



Meeting of East Renfrewshire Health and Social Care Partnership	Performance and Audit Committee
Held on	25 September 2024
Agenda Item	11
Title	Audit Update
<p>Summary</p> <p>This report provides Performance and Audit Committee with an update on:-</p> <ul style="list-style-type: none"> • Any new audit activity relating to the Integration Joint Board since last reported to Performance and Audit Committee in June 2024 • Any new audit activity relating to the Health and Social Care Partnership since last reported to Performance and Audit Committee in June 2024 • A summary of all open audit recommendations 	
Presented by	Lesley Bairden, Head of Finance and Resources (Chief Financial Officer)
<p>Action Required</p> <p>Performance and Audit Committee are asked to note and comment on the report.</p>	

EAST RENFREWSHIRE INTEGRATION JOINT BOARD

PERFORMANCE AND AUDIT COMMITTEE

25 September 2024

Report by Chief Officer

AUDIT UPDATE

PURPOSE OF REPORT

1. This report provides Performance and Audit Committee with an update on:
 - Any new audit activity relating to the Integration Joint Board since last reported to Performance and Audit Committee in June 2024
 - Any new audit activity relating to the Health and Social Care Partnership since last reported to Performance and Audit Committee in June 2024
 - A summary of all open audit recommendations

RECOMMENDATION

2. Performance and Audit Committee are asked to note and comment on the report.

BACKGROUND

3. As agreed at the Performance and Audit Committee in June 2021 we continue to submit audit update reports to all meetings, including any new audit reports along with an overview of audit activity undertaken and an update on any outstanding recommendations since last reported.
4. Audit activity for the HSCP is provided in full and includes current open audit actions across the HSCP and also where a Health Board or Council wide recommendation impacts on the HSCP. Specific actions from IJB audits are also detailed.
5. East Renfrewshire Council's Chief Internal Auditor undertakes the internal audit role for the Integration Joint Board. Ernst & Young also undertake an audit of the IJB Annual Report and Accounts and produce an action plan should they have any recommendations.
6. East Renfrewshire Council's internal audit assign the following risk ratings to their findings:

High	<ul style="list-style-type: none">• Key controls absent, not being operated as designed or could be improved and could impact on the organisation as a whole.• Corrective action must be taken and should start immediately.
Medium	<ul style="list-style-type: none">• There are areas of control weakness which may be individually significant controls but unlikely to affect the organisation as a whole.• Corrective action should be taken within a reasonable timescale.

Low	<ul style="list-style-type: none"> Area is generally well controlled or minor control improvements needed. Lower level controls absent, not being operated as designed or could be improved
Efficiency	<ul style="list-style-type: none"> These recommendations are made for the purposes of improving efficiency, digitalisation or reducing duplication of effort to separately identify them from recommendations which are more compliance based or good practice.

7. NHSGGC internal audit function is undertaken by Azets. They assign the following risk ratings to their findings:

4	<ul style="list-style-type: none"> Very high risk exposure - major concerns requiring immediate senior management attention.
3	<ul style="list-style-type: none"> High risk exposure - absence / failure of key controls.
2	<ul style="list-style-type: none"> Moderate risk exposure - controls not working effectively and efficiently.
1	<ul style="list-style-type: none"> Limited risk exposure - controls are working effectively but could be strengthened.

REPORT

Audit Activity relating to the Integration Joint Board Audit (Appendix 1)

8. The action plan from the annual audit report for the year ending 31 March 2023 is included at Appendix 1a. Ernst & Young recognise in their report that the hosted services action is closed and financial sustainability will be superseded with the one recommendation identified in their annual audit report presented to PAC on 25 September 2024.

East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership (Appendix 2)

9. Since last reported, three new audit reports have been issued.

Audit of Accounts Payable (MB/1216/IM - issued September 2024)

10. This is a council wide audit with 15 recommendations, however only 4 impact on the HSCP.

11. An extract of the audit report detailing the recommendations which impact on the HSCP is included at Appendix 2A.

12. The HSCP response to the audit is not included as the final response has still to be agreed and is therefore yet to be submitted to Internal Audit. The response is due by 11 October 2024.

Audit of Accounts Receivable (MB/1212/IM - issued July 2024)

13. This is a council wide audit with 17 recommendations, however only 3 impact on the HSCP.

14. An extract of the audit report along with the HSCP response is included at Appendix 2b.

Application Audit of Payroll (MB/1201/FM - issued July 2024)

15. This is a council wide audit with 8 recommendations, however only 4 impact on the HSCP.
16. An extract of the audit report along with the HSCP response is included at Appendix 2c.

