

## APPENDIX 3: Executive Summaries of audits finalised since last update to AARC (January 2022)

### Wellbeing & Sickness Management

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Policies & Procedures	G	0	2
Sickness Recording	G*	0	0
Sickness Management & Monitoring	A	0	2
Staff Wellbeing	G	0	0
Management Information & Reporting	A	0	1
		0	5

\* issues that were identified in this area with the accuracy of sickness recording have been evaluated and concluded on under the Sickness Management and Monitoring risk area.

Opinion: Amber	
Total: 5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	5

The Council aims to manage staff sickness absence levels whilst maintaining a positive, fair and consistent approach to its staff. There is a Sickness Absence Policy and Procedure which sets out responsibilities and procedures which aim to achieve this. In addition, the Council promotes staff wellbeing through regular updates from the Chief Executive which include reminders about the Employee Assistance Programme (EAP), managers briefing emails, intranet articles and newsletters from the EAP provider.

It has been reported that the Council are looking to go through an accreditation process which should further enhance the staff wellbeing offering. There are also plans to implement a more formal performance management framework (12:3:2 framework) which

will formalise the one-to-one process and give management a defined structure which will include consideration of staff wellbeing.

Whilst the audit noted that the process to be followed by employees and managers in relation to sickness absence was clearly specified, the role of HR Assistants in processing sickness absence documentation was not as clear. Testing identified inconsistencies in process which could impact on the effectiveness of sickness absence management processes (for example inconsistent dates or blank sections of the form not identified and challenged).

In terms of sickness recording, there is not currently any reporting or monitoring specifically on the promptness of sickness recording. However, sample testing included review of the timeliness of completion of the return to work (RTW) process and no significant delays were noted. It was reported that this is an area which should be easier to monitor following completion of the strategic review as this will move the RTW process to a workflow on the system.

It was noted that there isn't any specific training for managers on the sickness absence management process. Testing identified examples where there appears to be a lack of understanding amongst managers of the process to be followed, for example there was a case where RTW discussion did not take place as the manager thought that this was no longer required. There were also examples where managers had used their discretion (4/10 cases tested) in deciding not to move to the formal sickness management process where employees had hit sickness absence triggers, which is contrary to Council Policy.

There were examples where the RTW process had not been followed consistently including examples noted from sample testing where RTW documentation had not been completed and also where it had not been sent to HR. There were also examples where this documentation had not been completed accurately. Some inconsistencies were also noted between the sickness absence periods recorded and the coverage of sickness absence from fit notes provided. Issues noted from sample testing relating to the management of sickness absence included an example where paid leave was noted to have been granted which was not recorded correctly as sick leave, timeliness of formal meetings where sickness absence triggers had been reached and lack of progression of a case where sickness absence targets had not been met following the first formal meeting.

Whilst there isn't any management reporting / information routinely produced at present, with the exception of one key performance indicator on staff sickness absence levels, this is an area that is in the process of being developed. It is planned that routine management reporting will be developed at corporate level as well as at Assistant Director area level with this cascaded up to Corporate Directors. Information available to line managers is already available in iTrent on individual staff absence, it has been reported that this will be enhanced with the implementation of the strategic review as the improvements will include the introduction of workflow to automatically highlight sickness absence triggers to managers.

## Payroll 2021/22

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Policies, Procedures, Roles & Responsibilities	G	0	0
Starters & Leavers	G	0	0
Variations, Adjustments, Deductions & Additions to Pay	A	0	4
Payroll Control	A	0	2
Management Information	G	0	1
IT Controls	A	0	3
		0	10

Opinion: Amber	
Total: 10	Priority 1 = 0 Priority 2 = 10
Current Status:	
Implemented	2
Due not yet actioned	0
Partially complete	0
Not yet Due	8

Overall, audit testing indicated that there are appropriate controls in place which are operating well across the risk areas reviewed. Work is underway within HR on a strategic review of the iTrent payroll system which is reviewing and aims to resolve known system issues identified following the implementation of the system. Following completion of the audit, it was reported that there were some challenges with the running of the April 2022 payroll due to changes made to the system as part of the strategic review, it is understood that these are being worked through and resolved. It is anticipated that the strategic review will result in a number of process improvements and will strengthen the control environment further.

It was noted that a number of policies and procedures have been reviewed and updated following the previous audit.

From audit testing on temporary variations to pay, some issues were noted in relation to the clarity of the process to be followed, this included an example where part of an overpayment had not been recovered promptly and an example where an honorarium had not been calculated accurately resulting in a member of staff being underpaid.

There was also a lack of clarity in the process to be followed in ensuring that employees returning from maternity leave have their return processed promptly and accurately. An instance was noted where this had not happened resulting in the need for an emergency payment.

The exceptions identified during audit testing have highlighted some areas where there is a lack of clarity over the process to be followed, particularly in the absence of the Payroll Manager.

