

THE HIGHLAND COUNCIL

AUDIT AND SCRUTINY COMMITTEE – 12th JUNE 2008

Agenda Item	
Report No	

Internal Audit Reviews and Progress Report

Period: 1st April 2008 to 23rd May 2008

Report by Interim Head of Internal Audit and Risk Management

SUMMARY

This report summarises the Final Reports issued since the date of the last meeting of the Audit and Scrutiny Committee on 17th April 2008, together with details of work in progress. It also provides other information relevant to the operation of the Internal Audit Section.

1. Final Reports

1.1 The following audits are those finalised since the date of the previous Audit and Scrutiny Committee. Whilst only the Report Summaries and relevant Action Plans are attached for consideration by Members, it should be noted that full copies of reports are available if requested.

SERVICE	SUBJECT
Central Systems	General Ledger – Balance Sheet Reconciliations
Corporate Activity	Receipt of Tenders
Corporate Activity	Use of Contract Suppliers
Chief Executive's	Common Good Fund
Education, Culture & Sport	PPP and PFI
Education, Culture & Sport	Early Retirement Procedures (Teachers)
Social Work	Throughcare & Aftercare

2. Work in Progress

2.1 Planned work that is in currently in progress and which will be the subject of a future report to this Committee is shown below:

SERVICE	SUBJECT
Central Systems/ Finance	Creditors
Central Systems/ Finance	Debtors
Central Systems/ Finance	Housing Benefits
Central Systems/ Finance	Fees & Charges *
Chief Executive's / Finance	Members Expenses *
Chief Executive's	IT Networks *
Chief Executive's	IT Compliance *
Corporate	Inventory
Corporate	Purchasing (Progress against McClelland Review) *
Corporate	Use of Consultants *
Education, Culture & Sport	School Meals *
Education, Culture & Sport	School Establishments
Education, Culture & Sport	Ambitious Excellent Schools *
Housing & Property	Gas Safety Framework *
Housing & Property	Housing Rents
Social Work	CareFirst system

Social Work	Catering (value for money) *
Social Work	Direct Payments *
TECs	Capital Contracts *
TECs	Refuse Collection *
TECs	Tendering Procedures (Lochaber Area) *
TECs	Use of Council Vehicles (Follow Up)

Notes: *: brought forward from Audit Plan 2007/08

2.2 In addition to the planned work referred to above, the undernoted unplanned work will also be the subject of a report to this Committee:

SERVICE	SUBJECT
Education, Culture & Sport	Kilchuimen Primary School (System weaknesses - fraud investigation)

2.3 The Section is also involved in a variety of other work which is summarised below:

- Irregularity/ Fraud Investigations
- Whistleblowing Investigation
- Caithness Heat and Power (Advisory/ Consultancy)
- Joint Boards
- Eden Court
- Islands Councils – provision of Computer Audit Service
- Grant Claim (Review and Certification)
- Follow Ups (Miscellaneous, where not subject to further report)
- Scrutiny Pilot Study

3. Administrative Matters

3.1 It was reported at the last meeting of this Committee that there was a vacancy within the Section at Auditor level. This vacancy has now been filled by Jason Thurlbeck who previously held a Temporary Auditor post in the Section. David Martin, an Audit Assistant within the Section who recently passed his final ACCA examinations, has been promoted to the Temporary Auditor post. As a result of this, a vacancy now exists for a Temporary Audit Assistant.

3.2 The vacancy for the post of Head of Internal Audit & Risk Management has been progressed through the Vacancy Monitoring Group and is in the process of being advertised.

RECOMMENDATION

Members are invited to consider the Final Reports referred to in Section 1.1 above, and discuss any other matters of interest.

Signature:

Designation: Interim Head of Internal Audit and Risk Management

Date: 26th May 2008

AUDIT REPORT SUMMARY

Report Title

Central Systems - General Ledger – Balance Sheet Reconciliations

Report No.

HK11/007

Type of Audit

Systems

Issue Date

Draft Report

11/05/08

Final Report

22/05/08

1. Introduction

- 1.1 The audit was undertaken as part of the plan for 2007/08.
- 1.2 There are twenty six reconciliations to be undertaken daily, monthly or quarterly by the Central Finance Team.
- 1.3 Control account reconciliation is a process used to identify any irregularities and ensure all financial transactions are accounted for. These feed into the Year End process which enables the Council to verify that cash balances recorded on its internal financial systems reconcile with its statements.

2. Review Objectives

- 2.1 The objective of the review was to ensure that regular and accurate reconciliations are performed on the following selected accounts:
 - Number 2 Bank Account,
 - Number 3 Bank Account (Payroll),
 - Number 4 Bank Account,
 - Home Computers,
 - the Axis Income Account and Imprest.

3. Main Findings

The main findings of the review are as follows:

- 3.1 From a sample of accounts examined it was found that reconciliations are being undertaken regularly and accurately with corrective action being taken to deal with any variances. However, the following concerns were noted:
 - The reconciliation process for Bank Account Number 3 included adjustments for payroll re-workings. This involves separate emails for each request which complicated the process especially as the cross referencing was unclear. It was agreed that further discussions with the Assistant Payroll Manager are required to streamline communications and reduce the need for cross-referencing.
 - A traffic light system is used to monitor the performance of the reconciliations; with the reconciliations on the spreadsheet being coloured red to show at a glance those overdue, amber, for those being worked on and green for those completed. However, the actual completion date was not entered for all "green" reconciliations to identify any delays in completing the reconciliation.
 - There is no evidence recorded against any of the reconciliations examined to evidence that the calculations have been independently checked for accuracy and completeness.
- 3.2 The objective of this audit included an examination of the reconciliation of the Imprest. However, it was agreed at the start of the audit that corrective action required to resolve previously identified problems would not be actioned until the 2007/08 year end and there would be no records available to examine at the time of this review.

4. Conclusion

- 4.1 The audit confirmed that regular and accurate control account reconciliations are being undertaken by the Central Finance Team. However it also highlighted the need to improve the cross referencing and efficiency of the reconciliation process for Number 3 Bank Account. Furthermore it identified how the monitoring process controls could be easily improved.
- 4.2 It was also noted that the detailed procedures in place relating to the reconciliation of the Axis Income System provided assurance that the process was not dependent of one or two staff and that if necessary staff unfamiliar with the process could complete the reconciliation.
- 4.3 A total of four recommendations, all prioritised at grade 3, should be implemented by 31 October 2008.