Recommendations from previous audits (Appendices 2D-2H)

17. At the June 2024 meeting, a total of 49 recommendations were reported; 12 open and 37 which the HSCP considered to be closed but were pending verification from internal audit.
18. As a result of follow up work we now have 37 recommendations in total; 21 open and 16 which are considered closed and awaiting verification. This includes:-
19. The addition of 11 recommendations from the three new audit reports detailed above.
20. Two actions from the follow-up of HSCP Audits now considered closed.
21. A reduction of 23 recommendations from the follow-up of the Audit of Thornliebank Resource Centre (MB/1192/NS) (issued 28 August 2023) and the Audit of Emergency Payments (MB/1197/NS) (issued 16 January 2024). Internal Audit found that all recommendations made in these audit reports have now been implemented and are therefore verified as closed. These 2 audits are no longer included in the Appendices.
22. The table below summarises the total number of recommendations impacting on the HSCP which are either open or yet to be verified by internal audit. Further detail is included in the relevant appendix along with changes since last reported in each 'status' section.

Audit Report and Appendix		No. changed to considered closed since last reported	Recommendations		
			Total no. for HSCP	HSCP consider closed (awaiting verification)	Total open
Accounts Payable	2A	(new)	4	0	4
Accounts Receivable	2B	(new)	3	0	3
Application Audit of Payroll	2C	(new)	4	0	4
Follow-up of HSCP Audits	2D	2	8	2	6
Debtors	2E	n/a	1	1	0
SDS – Direct Payments	2F	0	3	0	3
Ordering and Certification	2G	n/a	4	4	0
Follow up of Business Operations and Partnerships Department	2H	0	2	1	1
Payroll	2I	n/a	8	8	0
TOTAL			37	16	21

NHS Internal Audit Activity relating to the Health and Social Care Partnership (Appendix 3)

23. A report has been provided by the Chief Internal Audit, which is included at Appendix 3.

CONCLUSIONS

24. We will continue to report on all open audit recommendations relating to both the IJB and HSCP to provide assurance of control and enable oversight of previous audits and demonstrate progress.

RECOMMENDATIONS

25. Performance and Audit Committee are asked to note and comment on the report.

REPORT AUTHOR AND PERSON TO CONTACT

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6 September 2024

Chief Officer, IJB: Julie Murray

BACKGROUND PAPERS

PAC 26.06.2024 – Audit Update

https://www.eastrenfrewshire.gov.uk/media/10458/PAC-Item-12-26-June-2024/pdf/PAC_Item_12_-_26_June_2024.pdf?m=1718729972503

Appendix	1A
Title	Ernst & Young 2022/23 Action Plan
Type	Internal Audit Activity relating to the Integration Joint Board
Status	No changes since last reported to PAC 26.06.2024 This will be superseded following approval of the 2023/24 Annual Report and Accounts

No	Finding / Risk	Grade	Recommendation	Management Action	Responsible Officer	Timing	Comments
1	Hosted Services						
	East Renfrewshire IJB hosts two services on behalf of other IJBs within the NHS Greater Glasgow and Clyde area. We noted that in practice there are no arrangements in place to document and maintain review of operational responsibilities.	Grade 2	The IJB should ensure that operational arrangements are documented and maintained for hosted services	Along with the other IJBs within NHSGGC we will review the arrangements and processes to support reporting on Hosted Services	Chief Financial Officer	31-Mar-24	Completed for 2023/24
2	Medium Term Financial Plan						
	We note that under the level of current financial pressures, there is a risk that the IJB's General Reserves will be exhausted during 2023/24. There is therefore a need to work with partners to develop a sustainable funding position.	Grade 1	There is an urgent need to work with partners to develop a sustainable funding position.	The current reporting to the IJB recognises the unprecedented financial challenges we are facing and that we are likely to deplete earmarked and general reserves during 2023/24. The IJB recognises the importance of the ongoing funding discussions with our partners that the Chief Officer and Chief Financial Officer are engaged in.	Chief Financial Officer	31-Mar-24	Non recurring financial support received for 2023/24. Meetings will continue.

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

Appendix	2A
Title	Audit of Accounts Payable MB/1216/IM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	New (Issued September 2024)

EXTRACT OF
REPORT ON AUDIT OF ACCOUNTS PAYABLE

1 INTRODUCTION

As part of the audit plan 2024/25, an audit of Accounts Payable was carried out.

The main risks associated with this area are that payments are made for goods or services that do not have a purchase order, have not been received or have not been authorised for payment. There is also a risk that insufficient checks are carried out on payment runs to ensure that duplicate payments are not being made.

At the time of the previous audit, it was highlighted that generally processes are working well and compliance checks are comprehensive. However, reconciliations were not being carried out for the daily e-invoicing processes. In addition, notification of leavers by management needs improvement to ensure prompt action is taken.

