partial

In September 2015 the Council introduced pre-paid cards to service users for management of their direct payments in partnership, with a card management provider. Card accounts are set up by the provider, and the Direct Payments Team jointly administers service users' accounts with the social care transactional team on the provider's web-based system.

The use of a pre-paid card is optional for service users; if they prefer, they can still have a standard direct payment whereby the direct payments are made into their bank account. However, the new system of pre-paid cards negates the requirement for service users to submit documentation for review; instead the account can be monitored through the card provider's web-based system. The Direct Payments Team operates a risk-based approach to monitoring of the card accounts via the regular receipt of a variety of exception reports from Aquarium. At the time of the audit there were 220 pre-paid cards in use.

There were two priority 5 findings, two priority 4 findings and five priority 3 findings resulting in the partial assurance opinion.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The most pressing issue that needs to be addressed is the security of personal and sensitive data managed by the card provider on behalf of the Council. There is the potential for a regulatory breach under the Data Protection Act 1998, with the risk of both financial and reputational risk to the Council through failure to secure personal and sensitive data.

There is currently a lack of control around information security in respect of the use of the card provider and access to service users' sensitive information via use of the web based system and via data transfer by email. The card provider has not implemented the use of any secure form of email or data transfer, putting service users' details at risk of hacking. In addition, from the beginning of 2017, it was planned to roll-out access to the card provider to managed account holders further increasing the risks identified to the Council.

Aside from the card provider information security issues, areas where controls require enhancement consist of streamlining of current monitoring procedures, including a more structured approach to the monitoring of exception reports, and the consistent recording of information on Mosaic. It is recognised that staff have faced challenges of setting up new procedures and controls for administration of new card accounts and with the majority of direct payment service users still having a standard account, this has increased the pressure on the team.

The high corporate risk identified is due to the significant risks identified with regard to the upcoming roll out of access to other, managed account providers. It is imperative that this issue is addressed prior to access to third parties being granted in order to safeguard service users' personal and sensitive information held by the card provider.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Children Missing Education - Partial

The audit reviewed the adequacy of the controls and procedures in place for Children Missing Education (CME) and attendance, across the Local Authority (LA) and a sample of LA maintained schools, academies and free schools in Herefordshire.

In particular the audit looked at whether:

- the LA has developed strong leadership and corporate culture to ensure that CME and attendance is the responsibility of everyone at all levels within the LA;
- there are robust and accurate data collection systems within schools and the LA, which are rigorously monitored and reported;
- effective communication structures exist between the LA, schools, governing bodies and other agencies;
- the LA's powers are effectively applied by a range of service areas and teams.

The DfE defines CME as children of compulsory school age who are not registered pupils at a school and are not receiving suitable education otherwise than at a school. Children missing education are at significant risk of underachieving, being victims of harm, exploitation or radicalisation, and becoming NEET (not in education, employment or training) later in life. LA's have a duty under section 436A of the Education Act 1996 to make arrangements to establish the identities of children in their area who are not registered pupils at a school and are not receiving suitable education otherwise. This duty only relates to children of compulsory school age.

Two significant issues (one priority 4 and one priority 5) were identified. Two out of the four schools tested, were identified as not offering all children a full time timetable, and where part time timetables were in place, these were not suitable i.e. being used on a more long term basis. The Department of Education (DfE) states that all children of compulsory school age must receive an appropriate full time education.

Further to this, coding of the sessions where the children are not timetabled is incorrect. Some of the codes being used are not absence codes and are therefore not included in the absence census data that schools statutorily have to report on. This means that currently the LA do not have true representation of absence rates, for those schools.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

It is the responsibility of the individual schools i.e. Headteachers and Governing Bodies to ensure children receive a suitable education and that part time timetables are used correctly. The LA could increase the quality of the attendance data by reinforcing current guidance, and sharing the results of this report to all schools to promote a more consistent approach. The Head of Additional Needs has commenced work in relation to part time timetables with the Hospital and Home Teaching Team and was aware of the use of part time timetables at one of the schools identified. This school has already implemented plans to ensure all children are now working towards a full time timetable.