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Central Systems - General Ledger – Balance Sheet Reconciliations	HK11/007
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	Some reconciliations were not clearly referenced to supporting documents. Recent discussions with the Assistant Payroll Manager failed to find a solution to the communication of payroll adjustments included in the reconciliation of No. 3 Bank Account.	3	Service Finance Manager to review process to improve cross referencing of supporting documentation with the reconciliation.	Service Finance Manager	31/10/08
5.2	There was no evidence of the reconciliations being independently checked for accuracy and completeness.	3	At the completion of each reconciliation a summary sheet will be presented to the Principal Accountant, Central Services or the Service Finance Manager, Central Services; for accuracy check prior to sign off.	Service Finance Manager	30/06/08
5.3	Although it is recommended, the filename and pathway is not recorded as a footnote on each file used as part of the reconciliation to enable efficient and reliable sourcing of documents held electronically.	3	The Central Services Accounting team will be reminded of the team policy of ensuring filename and pathway is recorded as a footer on each spreadsheet. Checks for improved compliance will be carried out.	Service Finance Manager	31/05/08
5.3	The Reconciliation spreadsheet used for monitoring purposes does not include completion dates to identify any delays in completing the reconciliation.	3	Dates are now included when the control spreadsheet is being updated	Service Finance Manager	31/05/08

AUDIT REPORT SUMMARY

Report Title

Corporate Activity – Receipt of Tenders

Report No.

HL20/002

Type of Audit

Systems

Issue Date

Draft Report

11/04/08

Final Report

22/04/08

1. Introduction

- 1.1 This audit was carried out as part of the planned audit activity for 2007/08. The procedures in place at 9 offices responsible for issuing and receiving tenders were evaluated for compliance with the Council's Contract Standing Orders and the Procurement Manual which supports the Orders.
- 1.2 The audit looked at manual tendering procedures and did not cover tenders advertised and received using the Council's e-tendering system.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 All tenders received by the closing date and time were considered;
- 2.2 Tenders were only opened after the closing date and time had elapsed;
- 2.3 Tenders were opened with a minimum of delay after the closing date and time had elapsed;
- 2.4 There was adequate segregation of duty in the opening of tenders;
- 2.5 Tender prices submitted were accurately recorded and were duly considered as part of the evaluation process;
- 2.6 Tenders received after the closing date and time were returned unopened.

3. Main Findings

In respect of the above objectives, the main findings of the review are as follows:

- 3.1 Various documents were used to record details of contractors invited to tender, however the documents used did not provide a complete record of the tendering process and did not therefore comply with the requirements of Contract Standing Orders. Furthermore, only one office contacted recorded the receipt of tenders to provide a basis of ensuring that all tenders received are opened, thus ensuring that none are lost or mislaid. Other offices didn't carry out verification as there was no means of ascertaining who tenders were received from;
- 3.2 One of the offices contacted had experienced problems where temporary staff had on occasion opened tender envelopes which were received in the post;
- 3.3 Tenders were opened with a minimum of delay after the closing date and time had elapsed;
- 3.4 There was adequate segregation of duty in the opening of tenders;

- 3.5 One of the offices contacted stated that they did not retain copies of the pricing pages with the tender opening record in cases where the value of the tender was not recorded on the tender opening record as a single tender price was not provided.

The Tender Opening Board in another office did not sign the tender documents as required by the Council's Procurement Manual. Where tender documents are not signed by the Tender Opening Board there is a risk that tenders could be subsequently manipulated. There is also no means of disproving any allegations of manipulation from unsuccessful tenderers.

- 3.6 Although it is a requirement within the Procurement Manual, late tenders could not be identified without opening the tender envelope.

4. Conclusion

- 4.1 The findings of this review identified a lack of compliance with the Council's Procurement Manual. Given that the Council's Contract Standing Orders state that they "shall be implemented by application of the standards and procedures set out in the Highland Council Procurement Manual as published at the time of the requirement arising" this clearly can be seen as a breach of the Contract Standing Orders.
- 4.2 The review also highlighted a major area of concern as the procedures followed in the majority of offices contacted do not enable the officers opening tenders to verify that all tenders returned have been presented to them for opening.
- 4.3 Implementation of the recommendations contained within this report would address the weaknesses identified and provide an easy means of tracking tenders throughout the process. As such this report contains six recommendations, five of which are classified at grade 2 with the other being grade 3. The recommendations have been accepted by Management with agreed action due to be implemented by 31st December 2008.

Prioritisation Classifications (Risk assessment of area of concern)	Likelihood	Grade 3	Grade 1
		Grade 4	Grade 2
	Impact		

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Corporate Activity – Receipt of Tenders	HL20/002
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1.1	<p>Various documents were used to record details of contractors invited to tender, however the documents used did not provide a complete record of the tendering process.</p> <p>The retention period for the Tender Despatch Opening Tabulation form is not specified in either the council's Contract Standing Orders or Financial Regulations.</p>	2	<p>Greater emphasis to be placed on control processes and forms in training sessions.</p> <p>The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.</p> <p>Contract Standing Orders to be amended.</p>	<p>Head of Procurement</p> <p>Head of Procurement and all Directors</p> <p>Head of Procurement</p>	<p>30/09/08</p> <p>30/09/08</p> <p>31/12/08 (as per agreed actions in other reports)</p>
5.1.2	<p>Only one office contacted recorded the receipt of tenders to provide a basis of ensuring that all tenders received are opened. Other offices didn't carry out verification as there was no means of ascertaining who tenders were received from.</p>	2	<p>Greater emphasis to be placed on control processes and forms in training sessions.</p> <p>The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.</p>	<p>Head of Procurement</p> <p>Head of Procurement and all Directors</p>	<p>30/09/08</p> <p>30/09/08</p>

Prioritisation Classifications (Risk assessment of area of concern)	Likelihood	Grade 3	Grade 1
		Grade 4	Grade 2
	Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.2	One of the offices contacted had experienced problems where temporary staff had on occasion opened tender envelopes when received in the post.	2	Greater emphasis to be placed on control processes and forms in training sessions. The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.	Head of Procurement Head of Procurement and all Directors	30/09/08 30/09/08
5.3.1	One of the offices contacted stated that the value of the tender was not always recorded on the tender opening record, and in these cases copies of the pricing pages of the tender were not held with the tender opening record.	2	Greater emphasis to be placed on control processes and forms in training sessions. The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.	Head of Procurement Head of Procurement and all Directors	30/09/08 30/09/08
5.3.2	The Tender Opening Board in another office did not sign the tender documents as required by the Council's Procurement Manual.	2	Greater emphasis to be placed on control processes and forms in training sessions. The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.	Head of Procurement Head of Procurement and all Directors	30/09/08 30/09/08

Prioritisation Classifications (Risk assessment of area of concern)	Likelihood	Grade 3	Grade 1
		Grade 4	Grade 2
	Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.4	Late tenders could not be identified without opening the tender envelope.	3	<p>Greater emphasis to be placed on control processes and forms in training sessions.</p> <p>The Corporate Procurement Unit is currently being expanded to form a Consolidated Procurement Service. Once recruiting for the Consolidated Procurement Service is complete, all formal tenders for goods and services within its defined remit will be handled by the Consolidated Procurement Service.</p>	<p>Head of Procurement</p> <p>Head of Procurement and all Directors</p>	<p>30/09/08</p> <p>30/09/08</p>

AUDIT REPORT SUMMARY

Report Title

Corporate Activity – Use of Contract Suppliers

Report No.