2 SCOPE

The scope of the audit was agreed with the Director of Business Operations and Partnerships prior to the start of the audit and covered the following control objectives:

- Payments are made only for goods and services that were subject of authorised orders
- Payments are made only for goods and services received
- All invoices are properly authorised and paid at the appropriate time
- Payments are made only to valid creditors
- Payments are correctly recorded in the financial ledger
- Housing benefits and Fostering/Adoption interfaces to the purchase ledger are identifiable and traceable and written procedures are available
- Evidence of accuracy checks of system interfaces to the purchase ledger are available for review
- Reconciliations are carried out regularly between feeders systems and the ledger
- The e-invoicing process is documented and adequate controls are in place for use of suppliers

The recommendations made in the previous creditors report MB/1185/FM issued during June 2023 were also followed-up during this audit and it was confirmed that all recommendations had been implemented in the agreed timescales. However a recommendation around a regular leavers report being utilised by the systems team to update leavers has been inconsistently applied and this recommendation remains outstanding.

This audit has been conducted in conformance with the revised Public Sector Internal Audit Standards.

3 GENERAL CONCLUSION

The audit highlighted that generally processes are working well and compliance checks are comprehensive. In particular the New Supplier Eform and the Request for Payment Eform work extremely well in ensuring control and authorisation of these processes and the E-Invoicing process is working well in streamlining invoice payments to suppliers who are part of the scheme.

There were two users who were not part of the Accounts Payable team (one inactive) who had been given user permissions which included being a purchase ledger processor whilst these users could also enter a purchase order. This is a relatively high risk area and to ensure only those who should have access to invoice processing do so, consideration should be given to the new user process to tighten controls here.

Punchout functionality should always be used where possible to ensure best possible prices and the accuracy of orders made. Leavers system access should be removed promptly and tighter controls are required around users with systems access rights.

Other recommendations are made which focus on purchasing and goods receipting processes which in themselves impact the invoice payment process and the financial ledger and also around housekeeping in terms of unused Eforms, and also invoices which have failed validation as part of the E-Invoicing process.

The assistance given to the auditor by various staff across the council is gratefully acknowledged.

The following recommendations are made and require attention.

4.3 All Invoices are Properly Authorised and Paid at the Appropriate Time

A sample of 15 invoices was taken from those which had required certification in 2023/24. Invoices require certification if they are outside the tolerance level within the system when compared to the Goods Receipt. This tolerance is set at £10 or 10% variance, whichever is greater.

In total, 8 out of 15 invoices within the sample of those requiring certification had been authorised appropriately.

One Goods Receipt had been entered to the full value of the order which was in relation to training courses yet to be booked. Only one training course out of six ordered was utilised. Integra accrues expenditure when a Goods Receipt is entered and therefore there was excess spend recorded for goods never received. Similar issues were noted in six other sample items where the quantity received was different to the amount on the order and GRN.

There is an excellent process in place to check payments to be made with all payments over £50k checked and a proportion of payments under £50k checked – this works extremely well. As part of the audit, a sample was taken of these checks and two payments were highlighted as potential duplicate payments by the process and subsequently cleared for payment. The process could be slightly improved if a small note was kept against all items checked as potential duplicates explaining why they were then cleared for payment.

Recommendations

4.3.1 *Goods receipts should only be input at the appropriate level in relation to the actual quantity of goods received.*

Action: Director of Education, Chief Officer HSCP

4.3.3 *Following invoice authorisation, the order should be checked and if no more spend is expected against the order, it should be forced complete - including forcing the Goods Receipt complete if necessary to remove this accrual from the ledger.*

Action: All Directors

4.4.4 Payments are made only to valid creditors

New suppliers are set up on the system via a bespoke integrated Eform. This is an electronic form which is workflowed through the Integra system to various officers at various stages. It is an excellent vehicle for this process with authorisation required at each stage before final sign off by the Compliance Officer. As part of sample testing, there was one Eform that had been at the form entry stage for some time, with no details completed on the form. On further checking, there are 133 new supplier Eforms at this stage dated between May 2022 and the current time. A sample of 10 of these forms was checked and it was found that for the most part, these forms were started in error and then have either never progressed or were superseded by a new form.

Similarly there is a Request for Payment Eform which allows a payment to be made to a supplier on a one-off basis without the need for a new supplier to be set up on the system. Again there was one form highlighted as part of sample testing which had been at the form entry stage since January 2024. Further analysis indicated there were 568 Request for Payment Eforms at this stage on the system.

Recommendations

- 4.4.2 Staff should be reminded if an Eform is started on Integra but then subsequently not used, these should be cancelled on the system.**

Action: All Directors

4.6 Payments are Correctly Recorded in the Financial Ledger

As part of sample checking it was noted that there were two occasions where expenditure could have been coded to a more appropriate expense head to allow for better analysis of ledger spend. One of the items was training which was coded to other employee costs. The other example was payment to an external supplier which was coded to payments to voluntary organisations.

Also noted as part of a different sample, one invoice was coded to an expense head that was not connected to the type of spend incurred. Audit were advised that this expense head was used as a means for grouping together costs as it was an expense head that was not used elsewhere over the Cost Centres concerned. In other sample checking this was found to be an issue across other departments.