There were five priority 3 findings that have all been agreed with Management. The service also demonstrated a number of well controlled areas particularly around safeguarding and the resourcing of Education Welfare Officers.

Looked After Children – Partial

This audit reviewed the new process 'Threshold of Care' introduced in September 2016, to provide assurance that it is working as expected, and that cost effective and appropriate placements are made according to the child's needs. Although the Threshold of Care was only introduced in September 2016, some procedures still require updating. Within our sample of cases, some of the processes documented in the Children's Manual were not consistently being followed with regards to appointing an Independent Reviewing Officer within five days of placement, and a care plan being in place prior to the child being looked after.

A total of seventeen recommendations were made in the previous internal audit report; five have been implemented at the date of this audit, one recommendation was found to be no longer applicable, but the remaining eleven are in progress and are being addressed as part of the current Mosaic improvement project, with a revised implementation date planned for June 2017. Of the eleven that are in progress, three of these are Priority 4 recommendations. This review identified a further eight (Priority 3) recommendations.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The Service is subject to external influences which determine the number of children being referred to the Council. Initiatives have been implemented to improve the placement process, and to provide an intensive placement support service to children with highest needs in a foster care setting.

Although the Service has improvement projects to complete, and some further areas to improve upon, our assessment of each of the three Corporate risks is 'Low'. We fully expect that once the Mosaic improvement project is implemented and that the recommendations within this report have been addressed, that the audit opinion in our next operational review will reflect this.

Concessionary Fares – Partial

A mandatory bus concession for older and disabled people has been in place since 2001. The scheme has gradually been extended since its introduction and since April 2008 has provided free off-peak local bus travel to eligible older and disabled people anywhere in England. Travel Concession Authorities (TCAs) are required to implement the mandatory travel concession as set out in the Transport Act 2000 and the Greater London Authority Act 1999, both of which were amended by the Concessionary Bus Travel Act 2007.

TCAs are required by law to reimburse bus operators for carrying concessionary passengers. In respect of the mandatory concession, TCAs must reimburse bus operators for all concessionary journeys starting within their boundaries, regardless of where the concessionary pass holder making the journey is resident. The aim is not to subsidise bus operators, but to pay for any increased costs that operators have incurred.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The Herefordshire Concessionary Travel Scheme 2016-17 follows the reimbursement principles of the guidance provided by the Department for Travel (DfT) relating to the England National Concessionary Travel Scheme (ENCTS). The total amount spent on reimbursements to bus operators in 2015/16 was £1.3million. The audit reviewed the concessionary fares claims from the five largest bus operators to give assurance that the claims are correctly calculated and are legitimate liabilities of the Council. The current processes in place for paying reimbursements to operators, places full reliance on the quality of the data being provided and collated by the bus operators and the External Consultants who have been commissioned by the Council to manage the reimbursements, according to Herefordshire Council's Travel Scheme.

The Council place reliance on the External consultants to conduct checks on the average fare calculation and the number of concessionary fares. However, the consultants complete these checks by exception and do not check back to the source data for all operators. It is accepted that to check to the source data for each claim would add significantly to the current process and the monitoring of trends is used to highlight any potential anomalies.

The audit review identified the potential for over and under claiming and although the figures are not significant it has highlighted the complexities of the calculations and the need to understand why the claims do not always match to the source data. To address this an overall (priority4) recommendation has been made to introduce formal, regular monitoring and verification processes to review the concessionary fares data provided.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Payroll – Partial

Payroll is one of the Council's key financial systems and the purpose of the audit was to assess whether the controls are operating effectively so that accurate payroll payments and deductions are made to employees, in a timely manner. The review also assessed progress against the 21 recommendations in the 2015-16 audit report which was also a partial assurance.