HK07/003

Type of Audit

Systems

Issue Date

Draft Report

25/04/08

Final Report

22/05/08

1. Introduction

- 1.1 This audit was undertaken as part of the annual plan for 2007/08.
- 1.2 The annual expenditure (revenue and capital) associated with payments to contractors and suppliers of goods and services for the financial year 2006/07 totalled £174,182,048.
- 1.3 The audit excluded the following categories of expenditure as these are subject to separate contract arrangements:
 - payments to building contractors;
 - payments to providers of housing and social work services;
 - payments to Consultants;
 - utility payments.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Tendering exercises have been performed and that contracts are in place where expenditure is in excess of the EU tendering threshold (nb currently £144,371. This value is based on a likely spend for that requirement over a 48 month period).
- 2.2 Contract suppliers are used where appropriate.
- 2.3 An accurate and up to date register of contract suppliers is maintained. This information is made available to all Officers who incur expenditure.

3. Main Findings

The main findings of the review are as follows:

- 3.1 Occasions were found where the expenditure paid to suppliers was in excess of the EU tendering threshold, but no tendering exercise had been performed and no appropriate contract was therefore in place. Not only has the EU threshold been breached, but also Contract Standing Orders which requires tendering for goods and services valued above £25,000.
- 3.2 It was found that 95% of the suppliers available for selection in Pecos were non-contract suppliers. In response to this the Head of Procurement has stated that at the request of users, non-contract suppliers were initially loaded onto Pecos so staff could familiarise themselves with the system. The audit findings indicate that there are too many suppliers on Pecos and that there is need for rationalisation.

Contract suppliers are not always used as appropriate. This may be due in part to the fact that Pecos (the Council's official ordering system) has non-contract supplier's catalogues of goods and services listed which may then be selected by officers who undertake purchasing. In addition there is no means on the system to differentiate non-contract from contract suppliers.

A review of thirty items purchased by the Education, Culture and Sport Service, from a non-contract supplier identified that twenty one had been purchased at a sum higher than the price charged by the appropriate contract supplier.

Where contract suppliers offer numerous products and services but their contract is limited to a particular category of expenditure, non-contract items have also been purchased. This can result in the Council paying higher prices than necessary.

- 3.3 The listing of corporate contracts was published in three different places, each being different versions. These were also found to be out of date, and incomplete due to the fact Services do not provide details of all contracts for their respective Service to the Corporate Procurement Unit who publish the information. Action has since been taken to remove one of the listings and the remaining two (Intranet and Internet) will be updated simultaneously, reducing the opportunity for inaccurate information to be used.

4. Conclusion

- 4.1 A number of examples were found where officers purchasing in Services have failed to use the appropriate contract supplier. The provision of corporate contracts ensures that all legal requirements have been met and that the Council has achieved Best Value from the arrangements. Failure to adhere to these contracts can result in possible EU sanctions. Therefore these must be adhered to at all times.
- 4.2 The opportunity for new corporate contracts based upon the value of expenditure has been identified and this should be investigated further by the Corporate Procurement Unit. In particular officers purchasing within Services must ensure that they comply with the EU threshold limits and the Council's Contract Standing Orders to ensure that all legislative requirements are met.
- 4.3 Consideration must be given to removing the catalogues of non-contract suppliers from Pecos. This will reduce the opportunity for items to be ordered from these suppliers.
- 4.4 As a result of this audit seven recommendations have been made, categorised as follows: one at grade 1, five at grade 2, and one at grade 3. All recommendations have been agreed with Management and will be implemented by 31 March 2009.

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Corporate Activity – Use of Contract Suppliers	HK07/003
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1.1	<p>Payments had been made to suppliers where due to the sums involved, both the EU threshold for contracts and Contract Standing Orders had been breached.</p> <p>It was found that no contracts were in place despite the value of payments made. Furthermore there were occasions when the recognised contract supplier had not been used.</p>	1	<p>Examples will be investigated to establish whether there is still a need for tendering and new contracts to be established. In addition the officer involved in purchasing the listed items should be reminded of the following:</p> <ul style="list-style-type: none"> • The requirement to purchase from the agreed contract supplier; • The need to comply with the requirements of EU legislation and Contract Standing Orders tendering limits. <p>Payments to suppliers will be monitored on a periodic basis by the Corporate Procurement Unit to check that contracts are in place where required. Any breaches identified will be addressed with the relevant purchasing officer and if further problems are found, this will be addressed with the relevant Service Director.</p>	Head of Procurement	31/12/08
5.2.1	<p>There are 5,399 suppliers on Pecos but only 10% of these are contract suppliers. The audit findings indicate that there are too many suppliers on Pecos and that there is need for rationalisation.</p>	3	<p>A post-implementation review of Pecos is being planned with CGEY, the contracted ePS support consultancy, which will address this issue.</p>	Head of Procurement	30/09/08

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.2.2	<p>It was found that 5 (9%) of the 56 catalogued suppliers listed on Pecos were not contract suppliers. Of these 5, it was established that 3 were not contract suppliers but had been used by officers involved in purchasing, rather than the official contract supplier.</p> <p>When a search is undertaken in Pecos it details all suppliers who have the required item but does not highlight which is the contract supplier. This may have contributed to the findings at 5.2.1 above.</p>	2	<p>Catalogues of off-contract suppliers items, and catalogue lines of contracted suppliers' off-contract items, will be removed where they overlap with formally contracted and catalogued items.</p> <p>A link will be inserted onto the front page of Pecos to the Masterlist of Contract Suppliers.</p> <p>The policy of alternative suppliers being listed on Pecos for emergency situations will be reviewed.</p>	Head of Procurement	30/09/08