Additionally as part of testing, the Business Continuity Plan was reviewed to assess plans of action in the event of a systems failure. No recommendations are made, however it is noted in section 6 of this plan that there is no viable alternative for service provision in the event of the Integra System being unavailable.

Recommendations

- 4.6.1 An appropriate expense head should be used at all times in order to easily identify expenditure. If one is not available, consideration should be given to creating a new one to properly reflect the nature of the spend incurred and if in any doubt, the Finance Business Partner should be contacted for advice.**

Action: Director of Environment, Chief Officer HSCP

Appendix	2B
Title	Audit of Accounts Receivable MB/1212/IM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	New (Issued July 2024)

EXTRACT OF
REPORT ON AUDIT OF ACCOUNTS RECEIVABLE

1 INTRODUCTION

As part of the Annual Audit Plan for 2024/25, an audit of accounts receivable was carried out. The total amount of outstanding sundry debt for the Council as at 24 April 2024 was £2.6 million (which is all sundry debt outstanding, not including Business Improvement District debt which is not Council Debt, and covering both the Council and Leisure Trust), of which £1.3 million (49%) was greater than 12 months old. The top 10 department codes account for £1.6 million (62%) of the total debt.

The main risks relevant to this area are that there is insufficient monitoring of debt which results in services continuing and debt accruing for which no action is being taken to recover. There is also a risk that departments do not take ownership of the debt resulting in amounts which could be recovered being approved for write off.

The co-operation and assistance given to the auditor during the audit is gratefully acknowledged.

2 SCOPE

The scope of the audit was to ensure that monies received are correctly accounted for and proper financial records are maintained. The audit covered the following control objectives:

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

A follow up of the previous audit (MB/1186/NS) issued in July 2023 was also carried out.

These objectives were agreed in advance and testing was carried out on transactions covering the period April 2023 to March 2024.

This audit has been conducted in conformance with the revised Public Sector Internal Audit Standards.

3 GENERAL CONCLUSION

The main areas of concern arising from the audit are similar to the previous audit, they relate to the level of outstanding debt and the fact that reports from the system suggest that the reminder process is not being done in a consistent manner. There also remains concern over the large amount of payroll related debt which is largely unrecovered and over 12 months old.

The sample of credit notes showed again that there is a high error rate in relation to accounting for VAT and whilst corrective action has been taken there is potential for this to cause issues with claims being made to HMRC. Also a more joined up, joint ownership of debt including a consistent approach to debt management between departments and Accounts Receivable would only enhance the recovery process and impact positively on protecting residents from long term debt issues. Additionally, some work needs to be done to ensure that debts that are suppressed are properly managed and kept under review.

The following recommendations are made and require action.

4 FINDINGS AND RECOMMENDATIONS

4.1 Aged Debt Analysis/Payroll Debt

A report was generated showing all debt covering both the Council and Leisure Trust as at 31st March 2024. This shows that there was a total £2.6 million outstanding, of which £1.3 million (49%) was greater than 12 months old. The top 10 department codes account for £1.6 million (62%) of the total debt of which £190,162 was payroll related debt.

The analysis of the debt also shows that it is the same departments and services that are accruing the debt as reported in previous audits with HRA Property Services (£331k), Housing Structural Improvements (£323k) and HSCP Nursing Homes (£302k), accounting for 31% of all outstanding debt.

The Table below illustrates debt over 12 months old for the 5 areas with the most Council debt and confirms the level of payments made in each area.

Area	Original Debt	Outstanding Bal	Payments Made	% Paid
HRA Property Services	£229k	£209k	£20k	8%
HSG Structural Improvements	£386k	£273k	£113k	29%
Nursing Homes	£157k	£152k	£5k	3%
Payroll	£150k	£136k	£14k	9%
HSCP – Telecare	£61k	£58k	£3k	6%

As shown above, four out of the five departmental debt balances that are over 12 months old have collected less than 10% of the original balance, highlighting that payment in advance of the service, or if this is not possible, early intervention is crucial in preventing balances accumulating.

More specifically, further analysis of the payroll related debt indicates that, in total, there have been 452 accounts raised since 2017 to date in relation to payroll overpayments totalling £407k. In total, 295 accounts have been fully settled (£202k) representing 50% of the total of the accounts raised. It should be noted that this only refers to payroll overpayments for leavers and does not include the debt that is being recovered from current employees via the payroll system.

This leaves 157 accounts either partially paid or with no payments having been made as detailed in the table below. The top ten outstanding accounts total £74k. It is also noted 28% of the accounts with an outstanding balance relates to accounts issued in the last financial year.

Status	No of accounts	Original Balance £000	Balance outstanding £000
Partly paid	36	58	42
No payments	121	147	147
Total	157	205	189

Various recommendations have been made across a number of reports highlighting the importance of managers following the leavers procedures and ensuring that payroll are notified immediately to prevent such debt arising however due to the financial impact on the Council and employees/residents this recommendation is reiterated here once more.