In the 2015-16 report, there were two priority 5, seven priority 4, and twelve priority 3 recommendations. Thirteen of the recommendations have been completed, however one priority 5, five priority 4 and one priority 3 recommendations remain in progress.

This audit identified a further seven recommendations - five significant findings (priority 4) and two priority 3 findings.

There are issues surrounding the notification of leavers and the subsequent processing of notification of leavers when received after employees have left the Council. Late notification of leavers has a domino effect in other teams, notably with the Payroll Team having to calculate and process amendments on Agresso, and raise Debtor accounts to recover the overpayments. Where debts are not repaid, recovery action has to be initiated by the Debtors Team. Evidence has suggested that the issue with regard to late notification of leavers is Council-wide and is therefore a training issue. However, guidance and documentation provided by HR for staff use does not prominently detail the requirement for prompt notification, or the consequences of not notifying HR. The issue has been compounded by the Payroll Team not raising Debtor accounts for the recovery of overpayments to former staff; the identified value of outstanding overpayments was £23,104.89 for a total of 29 overpayments. It should however be stressed that there may be others that have yet to be identified. Testing also found that overpayments have occurred due to late notification of employee career breaks, with four cases having been identified by HR this financial year (total value of overpayments: £9,171.71).

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

There are also still some issues around the processing of BACS payments that would benefit from the introduction of additional controls, notably evidence of separation of duties.

A further finding was in relation to the appointment of one employee. At the time of the audit the recruitment team were unable to provide any documents to confirm the appointment of one of the employees tested. All information supplied points to official processes not having been followed, as the normal recruitment process was not applied.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Added Value

Primarily, Internal Audit is an assurance function and will remain as such. However, as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

SWAP has completed the following comparison reviews:

- Housing Benefit Processing Performance - a comparison of Housing Benefits processing performance across SWAP Partners to establish the current processing time, record of performance and if any current initiatives are being used to help with processing times.

Special Reviews

Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Director of Resources (Section 151 Officer).

No further work has been requested since my last update.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Future Planned Work

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Director of Resources (Section 151 Officer) with removal or deferral of audits to be formally agreed by the Audit Committee. There have been no changes to the plan since my last update.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Conclusion

Since my last update twelve audits have been completed which includes four key control audits. Where low to medium control or administrative weaknesses are identified normal expectation is for reviewed areas to be assessed into the 'Reasonable' category of assurance. However, where the assessed area falls below 'Reasonable', management is expected to address the risks identified as a matter of priority and monitor their progress against the agreed action plan. Of the twelve audits completed five have been assessed as Partial assurance and the significant findings have been reported in the table below. Four have been assessed as reasonable assurance and three are Advisory reviews.

The five partial audits identified twelve significant findings of which three were assessed as priority 5 findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management. Whilst all recommendations have been accepted by management and target dates agreed for implementation, some of which have been actioned immediately, Members need to have assurance that the remaining significant findings are implemented within the agreed timescales.

Two of the audits (Payroll and looked after Children) reviewed previous recommendations from 2015-16 and this highlighted that nine significant findings (eight priority 4 and one priority 5) were still outstanding. The new process for updating Members on progress against significant findings should provide an update of progress and provide the reason where a recommendation has not been completed in the agreed timescale.

Internal Audit will also complete a follow up review on all Partial assurance audits in 2017-18.

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 80% is set where 75% would represent a score of good. The current accumulative feedback for Herefordshire Council is 87%.