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.2.3	An exercise was undertaken to compare the contract prices to actual prices paid to a supplier. This identified that 21 of the 30 items had been purchased at a higher price than the equivalent contract rate.	2	The Contract Suppliers and the goods or services they supply will be reiterated to Council staff involved in purchasing by the Corporate Procurement Unit. Service Directors reminding staff of the importance of purchasing from the approved contract suppliers will be taken up as part of the regular report on procurement made to WBM	Head of Procurement	31/08/08
			Regular monitoring of expenditure will be undertaken by the Corporate Procurement Unit. Where goods and services have not been purchased from the appropriate contract supplier, this will be addressed with the relevant officer to ensure future compliance with the contract arrangements. This will be implemented once the consolidated procurement service is staffed and trained.	Head of Procurement	31/03/09
			Ensuring that all users have full knowledge of Pecos capabilities will be communicated to Employee Development.	Head of Procurement	30/06/08
			A review of the user base will be undertaken as part of the purchase-to-pay project with a view to reducing the number of Pecos users and ensuring appropriate levels of expertise.	Head of Procurement	30/09/08

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.3.1	Further problems were found with contract suppliers providing non-contract items. This occurs where the contract is limited to a specific service but their whole catalogue of items is available on Pecos.	2	Better descriptions of items being purchased when staff are ordering not using catalogues, whether in Oracle or Pecos will be taken up with Employee Development, and via an "all users" email. Descriptive codes within Pecos will also be linked directly to Highland Council subjective codes.	Head of Procurement	30/06/08
			A periodic review of items purchased from contract suppliers will be undertaken by the Corporate Procurement Unit to ensure that only contract items are purchased. Where any problems are identified, this will be discussed with the relevant officer to establish the reasons for the purchase and to remind them of the correct contract suppliers in order to prevent any further inappropriate purchases. This will be implemented once the consolidated procurement service is staffed and trained	Head of Procurement	31/03/09
			The Corporate Procurement Unit will ensure that only valid contract items are uploaded. Existing non-contract lines will be removed from loaded catalogues in Pecos to limit staff purchasing goods off contract.	Head of Procurement	31/12/08
5.4.1	Details of corporate contracts had been published in three different places, each being different versions.	2	Corporate contracts published on the Intranet and Internet will be updated simultaneously. This information will be updated on a regular basis by the Corporate Procurement Unit to ensure that the information remains both complete and accurate and is communicated to all staff involved in purchasing.	Head of Procurement	30/09/08

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.4.2	The corporate contracts information referred to at 5.4.1 is incomplete as Council Services also maintain their own listing of contracts.	2	The recommendation relating to Services providing details to the Corporate Procurement Unit of all known contracts along with the Corporate Procurement Unit including these within the listing of corporate contracts will be taken up as part of the regular report on procurement made to WBM, and is already being actioned.	Head of Procurement	30/06/08

AUDIT REPORT SUMMARY

Report Title

Chief Executive's Office – Common Good Funds

Report No.

HA09/001

Type of Audit

Systems

Issue Date

Draft Report

20/12/07

Final Report

30/05/08

1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of Common Good Funds. The audit was undertaken as part of the annual plan for 2007/2008.
- 1.2 The Highland Council administers ten Common Good Funds. As at 31 March 2007 the Common Good Accounts showed that there were fixed assets valued at £35.8M. In 2006/07 the Common Good Funds generated income of £2.1M and incurred expenditure of £1.7M.
- Inverness Common Good Fund represents the largest Common Good Fund with Fixed assets of £19.8M and investments valued at £6.657M as at the 31 March 2007. Nairn Common Good Fund will realise a large amount of income in the next few years as the proceeds of a sale of land at Sandown are realised (fixed asset valued at £15M in the 2006/07 accounts).

2. Review Objectives

The objectives of the assignment were to ensure:

- 2.1 there are appropriate governance arrangements in place for the administration of Common Good Funds;
- 2.2 that complete, accurate and timely records of Common Good Fund Assets are maintained;
- 2.3 that only appropriate expenditure can be incurred from the Common Good Fund; and
- 2.4 that all income due is received by and accounted for in the Common Good Fund.

3. Main Findings

The main findings of the review are as follows:

- 3.1 There is no overarching policy that provides guidance on the governance, stewardship and administration of Common Good Funds.
- 3.2 There is no single comprehensive record of assets for each Common Good Fund. Responsibilities for maintaining records for Common Good assets are not formally defined but currently rest operationally between Housing and Property Services for management of properties, the Insurance Section for insurance purposes. Detailed records are available on the market investments of the Inverness Common Good Fund, Burial Ground Fund and Benevolent Funds which are managed externally by Investment Managers. There are also some records held locally in the Areas relating to the specific Common Good Funds.
- The Audit Scotland Report to Members and the Controller of Audit on the 2006/07 Audit made a recommendation that the Council establish accurate information on Common Good assets where it is possible to do so. The Council has agreed to complete a review to establish accurate information on Common Good assets by June 2008.
- There is no specific process to provide periodic assurance that movable Common Good assets physically exist. The Highland Council's Insurance Policy does provide block cover for a range of assets including Common Good assets.
- 3.3 The Scheme of Delegation does not clearly define who can authorise Common Good Funds expenditure and to what monetary limit except for individual applications for Common

Good Funding.

There is no Council wide standardised application process to apply for Common Good Funds. It was found that there were no requirements for recipients of funding to agree that it would only be used for the purpose granted, or contractual conditions to allow claw back if funding was not used for the purpose intended.

The achievement of value for money could be better demonstrated by routinely preparing a specification and obtaining quotations from potential suppliers when purchasing goods, services or works which are to be paid from Common Good Funds.

In the case of Inverness Common Good Funds a budget is agreed at the beginning of the year and expenditure is reported to, and monitored by the Inverness City Committee. For other Common Good Funds there was evidence to support that prior to disbursement of funds the views and approval of local Councillors or the Community Council had been sought. We found that some larger Common Good expenditure items had been submitted to the Resources Committee via a Recess Powers Report from the Chief Executive or had been approved directly by the Highland Council.

- 3.4 The majority of income is collected by the Inverness Common Good Fund where investment income is generated through a Fund Manager and income for leases and rents are managed by Housing and Property Services. There is no overall schedule detailing all Common Good income to be collected. For the Common Good Funds outwith the Inverness City Area reliance is placed upon local records and administrative arrangements to ensure that income is collected in line with agreed leases. Some of the local administrative arrangements to collect Common Good income are still in the process of being defined following the recent reorganisation of the operational Areas.