Recommendation

- 4.1.1 Directors must ensure that they have appropriate processes in place to notify Payroll immediately as soon as they are aware that an employee they are responsible for will be leaving the Council to ensure unnecessary payroll related debt is not incurred.**

Action: All Directors

4.2 Invoicing

A sample of 30 council and 5 ERCLT debtors invoices were selected at random for testing. One aspect of testing is to confirm that charges raised are in line with charging policies agreed in the Charging for Services report. Three anomalies were noted:

- On one occasion charges have been raised by the Mixed Tenure Scheme around property clearances which are not included in the Charging for Services report.
- A further invoice was found to have used the 2022/23 rate of charge when the service occurred in 2023/24.
- On one further occasion, the rate used in the charge was inconsistent with the rates agreed in the Charging for Services report, where a let was charged at the midweek rate rather than the weekend rate. The department have confirmed that the charge will be re-assessed in the next Charging for Services report to be submitted to cabinet.

Lastly when auditing an invoice raised for a commercial rent, it was confirmed that the lease had not been renewed since 2019. The rental has continued at the 2019 rate since then and the department have confirmed that a full review of commercial rents and lease agreements will take place within this financial year. No recommendation is made at this time as a full review of commercial rent is included in the Audit plan for 2024/25.

Another part of the testing was to ascertain if the invoice had been issued to the customer in advance of the service being provided. It was noted that only six of the invoices in the sample of 30 had been invoiced in advance of the service which included invoices for property rental, road closure charges, Wraparound care and bond payments held around events at Rouken Glen Park. Some of the areas in the sample where invoices were not raised in advance but would be considered appropriate for this treatment would include areas such as BID, Property Rentals, and Playschemes.

At the time of the last audit, none of the invoices were raised in advance of the service being provided and included BID, Property Rentals, Factoring and Education Wraparound Care so some progress is indicated in the sample.

The Debt Recovery Policy was approved by Cabinet on 23 March 2023 and clearly states that **“The Council’s preference is that payments for these services must be obtained prior to the service being provided, unless due to circumstances of the charge, it is not possible to do so.”**

Each of the customers in the sample were also reviewed to determine if they had historical debt and this showed that in 7 cases there was debt older than 90 days. In one case the customer has a large balance (£23k) related to commuted sums to be paid – this balance is over a year old and the department were not aware it was outstanding.

As part of the audit, departments were asked around their approach to debt recovery, specifically around the following extract from the Councils Debt Management Policy.

- *While Revenue Services are involved in the recovery of the debt, the responsible Department has a critical role to play in minimising sundry debt which includes stopping service, or the non supply of a future, non statutory Council service. Revenue Services will provide departments with Management Information on a regular basis to show the debt outstanding which they are responsible for;*
- *Departments should take pro-active action to engage with customers to aid recovery*

The response was at times inconsistent. Departments do receive reports from the revenue service to confirm if accounts should be passed to the sheriff officer and engage with the Accounts Receivable Team consistently at this point, but reporting, action and collaboration prior to this end stage of recovery is inconsistent with a lack of clarity around stages of collection and areas of responsibility. There is good practice in Education where close work with customers prevents problems arising through early intervention and also within Environment involving regular use of reports and addressing arrears at an early stage in partnership with the customer. However, a consistent, joined up approach within departments and across the Council could aid in income recovery and allow earlier intervention in the debt process. This would also allow a better view to be formed as to whether, as a last resort, a service should be withdrawn

Recommendations

- 4.7.4** *Departments must ensure that invoices are raised in advance of the service being provided where possible to minimise the risk of bad debts.*

- 4.7.5** *Improved communication and joint ownership of the debt recovery process between accounts receivable and departments needs to be established to aid income recovery. Departments should make consistent use of reports available to monitor outstanding debt*

Action: Director of Environment, Director of Education, Chief Officer of HSCP

Ref/Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.1.1 (High)	Directors must ensure that they have appropriate processes in place to notify Payroll immediately as soon as they are aware that an employee they are responsible for will be leaving the Council to ensure unnecessary payroll related debt is not incurred.	A reminder will be sent to managers. Further comms to be included in the staff bulletin along with the reminders from the payroll audit.	30-Sep-2024 31-Dec-2024	New	
4.7.4 (Med)	Departments must ensure that invoices are raised in advance of the service being provided where possible to minimise the risk of bad debts.	The HSCP has an agreed process in place with the debtors team. We will review this to identify whether any change may improve this and will also inform any changes to process from the implementation of the finance module within Mosaic. In relation to services for care it is not appropriate to raise invoices in advance.	31-Dec-24	New	
4.7.5 (Med)	Improved communication and joint ownership of the debt recovery process between accounts receivable and departments needs to be established to aid income recovery. Departments should make consistent use of reports available to monitor outstanding debt	As above	31-Dec-24	New	

Appendix	2C
Title	Application Audit of Payroll MB/1201/FM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	New (Issued July 2024)

EXTRACT OF
REPORT ON THE APPLICATION AUDIT OF PAYROLL

1 INTRODUCTION

As part of the 2023/24 audit plan, an application audit of Payroll was undertaken.

