

REPORT TO: SCRUTINY COMMITTEE – 16 APRIL 2014

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 185-2014

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.

4.2 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, summary financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Director of Corporate Services and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Sallie Dailly, Chief Internal Auditor

DATE: 26 March 2014

i) INTERNAL AUDIT REPORT 2013/08

Client	City Development
Subject	Carbon Reduction Commitment

Introduction

A high level review of the Council's submission for the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) was part of the planned internal audit work.

The CRC operates in phases with Phase 1, being the first and introductory phase, covering a four year period from 2010/11 to 2013/14. The Council's year of registration as a participant, also known as its footprint year, was 2010/11. The Council is responsible for submitting an Annual Report detailing its CO₂ emissions for the reporting year, purchasing and surrendering allowances to cover these and maintaining an up-to-date evidence pack to support this.

In December 2012, significant changes to the scheme were announced, primarily relating to the next phase, which commences 2014/15, however, a number of these changes also relate to the remaining Phase 1 reporting years.

The Scottish Environment Protection Agency (SEPA) is the scheme regulator in Scotland and conducts a rolling programme of audits to ensure compliance with the scheme and verify the accuracy of the participants' records and returns. To demonstrate compliance, participants are also required to carry out an internal audit of their CRC data, evidence pack and Annual Report. Civil and financial penalties can be imposed where participants' fail to comply with their CRC responsibilities or report inaccurate figures.

There were 35,866 tonnes of CO₂ emissions reported in the Council's 2012/13 Annual Report. Allowances at £12 per tonne required to be purchased and surrendered to cover these.

Scope and Objectives

To carry out a high level review of the Council's 2012/13 CRC data, evidence pack and Annual Report.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- To improve the robustness of the framework within which energy consumption relevant for CRC purposes is captured and reported to SEPA, an effective reconciliation process containing details of any amendments made to data should be in place.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of City Development and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2013/11

Client	Corporate
Subject	Follow-up Review of Corporate Complaints

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2012/35, Corporate Complaints was undertaken.

The original internal audit report concluded that whilst there was basically a sound system of control there were some areas where it was viewed improvements could be made. The main areas commented upon in the original report are as follows:

- To further improve the current complaints handling framework steps should be taken to incorporate the link to the Council's complaints handling procedures on the front page of the website, ensure that completion of the planned service improvements field within the database is made mandatory and standardised templates for responding to complaints are compiled and for these to be included within the staff guidance. In addition, to ensure that complaints are addressed within the target timescales and the Complaints Handling Procedures are followed, independent periodic checks of a sample of completed complaints should be performed.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2012/35 had been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main area where actions agreed by management are still outstanding are as follows:

- Whilst the planned service improvements field in the database is now mandatory, a final decision has yet to be made surrounding how best to capture for each specific action, details of the owner, target completion date and confirmation that the action has been concluded upon.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Executive and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2013/15

Client	Corporate
Subject	Auto-enrolment

Introduction

A review of the Council's approach to the implementation of auto-enrolment was part of the planned internal audit work.

The Government is striving to encourage all workers to save for their retirement in as easy a way as possible and has therefore introduced changes to pension law to assist with this aim. From October 2012 employers in the United Kingdom are required to ensure that eligible workers in their organisation, who meet certain minimum requirements and are not already in a scheme that meets the Government's standards, are enrolled into a workplace pension. This requirement is being phased in through various staging dates and large employers are included in the first tranche. In addition to ensuring that all eligible workers are automatically enrolled, the employer is also required to provide information and support to all employees about the new rules.

In terms of Dundee City Council the designated staging date for the review of the pension position of all current employees was May 2013 and following on from this each employee requires to be notified of the impact, if any, on their current position. In practice however for the majority of employees within the Council auto-enrolment will not result in any changes due to the fact that they are already a member of either the Local Government Pension Scheme or the Scottish Teachers' Superannuation Scheme, both of which are deemed to be qualifying pension schemes.

Scope and Objectives

To review the implementation of newly introduced duties for employers in relation to the automatic enrolment of eligible workers into a pension scheme.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- The Council should formalise its policy in relation to casual workers and auto-enrolment and should ensure that this is fully documented and communicated as appropriate.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Corporate Services and appropriate action agreed to address the matters raised.

iv) INTERNAL AUDIT REPORT 2013/17

Client	Corporate
Subject	Occupational Health

Introduction

A review of the provision of occupational health within the Council was part of the planned internal audit work.

The term occupational health relates to the effects the work environment and activities may have on the health of employees. It also takes account of the influence that an employee's health may have on their ability to carry out their work. Under the Health and Safety at Work Act 1974 and subsequent legislation, the Council has a legal duty to protect the health, safety and welfare of its employees. This includes making appropriate adjustments to protect the health and well-being of employees after they return to work if they have become more vulnerable to risk due to illness, injury or disability.