There are also a number of different arrangements in place to monitor the receipt of Common Good Income. Prior to the Council's reorganisation of the operational areas, Area Committees received financial reports on Common Good Fund income. After the removal of Area Committees, individual Common Good Fund financial reporting arrangements have not been re-established. Reporting arrangements for Corporate Managers regarding Common Good Funds within their Areas of responsibility have not as yet been defined.

There are arrangements in place to ensure that Common Good Fund income is recorded and accounted for against Common Good Funds using the Council's Oracle Finance System.

4. Conclusion

- 4.1 In order for the Council to better demonstrate good governance of Common Good Funds an overarching policy should be developed which defines guiding principles for the stewardship and administration of Common Good Funds. This should be further supported by, standardising key process, further defining roles and responsibilities and reporting requirements.
- 4.2 As a result of the audit nine recommendations were made, one recommendation was graded as priority classification grade 1, five were grade 2 and three were grade 3. An action plan has been agreed with management with all matters to be implemented by March 2009.

Prioritisation Classifications
(Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Chief Executive's Office – Common Good Funds	HA09/001
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	The lack of an overarching policy and guidance on administering Common Good Funds reduces the Council's ability to demonstrate good governance processes and exposes the Council to reputational risk as a lack of direction and guidance may lead to inappropriate practices.	1	Develop policy and guidance.	Corporate Manager INBS	30/11/08
5.3	The Scheme of Delegation only delegates its authority to Corporate Managers with a monetary authority level of £10K <u>per application</u> . There is a need to provide greater clarity as to who can authorise Common Good Funds expenditure other than for applications for Common Good funding and to what monetary limit.	2	To be included in new policy and guidance. Scheme of Delegation to be amended as appropriate.	Corporate Manager INBS Head of Legal & Democratic Services	31/12/08
5.4	There is currently not a standard process for applying for Common Good Funds. A lack of a standardised application process could lead to an inability to demonstrate consistent decision making surrounding the disbursement of Common Good Funds.	2	Develop Standard process for Application to be used for all Common Good Funds.	Corporate Manager Caithness & Sutherland	31/12/08

Prioritisation Classifications
(Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.5	There is no requirement for persons or organisations in receipt of Common Good Funds to demonstrate that they have used the funds to deliver a benefit to the Common Good as intended. There are no terms or conditions attached to the funding that facilitate claw back if the funds have been inappropriately used.	2	To be included in Standard Application process (See 5.4).	Corporate Manager INBS	31/12/08
5.6	There is a risk that value for money may not be being achieved or be able to be demonstrated if goods and services or works are purchased without obtaining quotations from other potential suppliers. There is also an associated reputational risk of not being able to demonstrate good stewardship of Common Good Funds.	2	To be included in policy and guidance (in line with Council's Agreed Contract procedure rules). (See 5.1).	Corporate Manager INBS	31/12/08
5.7	There is no overall schedule detailing all Common Good income to be collected. For Common Good Funds out with Inverness reliance is placed upon local records and administrative arrangements to ensure that income is collected in line with agreed leases. Some of the local administrative arrangements to collect Common Good income are still in the process of being defined following the recent reorganisation of the operational Areas.	2	Schedule of Income to be developed and arrangements agreed to ensure income is collected.	Corporate Manager RSL	31/12/08

Prioritisation Classifications
(Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.8	Prior to the Council's reorganisation of the operational Areas, Area Committees received financial reports on Common Good Fund income and expenditure. After the removal of Area Committees, Common Good Fund financial reporting arrangements have not been re-established. There is a need to define the monitoring and reporting arrangements for Corporate Managers regarding Common Good Funds within their Areas of responsibility.	3	To be included in policy and guidance (see 5.1).	Corporate Manager INBS	31/12/08
5.9	There has not been a review conducted to verify whether all the Common Good Assets are still in fact held by the Council. There is no annual assurance process to provide this information prior to arranging new insurance cover. There is a risk that Common Good assets may have been lost or are not being appropriately safeguarded.	3	Review of Asset Register for all Common Good Funds.	Director of Housing and Property	31/03/09
5.10	There were people with access to approve payments through the Oracle Finance System who were not delegated authority to authorise expenditure against Common Good Funds.	3	Review Scheme of Delegation and Oracle permissions to strengthen Approval procedures.	Head of Accounting/Head of Legal & Democratic Services	30/10/08

AUDIT REPORT SUMMARY

Report Title

Education, Culture & Sport Service – PPP and PFI

Report No.

HF09/003

Type of Audit

Systems

Issue Date

Draft Report

07/03/08

Final Report

22/04/08

1. Introduction

- 1.1 This audit was carried out as part of the annual plan for 2007/08. The audit looked at the undernoted objectives for the four PPP1 schools, as payments for PPP2 schools had not commenced at the start of the audit.
- 1.2 The first PPP programme provided four "21st Century schools" (Ardnamurchan High School, Glen Urquhart High School, Spean Bridge Primary School and Strathdearn Primary School) which were completed in 2002.
- 1.3 The budget for contract payments for these schools in 2007-08 was £3,272,237.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Payments to the contractor were made in line with the contract, including verification of inflationary increases, additional charges for out of hours use of the facilities and deductions for poor performance or availability failures within the facility.
- 2.2 Adequate budgetary control was exercised and that costs were correctly allocated in the financial ledger.

3. Main Findings

- 3.1 The objectives of the audit were achieved, however documented procedural guidance covering the processing of unitary charge payments have yet to be completed. As such there is a risk that payments may be delayed or inaccurate if key staff were absent, which could result in penalty charges under the terms of the contract.

4. Conclusion

- 4.1 The systems in place for payment of unitary charge invoices ensure that payments made are in line with the contract, and that the budget is adequately managed. However there is a business continuity issue arising from the finding detailed above.

As such this report contains one recommendation which has been assessed at grade 2 under the Council's Prioritisation Classifications. The recommendation has been accepted by Management, with the agreed action due to be implemented by 30th June 2008.

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
	Impact	

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Education, Culture & Sport Service – PPP and PFI	HF09/003
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.2	Documented procedural guidance for the processing of unitary charge payments has yet to be completed.	2	Since the audit review was completed responsibility for processing PPP payments has been transferred from Finance Service to Education, Culture & Sport Service which has resulted in the payment process being amended. A procedural document to reflect the amended processes is currently being produced.	PPP Project Officer	30/06/08

AUDIT REPORT SUMMARY

Report Title

Education, Culture and Sport Service – Early Retirement Procedures for Teachers

Report No.