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Agreed Outcome	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Pre-Paid Cards – Direct Payments					
There is currently a lack of control around information security in respect of the use of the card management system and access to service users' sensitive information via use of the web based system and via data transfer by email. The Card Provider has not implemented the use of Egress or any other secure form of email or data transfer, thus putting service users' details at risk of hacking.	<p>There is the potential for a regulatory breach under the Data Protection Act 1998, with the risk of both financial and reputational risk to the Council through failure to secure personal and sensitive data.</p> <p>The Council is subject to both reputational and financial risk if robust controls over access to service users' data on the card management system, and data transferred by email are not drawn up and implemented. Service users' sensitive data including card account details could be subject to unauthorised access.</p>	Priority 5 - The Joint Team Manager - Welfare and Assessment Team has agreed to liaise with the Senior Information Governance Officer and arrange a review of the current agreement with the Card Provider. Where amendments are required over responsibility and liability for information security, this should be discussed with the Card Provider and amended via a change control notice. Any changes should take account of information security requirements for the imminent implementation of system access for the managed account holders, with a robust agreement being in place prior to system access being granted.	The Joint Team Manager has contacted the Senior Information Governance Officer to arrange a review of the Card Provider Agreement. This will take place on 19th January 2017. Where amendments are required these will be recorded via a change control notice in conjunction with the contracts team.	16th January 2017	Joint Team Manager: Welfare and Financial Assessment
See above	See above	Priority 5 - The Joint Team Manager - Welfare and Financial Assessment Team has agreed to liaise with the Senior Information Governance Officer to request a secure method of transferring data	Upon receipt of the draft audit report a review of the requirement for new account information has been undertaken.	16th January 2017	Joint Team Manager: Welfare and Financial Assessment

		<p>be made available to the Direct Payments Team. This should be discussed with the Card Provider first, in order to select a method that is mutually acceptable to both parties.</p>	<p>A solution has been found that negates the need for an e-mail to be sent providing that the new account report within the card management system is updated in real time. The company has been asked to remove the new account e-mail alert with immediate effect.</p>		
<p>In addition, from the beginning of 2017, it is planned to roll-out access to the Card Provider to managed account holders further increasing the risks identified to the Council. There is a requirement to review the current agreement with the provider and ensure that robust controls are put in place.</p>	<p>See above</p>	<p>Priority 4 -The Joint Team Manager – Welfare and Assessment has agreed to ensure that the Card Provider system users who leave the Council have their access revoked upon leaving the organisation. With a smaller group of system users, this should now be easier to administer.</p>	<p>The Direct Payments Team Leader and Transactional Support Team Leader who both have system administration roles are aware that removing access to the Card Provider system must form part of the exit procedure. All access levels have been reviewed and are now up to date. The Joint Team Manager has issued a reminder to system administrators about the importance of removing access as part of the exit procedure.</p>	<p>Immediate</p>	<p>Joint Team Manager: Welfare and Financial Assessment</p>

			Investigations will be undertaken to see whether system access can be linked to the council network login as an added security measure going forward.		
See above	See above	<p>Priority 4 - The Joint Team Manager – Welfare and Assessment has agreed to liaise with the Senior Information Governance Officer to review the agreements with the managed account providers to ensure that they allow for the strict control of their system users on the card management system when access is rolled out. No access to the card management system should be given to the managed account providers prior to this issue being addressed.</p>	<p>Managed Account Provider Agreements have yet to be drafted. The Direct Payments Team Leader has already scheduled a meeting to discuss implementing card accounts with one of our managed account providers on 23rd January 2017, and the requirement for strict control of system users and provider responsibilities will be covered at the meeting. The Joint Team Manager will ensure the agreement is drafted in conjunction with the Senior Information Governance Officer and that responsibility</p>	28 th February 2017	Joint Team Manager: Welfare and Financial Assessment