2 SCOPE

The review covered the following key control objectives which were agreed with the Head of HR and Corporate Services prior to the start of the audit:

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

The previous Audit of Payroll (MB/1151/FM) was also followed up as part of this audit. Twenty two recommendations were made in that audit, all of which were accepted in the departmental responses.

This audit has been conducted in conformance with the revised Public Sector Internal Audit Standards.

3 CONCLUSION

Testing of payroll application audit controls was satisfactory and no significant issues were identified.

Follow up of the recommendations made in the previous payroll audit (MB/1151/FM) showed that 13 of 22 recommendations have been fully implemented, with 7 remaining outstanding and included again below (the remaining two that were not implemented have already been included as recommendations within the audit of Payroll (MB/1194/FM), issued 30 January 2024.)

The following points should be addressed.

5 Follow-up of the Audit of Payroll (MB/1151/FM)**5.1 Plain Time Overtime**

It has been highlighted several times in previous audit reports that in some cases, employee's plain overtime hours continue to be incorrectly coded to additional basic hours instead of the plain overtime payroll code. Additional basic is treated as pensionable pay and as such should only ever be used for part time employees.

Audit analysed overtime data from 1 April 2023 to establish if it was still the case that managers were approving plain time overtime incorrectly posted to additional basic hours. It was found that in the period from 1 April 2023 to 18 December 2023 there were 62 full time employees where managers had incorrectly authorised overtime hours as additional basic hours instead of plain overtime.

It was previously recommended by audit and accepted by management that a report should be written to identify full time employees where additional basic is paid. This report should be run periodically and reviewed and managers contacted and advised of the correct code to be used. The implementation date for this was agreed to be 31 December 2022. HR has advised that it is not possible to produce such reports.

In accordance with the policy, it was previously recommended that line managers must ensure that all employees on 35 hour contracts or part-time contracts have worked 37 hours in the week before overtime at time and a half is authorised. Audit ran a report listing all overtime claimed on the Employee Self Service module and this was then analysed to show all employees that had claimed time and a half without claiming plain time. This data was then matched to the report listing all employee's contracted hours to allow identification of employees not on 37 hour contracts that were claiming time and a half without claiming two hours at plain time first.

A sample of ten employees from the above file were reviewed and it was found that in seven cases, the employees had consistently claimed time and a half for all overtime rather than claiming the first two hours each week at plain time.

Recommendation

- 5.1.1 **Directors must ensure that line managers are aware that plain time overtime must be used instead of additional basic for full time employees.**
- 5.1.2 **Directors must ensure that line managers reject overtime claims for time and a half if 37 hours have not been worked by the employee that week.**

**Action: Director of Business Operations and Partnerships,
Director of Environment
Chief Officer of HSCP**

5.2 Double Time Overtime

The Council policy states that double time can only be paid for hours worked on a public holiday. An overtime report was produced and analysed to identify all double time overtime claims in 2022 and 2023 (to 6th November 2023) that did not occur on a public holiday.

In total, there were 12 double time overtime claims submitted and authorised outwith public holidays for a total of 50.5 hours to be paid to 7 employees. These employees worked in Environment, HSCP, BO&P and ERCLT.

There were several other overtime claims that had been submitted for double time outwith a bank holiday but these had either been rejected by the line manager or had a status of "provisional" or "error" and had not been processed through payroll.

Recommendation

- 5.2.1 **Directors must ensure that line managers are aware that they should only approve payment of double time overtime for hours worked on a public holiday. There should be no exceptions to this policy.**

**Action: Director of Business Operations and Partnerships,
Director of Environment
Chief Officer of HSCP**

5.3 Overtime for Employee at Grade 10 and Above

It was noted in a previous sample from the last audit that there were employees at grade 10 and above (G10+) that were claiming overtime and that the overtime payments for these employees had not been authorised by an officer at a grade 18 or above (G18+) in accordance with the HR policy.

A sample of five employees G10+ were selected and evidence was requested from the employees line manager to ascertain if there was evidence that the overtime had been approved by an officer at G18+. In two cases in the sample, the employee's line manager was G18+ therefore there was no need for secondary authorisation. In one case there was evidence that the claim had been separately authorised by a G18+ and in the remaining two cases evidence was not provided to audit to show that the claims had been authorised by a G18+.

It was also recommended at the time of the last audit that enquiries should be made to find out if it is possible to build a secondary authorisation alert into the iTrent overtime claim process for employees at G10+. The response from HR advised that this was not possible at that time but they would approach the software supplier about it and a completion date of 30 June 2022 was given. Audit submitted a test overtime claim for a G10+ employee and it was confirmed that there was still no secondary authorisation alert for overtime claims at this level.