HB05/003

Type of Audit

System

Issue Date

Draft Report

25/04/08

Final Report

23/05/08

1. Introduction

- 1.1 The audit was undertaken as part of the audit plan for 2007/08.
- 1.2 The Education, Culture and Sport Service is committed to refreshing the teaching profession through the employment of new professional staff and find placements annually for a minimum number of newly qualified Teachers as requested by the Scottish Government for a probationary period of one year. This minimum varies from year to year and in August 2007, 139 Probationer Teachers commenced in Highland Schools.
- In addition to the above, there are further factors of relevance:
- Staffing structures and positions are affected by reducing school rolls.
 - Long term planning is required as more than half of the current Teaching staff are over 50 years of age, and due for normal retirement in the next ten to fifteen years.
 - Following the 21st Century Agreement for Teachers, new promoted staffing structures have been introduced to schools.
- Highland Council undertakes an annual exercise whereby Teaching staff over 50 years of age are asked to consider early retirement to allow the continuous refresh of staff and to accommodate the placement of newly qualified Teachers and to facilitate schools' move towards new promoted staffing structures.
- 1.3 During 2007/08, 24 Teachers retired early from the Council's employment.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 There are procedures in place to:
- (a) Estimate the number of early retirements required annually to allow for
- The intake of Probationary Teachers, the number of which are recommended by the Scottish Government;
 - Where possible to allow schools to move to new promoted structures.
- (b) Identify Teachers who may meet the criteria for early retirement.
- 2.2 That the early retirement pension calculations are accurate, and the justification is reasonable.
- 2.3 The early retirements are appropriately approved and accounted for in accordance with the Early Retirement/ Voluntary Severance Scheme.

3. Main Findings

The main findings of the review are as follows:

- 3.1 There is a Council policy in place which provides a number of principles which should be followed in order to ensure equitable and consistent consideration of requests for early retirement. However there are no procedures within the Education, Culture and Sport Service to provide guidance on the following:

(a) An estimate of the number of early retirements required annually to allow for:

- The intake of Probationary Teachers, the number of which are recommended by the Scottish Government.
- Where possible to allow schools to move to new promoted structures.

(b) The identification of Teachers who may meet the criteria for early retirement.

It is noted that the Education Service Administration and Policy Handbook, last updated in 1999, is available on the Council's Intranet site. Section 5.5.3 of the Handbook covers early retirement and states that "*At present the policy of the Council does not provide for early retirement in order to give employment opportunities to young entrants to the profession.*" Current practice contravenes this guidance and there is no record of it having been rescinded, with appropriate approval to allow the justification for early retirement of teachers to be extended. (Section 5.2.1). However, it was confirmed that the Head of Personnel is consulted each year at the time the criteria is being set and invitations being distributed to teachers.

3.2 Calculations of the costs/ savings to the Council in respect of early retirements were examined and one error was found where the potential saving to the Council was understated by £9,000. This error was not identified at the time and there is no evidence that the calculations had been independently checked for accuracy.

The applications examined were found to be justifiable and reasonable in accordance with the Council's Policy.

3.3 Applications for early retirement are approved by the Early Retirement Sub-Committee of the Resources Committee before they are progressed. The costs to the Council associated with the early retirement are accounted for by the Service.

4. Conclusion

4.1 The review found that although there is a Council wide policy, the Early Retirement/ Voluntary Severance Scheme, the Education Culture and Sport Service have produced limited guidance on how this should be implemented and applied to Teachers. Furthermore, while it is acknowledged that there is consultation with the Head of Personnel, the procedures published on the Council's intranet site were last reviewed in 1999, and no longer reflect current practice.

4.2 Although the calculation process followed to determine the potential cost/ saving to the Council of proposed early retirements was broadly found to be accurate, there is still a need for procedures to be produced and for independent checking to confirm accuracy and completeness of the calculation.

4.3 A total of five recommendations were made, three at priority grade 2, which have already been implemented, and two at grade 3 which should be implemented by 30 November 2008.

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Education, Culture and Sport Service – Early Retirement Procedures for Teachers	HB05/003
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	Teachers may be unaware of the opportunity for early retirement as the letter from the Director of Finance informing of the scheme is sent annually to Head Teachers and onward communication to Teachers is reliant upon them.	2	Highland Council Payroll Manager has been consulted regarding posting notices on payslips for future Early Retirement Schemes.	Principal Staffing Resource Officer	Complete
5.2.1	The Education, Culture and Sport Service's policy on early retirement are published on the intranet. However they have not been reviewed since 1999 and no longer reflect current practice. Furthermore there is no evidence that the changes made to this policy, extending the justification for early retirement to include for the placement of Probationary Teachers, have been approved.	3	The Policy will be revised for future Schemes, and in time for applications for next year's Scheme.	Principal Staffing Resource Officer	30/11/08
5.2.2	There are no procedures covering the calculation of the potential cost/ saving to the Council of proposed early retirements.	3	Procedures will be drawn up to cover the calculation of cost/saving to the Council	Principal Staffing Resource Officer	30/11/08
5.3	There is no supporting documentary evidence from the SPPA to confirm the number of years service upon which to base the early retirement calculations.	2	The SPPA has been asked to provide written evidence of service records.	Principal Staffing Resource Officer	Complete
5.4	One error was found in the calculation of the costs/ savings to the Council. In this case the potential saving had been understated by £9,000. In addition, there is no evidence of independent checking of the calculations to ensure their accuracy and completeness.	2	The independent checking of calculations is now signed and dated by the checking officer.	Principal Staffing Resource Officer	Complete

AUDIT REPORT SUMMARY

Report Title

Social Work Service – Throughcare and Aftercare Payments

Report No.

HG54/001

Type of Audit

Systems

Issue Date

Draft Report

14/03/08

Final Report

22/05/08

1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of Throughcare and Aftercare payments which was undertaken as part of the annual plan for 2007/08.
- 1.2 The Supporting Young People Leaving Care in Scotland - Regulations 2003 came into force on 1st April 2004 which gave local authorities responsibility for the financial support of a specified group of Young People who previously would have been supported by the Department of Work and Pensions (DWP).
- 1.3 The 2007/08 budget comprises the following categories of expenditure which are under the control of the Principal Officer - Looked After Children. In addition to the budgets below, £339,893 was paid to an external agency who play a lead role in the administration of this service.