			for reporting any changes in staff so that they can be removed promptly is included in the agreement. No access will be given until signed agreements are in place.		
Children Missing Education					
Children are receiving unsuitable part time timetables.	There is a risk that the schools are not complaint with statutory and non-statutory DfE guidance in relation to the use of part time timetables, as a result of this, schools may be acting outside the Education Act (1996). There is a safeguarding risk in regard to the whereabouts of the children when they are not timetabled into school and a risk that children will be at a disadvantage from not receiving a full education.	Priority 5 - The Director of Childrens Wellbeing has agreed to identify to Governing Bodies and Headteachers, for all Schools in Herefordshire, that part time timetables are only to be used in line with statutory and non-statutory guidance. Governing Bodies and Headteachers are to be made aware where a part time timetable is in place: <ul style="list-style-type: none"> • parents' consent must be sought; • regular documented review and monitoring must take place; and • it must not be used as long term solution 	Agreed. Communication will be sent to all headteachers and chairs of governing bodies reminding them to follow the statutory and non-statutory guidance. The audit report will be included in the communication to raise awareness. The item will be reinforced through Spotlight on Children and a reminder system will be established. An additional communication will be sent asking for details of the current use of part time timetables as set out above. SWAP will be engaged for 2017/18 to carry out 10 audits	31 May 2017	Interim Director of Childrens Wellbeing

		<p>In addition, the Director of Childrens Wellbeing has agreed to:</p> <ul style="list-style-type: none"> request that schools provide information regarding how many children are currently receiving a part time timetable, how these absences are currently being monitored and what plans are in place to enable appropriate full time education; and ensures that existing guidance in relation to part time timetables and attendance coding is reinforced to schools along with the sharing of the findings identified as part of this audit. <p>This information can be used to provide assurance that the school will implement recommendation if necessary, and will be able to inform further work needed in this area.</p>	<p>of a sample of primary, secondary and special schools to check on the use of part time timetables, planning to achieve full time education, and appropriate coding.</p> <p>The section 157/175 2-year audit programme will include assurance requirements regarding the use of part time timetables.</p>		
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<p>Schools are not correctly coding absences.</p>	<p>There is a risk that the census data showing absence figures is not reflective of the true absence rates, which may mean that the appropriate corrective action has not been identified and implemented.</p>	<p>Priority 4 - The Director of Childrens Wellbeing has agreed to identify to the Governing Bodies and Headteachers of all schools in Herefordshire, and particularly the schools involved as part of this audit, that the correct use of the attendance/absence codes must be used at all times. In particular the correct code, code C, 'Leave of absence authorised by the school' is used for the following types of absence:</p> <ul style="list-style-type: none"> • part time timetables (either due to phased entry or with the support of a pastoral support plan); and • virtual learning, or work taken home. <p>Schools will need to provide a response to the Local Authority including information regarding how many children are currently receiving a part time timetable and how these absences are currently being coded, monitored and what plans are in place to enable appropriate full time education.</p>	<p>Agreed. Contained in response above.</p>	<p>31 May 2017</p>	<p>Interim Director of Childrens Wellbeing</p>
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Concessionary Fares

<p>The Council place reliance on external consultants to conduct checks on the average fare calculation. However, the consultants complete these checks by exception.</p>	<p>The Council may reimburse operators for journeys not undertaken with the current limited controls in place.</p>	<p>Priority 4 - The Passenger Transport Manager, in liaison with the Head of Transport, has agreed to ensure checks and processes are put in place to monitor and verify the accuracy of a percentage of monthly operator Reimbursement Claim Submissions to the operator's original ticket and concessionary journey data.</p>	<p>It is intended to allocate the PT Team Project Officer to ensure checks and processes are put in place to monitor and verify accuracy of 5% of bus operator claims supplied by the external consultant for Reimbursement. This will ensure the matching with a low margin of error source data from bus operators with the amount claimed.</p>	<p>31 July 2017</p>	<p>Passenger Transport Manager</p>
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Payroll