Recommendation

5.3.1 Line managers must ensure that where an employee at grade 10 or above is claiming overtime that the claim is authorised by an employee at grade 18 or above. Consideration must also be given to whether an overtime payment is appropriate or whether time off in lieu at plain time is more appropriate.

**Action: Director of Environment
Chief Officer of HSCP**

Ref/Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
5.1.1 (Med)	Directors must ensure that line managers are aware that plain time overtime must be used instead of additional basic for full time employees.	A communication was issued to managers on 16th August 2024 and a further reminder will be scheduled in the staff bulletin. Managers of individuals identified in the sample will be contacted directly. We will work with HR and payroll colleagues where any specific action is needed.	31-Dec-24	New	
5.1.2 (Med)	Directors must ensure that line managers reject overtime claims for time and a half if 37 hours have not been worked by the employee that week.	As above	31-Dec-24	New	
5.2.1 (Low)	Directors must ensure that line managers are aware that they should only approve payment of double time overtime for hours worked on a public holiday. There should be no exceptions to this policy.	As above	31-Dec-24	New	
5.3.1 (Low)	Line managers must ensure that where an employee at grade 10 or above is claiming overtime that the claim is authorised by an employee at grade 18 or above. Consideration must also be given to whether an overtime payment is appropriate or whether time off in lieu at plain time is more appropriate.	As above	31-Dec-24	New	

Appendix	2D
Title	Follow-up of HSCP Audits MB/1204/FM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	Changes since last reported to PAC 26.06.2024 - 4.3.1 and 4.3.2 now considered closed - Notes updated at 4.1.1, 4.2.1, 4.2.2, 4.5.1, 4.5.2

Ref/Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.1.1 (Low)	The disposal of inventory forms should be signed by a manager/supervisor for all disposals.	Reminder email to be issued – sent 31.05.2024. A review of the HSCP inventory process is also planned.	31-May-24	Open	A reminder was issued 31.05.2024. The process will be reviewed by the end of the calendar year.
4.2.1 (High)	Fully functional reports showing varies to cost should be used to regularly review and amend service agreements where appropriate.	Report developed and put in place September 2023. The changes to the Supporting People Framework and the associated reviews have taken priority. Once the reviews are complete this report will be part of routine monitoring. The report will be issued monthly from August 2024. The finance module in MOSAIC, which will commence April 2025, is expected to eliminate the vary process.	31-Aug-24	Open	The report has been produced and Finance Support Officers will review and discuss with Service Managers and others as appropriate.
4.2.2 (High)	Audit should be advised when the quarterly meetings to confirm varies are put into action.	As above. Meeting schedule will commence August 2024.	31-Aug-24	Open	As above

4.3.1 (Low)	A review of the uprating process for non-framework service agreements should take place to address the processing of varies where a rate has been approved to be paid but needs to be updated on a service agreement. Service agreements should be identified and subject to independent review and update prior to processing the next period invoice.	<p>The process for uprating non-framework service agreements was revised in February 2024. Rate changes are made by the Carefirst system team.</p> <p>Any provider queries re rates are picked up via Finance or Contract Monitoring and will be resolved with the respective services.</p> <p>There is a monthly housekeeping process in place and the vast majority of varies are downwards so there is no offset as the amount paid is lower than the committed value.</p> <p>There can be amounts not matched and the majority of these are due to providers invoicing at a rate lower than the service agreement – and in such a case it is incumbent on the provider to raise the invoice.</p> <p>Any credit value not matched will be by exception as no invoice will be paid that is above the committed value – but there may be timing differences.</p> <p>As above the move to MOSAIC will eliminate the need for varies.</p>	30-Sep-24	Considered closed (pending verification)	All actions have been completed and this is now considered closed, pending verification
4.3.2 (Med)	Housekeeping checks should be implemented ensuring that all of the adjustments processed that are intended to be offset at a later date are actually matched up and cleared.	Please see above	30-Sep-24	Considered closed (pending verification)	As above

4.4.1 (Low)	Audit should be advised when the review of the policy is complete and a copy of the revised policy should be provided.	The redesign of Inclusive support is ongoing, with a best value review commencing in October 2024 and the outcome of this will determine any revisions to the policy. This will then be provided.	31-Mar-25	Open	
4.5.1 (Low)	The bank should be advised to remove the former Unit Manager of Bonnyton House from the list of authorised signatories and confirmation from the bank of the remaining authorised signatories should be provided to audit.	The previous unit Manager has been removed as a signatory and the current mandate will be provided to internal audit.	31-Jul-24	Open	Information has been passed to internal audit which is currently being reviewed
4.5.2 (Med)	Details (account name, number and sort code) of all Bonnyton House bank accounts that have been in existence since 2018 should be provided to audit.	A list of accounts will be provided to internal audit.	31-Jul-24	Open	As above

Appendix	2E
Title	Debtors MB/1188/NS
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	No changes since last reported to PAC 26.06.2024 All recommendations considered closed

Ref. / Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.5.1 (High)	All Managers should be instructed that they must notify the system administrator immediately of all leavers to allow system access to be removed promptly.	We will remind staff of the various actions to be taken when processing a leaver.	31-Aug-23	Considered Closed (Pending verification by internal audit)	An integra system alert was sent to all integra users. We have also circulated to our Extended SMT to ensure that managers are aware of the process and steps to take.