Budget	Details of expenditure	Allocated Budget
DWP Transfer money	For all support payments made to Young Persons leaving care who meet the specified criteria.	£112,126
Section 29 and 30 payments	For those Young Persons between 16 and 21 years of age who are vulnerable or in further education.	£55,203

At the time of the review there were nineteen Young Persons in receipt of the Basic Living Allowance.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Young People in receipt of Throughcare and Aftercare payments meet the criteria set out in the Support and Assistance of Young People Leaving Care (Scotland) Regulations 2003.
- 2.2 The Council has approved payment rates in accordance with the parameters provided for within the above Regulations.
- 2.3 All payments are in accordance with the appropriate rates and have been appropriately processed and authorised.
- 2.4 There is an adequate and reliable IT system in use for the recording of Throughcare and Aftercare payments.
- 2.5 There is a system of effective budgetary control for the Throughcare and Aftercare budget.

3. Main Findings

The main findings of the review are as follows:

- 3.1 Basic living allowance payments have been made from the DWP Transfer Money budget to Young Persons who do not meet the DWP criteria of entitlement. However they are entitled to financial assistance from the Council's Section 29/30 budgets.
- 3.2 The Housing and Social Work Committee has approved payment rates in accordance with the parameters provided for within the Regulations. Although procedures were initially produced for the Throughcare and Aftercare Scheme, these have not been updated to reflect subsequent changes to the Scheme. Furthermore with the significant role played by different agencies in delivering this service, it is of concern that there are no Service Level Agreements (SLA) in place to formalise the roles and responsibilities of the different parties involved and ensure compliance with both the Regulations and Council policy and procedures.
- 3.3 There were a number of issues with the payment process:
 - There is a variance in the basic living allowance rate approved by Committee and that actually paid. This relates to an increase of £20.50 per week which was approved in March 2006 but never implemented.
 - The Throughcare and Aftercare procedures state that the Education Maintenance Allowance (up to £30 per week) should be included in the financial assessment. However this is not done. Furthermore bursary awards should also be included in the assessment but this information is not obtained timeously. This has resulted in full allowances of £86.46 per week being paid to students rather than top up amounts of £35 per week.
 - There are no procedures or guidance relating to the administration of incentive payments. This has resulted in confusion as to who should receive such payments, and payments have been awarded without verification that the set targets have been achieved.
 - Additional financial support payments paid by the lead external agency lacked sufficient authorisation by the Principal Officer and supporting receipts.
 - Responsibility for the administration of the "furnishing a tenancy" allowance was transferred to the lead external agency in August 2007. Since then £17,612 has been paid to this agency, but no procedures have been produced which detail how this advance sum and subsequent payments are accounted for to the Council. In addition use of the allowance was extended by the Principal Officer to incorporate additional financial support payments which had previously been paid in addition to the allowance. This may result in the allowance being expended before a first tenancy is obtained.
 - There are a number of occasions where the Senior Clerical Assistant has both processed and approved payments. This is due to the absence of a delegated Manager who can authorise payments in the absence of the Principal Officer.
 - There are a number of concerns relating to accommodation for Young Persons. In particular, accommodation arrangements are made without the Principal Officer's prior approval and checks are not undertaken to ensure the accommodation is assessed as safe and appropriate.
- 3.4 The IT systems in use by both Social Work and the lead external agency for administering the Throughcare and Aftercare Scheme were found to be adequate and reliable.
- 3.5 The allowances paid each fortnight by BACS are all coded against the Supporting Young People Leaving Care budget, (DWP money). There is no adjustment made to correct those payments which should be met from Section 29 and Section 30 budgets.

Monthly monitoring of the budget is performed. However the budget monitoring reports are produced from records held by the Senior Clerical Assistant instead of those available from Oracle. This is unnecessary duplication of effort and the monitoring reports are not always as up to date as the Oracle information.

4. Conclusion

- 4.1 This review acknowledges that administration of the Throughcare and Aftercare Scheme is an evolving service with multi-agency participation. Such arrangements require strong controls to ensure the scheme is implemented as intended. The findings listed above demonstrate that there are weaknesses in control which can largely be addressed by the following:
- Production of a Service Level Agreement;
 - Ensuring compliance with Council Policy and the Regulations;
 - Revision of the procedures which provide guidance on the administration of the scheme;
 - Segregation of duties over the processing of payments.
- 4.2 Since the audit work was undertaken, a joint protocol has been drafted between Integrated Children's Services, the Criminal Justice Service and the lead external agency. This protocol addresses a number of the issues highlighted in this audit report. In particular it has clarified the roles and responsibilities of all agencies involved in the Scheme, and has laid the groundwork for clear policies, procedures and guidance to be produced for all aspects of Throughcare and Aftercare. A Housing protocol will also be produced between the relevant parties to address accommodation issues including the matters raised in this report.
- 4.3 The areas of concern detailed in the action plan are classified as follows seven at grade 2 and two at grade 3. A number of these have already been actioned by Management with the remainder, including production of the SLA, targeted for completion by 31st August 2008.

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Social Work – Throughcare and Aftercare Payments	HG54/001
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.1.1	<p>There is no Service Level Agreement in place to ensure the lead and other external agencies are administering the Throughcare and Aftercare scheme in compliance with Council policy and the Regulations.</p> <p>Furthermore there are insufficient procedures in place to ensure staff are fully aware of how the scheme should be implemented.</p>	2	<p>Work has commenced on SLA. The SLA will transfer responsibilities for routine financial decision to Barnardos, Springboard. This will facilitate more efficient decisions making.</p> <p>This is now covered in the new joint protocol referred to in the Audit Report in 1.4.</p>	<p>Acting Planning Officer</p> <p>Principal Officer CP&LAC</p>	<p>31/08/08</p> <p>completed</p>
6.1.2	<p>A young person was in receipt of the basic living allowance while living at home. Although discretionary payments can be made in cases of extreme hardship, there was no evidence that this was confirmed when the application for payment was approved.</p> <p>Two of the six Young Persons examined did not meet the DWP criteria of the scheme. It was established that although they were entitled to financial assistance through Section 29/30 payments, payments had been made from the DWP transfer budget.</p>	3	<p>Social Background Reports and Case Records show that parents were on benefits. We have a duty to financially support young people returning home. Young Person did meet Sec 6 criteria. We will continue to check criteria for this group of eligible young people as per legislation. In future a statement will be recorded indicating that the hardship criteria have been met.</p> <p>The Budget has been operated as one fund as per Housing and Social Work Committee Report dated 16/03/06. A single budget code has now been established.</p>	<p>Principal Officer CP&LAC</p> <p>Finance Manager, Housing and Social Work</p>	<p>completed</p> <p>12/05/08</p>