The Council recognises the benefits of good health and endeavours to promote and maintain the highest degree of physical, mental and social well-being of its employees. It is acknowledged however that sickness absence and particularly long-term illness results in a high human and financial cost to any organisation and that the provision of an effective Occupational Health Service will be of benefit in such areas as reducing sickness absence levels, providing medical advice in respect of redeployment, identifying jobs with health risks and providing general information and guidance.

In January 2012, the Policy and Resources Committee approved the appointment of Serco to deliver occupational health services to the Council's workforce and assist the Council in managing its occupational health responsibilities. This appointment was for a three year period with the option to extend for a further two years subject to mutual agreement of both parties, However in October 2013 Serco completed the sale of its UK occupational health business to the division's management team. The potential implications of this were in the process of being assessed by the Council at the time of the audit fieldwork.

Scope and Objectives

To assess the effectiveness of the referral process to the Council's occupational health service provider.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- Whilst it is recognised that the Council is currently in the process of rolling out a new absence management and recording system, to improve the effectiveness of the referral process to the Occupational Health Provider steps should be taken to ensure that periods of sickness absence are more actively monitored to determine whether or not a referral requires to be made.
- Departments should review and update the Occupational Health Database so that those requiring health screening are more readily identifiable and are provided with screening on a timely basis. In addition, to ensure that this database includes all relevant Council employees, a process should be put in place to manage starters, leavers and those moving between departments and such changes should be formally notified to the Council's Occupational Health Provider.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Corporate Services and appropriate action agreed to address the matters raised.

v) INTERNAL AUDIT REPORT 2013/18

Client	Social Work
Subject	Lone Working

Introduction

A review of the practices and procedures for lone working for employees based within the Social Work Department was part of the planned internal audit work.

Whilst there is no legal prohibition on working alone, the broad duties of the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations 1999 still apply. In practice lone workers are broadly defined as those who work alone without close or direct supervision. The requirements under the legislative framework in respect of lone working include identifying hazards, assessing the risks involved and putting measures in place to avoid or control the risks. Control measures may include instruction, training, supervision and protective equipment. In addition, organisations should take steps to check that the control measures are being followed and undertake a periodic review of the risk assessment to ensure that it is still appropriate.

In the context of the Social Work Department employees may be required to make frequent planned and unplanned lone visits. Such visits may potentially be undertaken by a wide a range of employee groups which include social workers, support workers and home care workers. It is therefore of particular importance that there are appropriate arrangements in place.

Scope and Objectives

To assess the policy and operational practices in place in the Social Work Department to deliver a safe working environment for employees.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- To ensure control measures are relevant and up-to-date, a check should be put in place to confirm that all aggression and violence alerts which require to be included on the Corporate Potentially Violent Persons Database and the Social Work Department's K2 Event Recording System are undertaken on a timely basis. In addition, the newly formed Departmental working group should identify and implement an appropriate process to review alerts to ensure they are still appropriate and additional resources are not being deployed unnecessarily.
- Staff should be reminded of the importance of following the Department's lone working procedures particularly in relation to the operation of the buddy system and the requirement to undertake periodic audit and monitoring checks of working practices.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Social Work and appropriate action agreed to address the matters raised.

vi) INTERNAL AUDIT REPORT 2013/20

Client	Education
Subject	Additional Support Needs

Introduction

A review of the provision for additional support by the Education Department was part of the planned internal audit work.

Under the Education (Additional Support for Learning) Act 2004 and amendments introduced in 2009, education authorities must make adequate and efficient provision for the additional support required for each child or young person with additional support needs for whose school education they are responsible. In practice such provision includes making arrangements to identify children and young people with additional support needs, publishing, reviewing and updating specified information about the Council's policy and arrangements in this area, providing parents with information about the Council's policy and provision of a co-ordinated support plan for those children or young people who require additional support.

The Council considers that a child or young person has additional support if he or she is unable to benefit from school or pre-school education without help which is not normally given to children or young people of the same age. There are a variety of circumstances from which additional support needs can arise. These broadly fall in four categories, namely the learning environment, family circumstances, disability or health needs and social or emotional factors. In practice, the timeframe for which additional support needs may last varies. Whilst for some individuals the additional support may only be required for a relatively short period for others it may last the whole of their lives. One of the Council's key risks in respect of Additional Support Needs is managing the financial costs once it is determined that an enhanced/specialised provision is required and forecasting what the budget limits are and how if need continues to increase the services required can continue to be provided at the same standard.

Scope and Objectives

Review of the framework operated by the Education Department for the provision of additional support, including compliance with legislation and resource allocation. The review will focus on the controls in respect of budgeting for additional support needs assistants within the schools and also specialised provision for children ages 5 - 18.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- To ensure resources are allocated appropriately the budget for additional support needs (ASN) should be developed on a formula basis from both the information available in relation to the number of children with ASN and other indicators of need across the authority, for example free meals entitlement. In addition, consideration should be given to responsibility for staffing budgets being devolved to schools so that they are able to drive potential efficiencies in the use of resources, with central oversight from the Education Department.
- A child's level of support should be reviewed at interim periods, in between the key transition points, to ensure that the level of support is still appropriate.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Education and appropriate action agreed to address the matters raised.