Follow up – There were 14 management actions agreed as part of the 2020/21 Payroll audit. Testing undertaken as part of this audit have confirmed that 11 management actions have been fully and effectively implemented and 3 have been partially implemented.

**Waste Collection Service 2021/22**

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Financial Management	A	0	8
Contract Management	G	0	0
Operational Processes	A	0	2
HR	A	0	4
Performance Information	G	0	0
		0	14

Opinion: Amber	
Total: 14	Priority 1 = 0 Priority 2 = 14
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	14

During the 2020/21 financial year, there have been changes introduced to waste collection services in the District. Garden waste collections are now chargeable and food waste collections have increased in frequency to weekly. There have also been increases in new housing developments across the District which has increased the workload of the service.

Review of procurement practices within the team noted a lack of oversight and challenge in relation to purchase card transactions, there were also examples of poor practice noted including splitting of a transaction to get around a transaction limit on the card and it appeared as though cards are being shared. It has been reported that the corporate approach to card use and oversight has recently been reviewed with expectations of card holders in relation to recording and documenting of transactions and of budget holders in review of purchase card expenditure clarified and communicated, however information on expectations and approach is not currently published on the intranet.

It was also noted that there is a lack of understanding of the procurement process in some areas of the team, with an example identified from sample testing where goods receipting processes had not been completed and an invoice had not been sent on to the Accounts Payable (invoice had been held for 3 months when identified by Internal Audit) because the staff member did not understand their role and responsibilities in this process. Corporate guidance in this area is currently limited to "how to" guidance on discreet processes, there isn't currently any information on the intranet on end-to-end processes. Delays were noted with the raising of invoices within the service, this was reported as being due to conflicting pressures and priorities.

There is guidance for crews on the waste collection service which covers types of collections, what services are and are not chargeable, customer expectations etc, however there is not currently any guidance on key administrative processes carried out within the service. For example, the process for transferring waste once collected, obtaining and processing of weighbridge tickets, reconciliation of waste tonnage processed and service specific HR processes.

Service specific HR processes are in operation in relation to the booking of annual leave and claiming of overtime due to waste crew not being able to access the payroll system. They are unable to use self-service in the same way as other Council staff for requesting annual leave, claiming overtime etc. The processes in place result in additional work for supervisors in inputting information to the payroll system and in reconciling this with manual records. It was noted that source documentation is inconsistent and is not being consistently retained. High levels of overtime were noted within the service, but this was found to be kept under constant review by management in conjunction with HR.

## Treasury Management 2021/22

Overall conclusion on the system of internal control being maintained	<b>G</b>
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
IT systems	<b>G</b>	<b>0</b>	<b>1</b>
Strategy, Policy & Procedures & Reporting	<b>A</b>	<b>0</b>	<b>3</b>
Investments	<b>G</b>	<b>0</b>	<b>1</b>
Borrowings	<b>G</b>	<b>0</b>	<b>0</b>
Cash Flow Management	<b>G</b>	<b>0</b>	<b>0</b>
		<b>0</b>	<b>5</b>

Opinion: Green	
Total: 5	Priority 1 = 0 Priority 2 = 5
Current Status:	
Implemented	0
Due not yet actioned	0
Partially complete	0
Not yet Due	5

Overall, audit testing has found that the key controls and processes in relation to Treasury Management are strong and working well. There has been a recent change in staffing with a new Finance Business Partner – Treasury & Insurance starting in post in January 2022. This has led to a review and refresh of current processes. The audit noted that this is already leading to improvements in consistency of documentation of key processes, for example in relation to borrowing on behalf of the Council.

Improvements were noted as being required in relation to the restriction of treasury management files on the shared drive. Although current access arrangements are limited to Finance, there are teams within the service who have access but do not need it. Whilst no evidence of inappropriate access was identified, limiting access to key documentation and information as far as possible is good practice and assists in minimising the risk of financial loss due to error or fraud.

Brief internal guidance is available to finance staff on key daily treasury management tasks, however this does not cover less frequent tasks completed on a monthly, or quarterly basis (for example reconciliations or the production of information for treasury management strategy meetings or committee meetings), and does not cover the process

for borrowing on behalf of the Council or the processes completed in relation to loans which form part of the Council's non-treasury investments.

The Constitution (currently under review) gives delegated authority for borrowing and investment on behalf of the Council to the Section 151 Officer, however there is no further documentation on delegated authority below this. Standard Settlement Instructions (SSI's) were also found to be out of date in terms of officers referenced and limited to confirmation of the Council's bank details.

**Definition of Internal Audit RAG opinions:**

<b>Grading:</b>	<b>G</b>	<b>A</b>	<b>R</b>
<p><b>Overall conclusion on</b> the system of internal control being maintained</p>	<p>There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.</p>	<p>There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.</p>	<p>The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.</p>