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.2.1	There is a discrepancy of £20 per week between the Throughcare and Aftercare payment rates approved by Committee and what is actually paid. Furthermore the annual increase in benefit rates is not applied at the start of the new fiscal year in line with the DWP benefit rates.	2	The additional £20 has been paid as part of the Incentive Scheme. Future payments will be clarified through the SLA process. Meanwhile, the scheme will be reviewed, taking account of systems in other authorities, and if need be there will be a further report to Committee. New rates were implemented at the start of the financial year 2008/9. If information is not provided timeously money will be backdated immediately on receipt of new rates.	Principal Officer CP&LAC Principal Officer CP&LAC Principal Officer CP&LAC	30/06/08 31/10/08 completed

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.2.2	<p>There is confusion surrounding the financial support to be paid to students. The financial assessments currently undertaken do not adequately take account of income from Bursaries which may result in overpayments. Furthermore although the procedures state that the Education Maintenance Allowance (EMA) should be included in the assessment this is not applied.</p> <p>There are no procedures providing guidance on the information to be provided to the Principal Officer which is required for the financial assessment.</p>	2	<p>Every attempt is made to gain information from colleges and Universities timeously and payments are adjusted once confirmation is received. Under the data protection act colleges and universities will not divulge bursary information without the written permission of the young person. We will ask all young people to sign consent for disclosure and pay at least at minimum level until information is received.</p>	Principal Officer CP&LAC	completed
			<p>EMA will be taken into consideration at the start of the new academic year (August 2008). Young people will receive at least the minimum level of benefit.</p>	Principal Officer CP&LAC	Completed
			<p>This is now covered in the new joint protocol referred to in the Audit Report in 1.4. Additionally the new SLA will transfer responsibilities for routine financial decision to Barnardos, Springboard. This will facilitate more efficient decision making.</p>	<p>Principal Officer CP&LAC</p> <p>Acting Planning Officer</p>	<p>Protocol completed</p> <p>SLA 31/08/08</p>

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.2.4	<p>Additional support payments have been made to Young Persons by external agencies without prior authorisation of the Principal Officer or designated manager.</p> <p>There is no procedure to provide guidance to the external agencies as to who should authorise payments and the arrangements to cover absences of the designated authorisers.</p> <p>There are no procedures on the recharging of payments made by external agencies.</p> <p>In addition there are weaknesses in the receipting process to provide assurance that the Young Persons have actually received the cash and goods issued to them.</p>	2	<p>These points are now covered in the new joint protocol referred to in the Audit Report in 1.4. Additionally the new SLA will transfer responsibilities for routine financial decision to Barnardos, Springboard. This will facilitate more efficient decision making.</p> <p>All receipts will be signed by Managers and Lead Professionals. Further consideration will be given to how young people can account for expenditure in a non-stigmatising way.</p>	<p>Principal Officer CP&LAC</p> <p>Acting Planning Officer</p> <p>Finance Manager Springboard/ Principal Officer CP&LAC</p>	<p>Protocol completed</p> <p>SLA 31/08/08</p> <p>completed</p>
6.2.5	<p>Agreement was made to transfer the administration of the Furnishing a Tenancy Allowance to the lead external agency. This change has been implemented without appropriate Committee approval and no procedures or SLA produced with respect of the accounting, reporting and reconciliation of the sums transferred, currently £17,612.</p>	2	<p>This is now covered in the new joint protocol referred to in the Audit Report in 1.4. Additionally the new SLA will transfer responsibilities for routine financial decision to Barnardos, Springboard. This will facilitate more efficient decision making.</p> <p>Furnishing and tenancy allowance funds are being withheld until completion of SLA.</p>	<p>Principal Officer CP&LAC</p> <p>Acting Planning Officer</p>	<p>Protocol completed</p> <p>SLA 31/08/08</p>

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.2.6	There is an absence segregation of duties where the Senior Clerical Assistant has both processed and authorised Throughcare and Aftercare payments. This has arisen when the Principal Officer is absent and there is no delegated Manager cover.	2	Managers have always authorised payments. In future a full audit trail will be held on file. Additionally the new SLA will transfer responsibilities for routine financial decision to Barnardos, Springboard. This will facilitate more efficient decision making.	Principal Officer CP&LAC Acting Planning Officer	Protocol completed 30/06/08

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.3	<p>A number of areas of concern were identified relating to accommodation arrangements including:</p> <ul style="list-style-type: none"> ▪ There are no procedures issued to those involved in finding accommodation for Young Persons to provide defined roles and responsibilities to ensure a co-ordinated approach to finding suitable accommodation and undertaking the necessary checks. ▪ There are no rental agreements in place confirming the conditions of the let. ▪ All placements and rental amounts have not been approved in advance by the Principal Officer. There is inconsistency in rental rates paid to private landlords with no assurance that they are in line with Housing Benefit rates. ▪ Overpayments have arisen where there has been a delay in informing the Principal Officer of a change in circumstances of a Young Person. ▪ There is no breakdown of higher rental rates to identify any additional support element. ▪ There is no liaison with Housing Services to discuss advance rental payments for Council tenancies. 	2	<p>This will be covered in the new Housing Protocol referred to in the Audit Report in 1.4.</p> <p>Some of the necessary checking procedures will be undertaken by Barnardos Springboard as part of the new SLA.</p> <p>The provision of new supported Lodgings and the new Supported Hostel will increase the availability of fully approved facilities.</p> <p>It should be noted that some placements are necessarily made by the Out of Hours Service.</p>	<p>Principal Officer CP&LAC</p> <p>Acting Planning Officer</p> <p>Principal Officer CP&LAC</p>	<p style="text-align: center;">ongoing</p> <p style="text-align: center;">30/06/08</p> <p style="text-align: center;">06/08 & ongoing</p>

Prioritisation Classifications (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
6.4	<p>Budget monitoring reports are produced from information recorded on Excel spreadsheets rather than from Oracle.</p> <p>There are two budgets in Oracle for Throughcare and Aftercare payments. However, all payments processed through the BACS system are coded to one budget with no journals processed to ensure the accurate coding to both budgets.</p>	3	<p>Excel spreadsheets will continue to be used by TCAC for information purposes to ensure information is available for Chief Executive and Scottish Government.</p> <p>The Budget has been operated as one fund as per Housing and Social Work Committee Report dated 16/03/06. A single budget code has now been established.</p>	<p>Principal Officer CP&LAC</p> <p>Finance Manager, Housing and Social Work</p>	<p>No action</p> <p>12/05/08</p>