<p>There were no documents to confirm the appointment of one of the employees tested. All information supplied points to official processes not having been followed, as the normal recruitment process was not applied.</p>	<p>There is a risk that the employee is a ghost employee and not a legitimate employee of the Council.</p>	<p>Priority 4 - The Head of HR Organisational Development has agreed to locate and provide the paperwork in respect of the appointment of employee pay number 110613 to ensure it is a valid appointment. Where official channels have not been used for the appointment, this matter should be raised with the Head of Service and Director for Adults and Wellbeing.</p>	<p>Agreed</p>	<p>31 March 2017</p>	<p>Head of HR and Organisational Development</p>
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<p>There are issues surrounding the notification of leavers and the subsequent processing of notification of leavers when received after employees have left the Council.</p>	<p>Late notification of leavers has a domino effect in other teams, notably with the Payroll Team having to calculate and process amendments on Agresso, and raise Debtor accounts to recover the overpayments. Where debts are not repaid, recovery action has to be initiated by the Debtors Team.</p>	<p>Priority 4 - The Head of HR and Organisational Development has agreed to arrange for the update of the Exit Form, "Managing People, Change, and Leaving the Organisation Policy" and Career Break Notification Form in order to make the requirement for managers to notify HR as soon as a member of their staff tenders their resignation or obtains authorisation for a career break more prominent. This should be supplemented by a quarterly communication to all managers reminding them:</p> <ul style="list-style-type: none"> (i) of this requirement to complete the form; (ii) that the form must include all relevant information that will impact on the employee's final pay, such as annual leave details; and (iii) the impact of not completing the form i.e., the additional work involved in recovering overpayments, and the impact on the manager's budget. 	<p>I am happy to arrange for the exit form and career break form to be updated to make it clearer for managers. I do not agree that a quarterly email of the nature suggested to all users is appropriate. This is not how we would communicate with managers on this topic. I will instead suggest that the business partner brings up the issue at DMT meetings to remind managers of their responsibility and an article is placed on core news.</p>	<p>31 May 2017</p>	<p>Head of HR and Organisational Development</p>
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<p>Debtor accounts had not been set up for all overpayments in particular for career breaks.</p>		<p>Priority 4 - The Payroll Manager has agreed to arrange for the immediate set up of debtor accounts for all of the outstanding payroll overpayments. In addition, the overpayments spreadsheet maintained by the Payroll Team should be:</p> <ul style="list-style-type: none"> (i) reviewed to ensure that the status of each overpayment is recorded correctly, in order to ensure that all required debtor accounts are set up; (ii) amended to allow for details of cheque payments to be recorded in full where a payment has been made directly, following an initial notification to the former employee by Payroll staff. Details should consist of the date and receipt number from the cash receipting system, and the cost code to which it has been paid in. <p>A process for the Payroll Team to set up the overpayments in future on Debtors via self-service should be finalised by the Payroll Manager.</p>	<p>Agreed</p>	<p>31 March 2017</p>	<p>Payroll Manager</p>
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<p>There is still a risk with regard to processing BACS payment runs. There is no confirmation that there is adequate separation of duties for this task. If there were, it would safeguard the interests of the staff involved in the process as well as the Council.</p>	<p>This could potentially impact on the Council's financial resources, if an unauthorised payment were to be processed, as there is no requirement for funds to be transferred from the General Account to the Salaries and Wages account; this is an automatic transfer process controlled by the bank.</p>	<p>Priority 4 - The Head of Management Accounting has agreed to arrange for the removal of the former Revenue and Benefits Manager from the BACS Primary Security contact list. In addition, the Corporate Finance Manager should be removed or suspended from both the Creditors and Payroll (760600) list and the list of administrators while she is on maternity leave, and replaced with a suitable nominated officer.</p>	<p>Will amend this with immediate effect.</p>	<p>Complete</p>	<p>Head of Management Accounting</p>
<p>See above</p>	<p>See above</p>	<p>Priority 4 - The Payroll Manager has agreed to ensure that there is evidence to confirm the involvement of at least two members of staff in the emergency payrun process. Where possible, the BACS file should be created by a separate member of staff to the one who runs the BACS transmission.</p>	<p>Agreed</p>	<p>Immediate</p>	<p>Payroll Manager</p>