Appendix	2F
Title	Self-Directed Support – Direct Payments MB/1171/FM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	Changes since last reported to PAC 26.06.2024 - note updated at 4.1.1

Ref. / Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.1.1 (High)	The financial review of direct payments should be completed as soon as possible.	Already under way. This will be done in a phased approach to manage workload	30-Jun-23	Open	All direct payment recipients have been contacted for a financial review. Information received has been scanned onto carefirst and social work managers directed to review where appropriate. Reminders were sent to those who didn't respond in August 2023. This review work is ongoing and will sit alongside reviews under the Supporting People Framework. Cases where we have had no response have been referred to operational management to follow up. SPF reviews are ongoing, and all DPs are being reviewed as part of this. We expect this action to be closed by the end of the SPF review calendar
4.1.2 (High)	The HSCP management should ensure going forward, that all direct payment service users have provided receipts to support expenditure and that any unspent monies are recovered on an annual basis.	We will follow the CIPFA and Scottish Government guidance, which exempts some small spends etc. It is sometimes obvious from bank statements what spend is being incurred therefore receipts are not necessary. We will, however, implement a risk-based assessed approach to financial monitoring based on care package cost and previous history. Agreed that unspent monies should be recovered annually, in conjunction with a review by operational staff.	30 June 23 then ongoing	Open	As above. Balances are being highlighted to care managers and recovery of unspent funds will follow review.
4.1.3 (Med)	Consideration should be given to reviewing the full years bank statements for each service user to ensure that the review is comprehensive and provides appropriate assurance regarding the use of public funds.	All users should receive a financial review, however this should be in line with CIPFA and Scottish Government guidance.	31-Mar-24	Open	Where there is evidence of inappropriate spending, full receipts will be asked for.

Appendix	2G
Title	Ordering and Certification MB/1178/NS
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	No changes since last reported to PAC 27.03.2024 All recommendations considered closed

Ref. / Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.1.1 (Med)	All Directors should instruct employees with responsibility for ordering to ensure that approved suppliers are being used.	We will issue a reminder to all employees responsible for ordering	28-Feb-23	Considered Closed (Pending verification by internal audit)	Email issued to Business Managers to cascade to those staff who process orders on Integra
4.1.2 (Med)	All departments should monitor spend against suppliers and where thresholds have been breached the appropriate contract route should be followed to ensure best value is being achieved.	Commissioning liaise with procurement regarding best value. Tolerance is managed in relation to social care agency spend to meet service requirements.	Ongoing	Considered Closed (Pending verification by internal audit)	Process established with Commissioning and Procurement to identify and action breached thresholds if applicable
4.1.3 (Med)	Departments should ensure that contracts are reviewed to ensure that they are not allowed to expire and liaise with Procurement to allow appropriate action to be taken.	Commissioning have regular meetings with services and procurement to oversee contracts.	Ongoing	Considered Closed (Pending verification by internal audit)	Process in place with Commissioning and services to monitor contracts. Commissioning and procurement have process in place to review new and existing contracts.
4.4.1 (Low)	All Directors should instruct employees with responsibility for ordering to ensure that the appropriate reference is added to the order to evidence that a contract is being used for the purchases.	We will issue a reminder to all employees responsible for ordering as per 4.1.1	28-Feb-23	Considered Closed (Pending verification by internal audit)	As per 4.1.1 - Email issued to Business Managers to cascade to those staff who process orders on Integra including SOP for Purchase Order Entry

Appendix	2H
Title	Follow-up of Business Operations and Partnerships Department Audits MB/1177/MB
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	Changes since last reported to PAC 26.06.2024 - Note updated at 4.6.1

Ref. / Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.5.1 (Med)	<p>Robust checks should be carried out by departments to ensure that the inventory records are accurate and that:</p> <ul style="list-style-type: none"> • the assigned user details are accurate, up to date and only include names of current employees. • individual users do not have more than one mobile or one laptop • clarification is provided to ICT promptly of any devices on the lists which are no longer needed or which need to be re-assigned to a different employee • clarification is provided to ICT of the reasons for devices where a named employee is not assigned to it. (e.g. pool phone) and this should be noted 	<p>A full review of this year's inventories will be undertaken to ensure each point has been addressed.</p>	Mar-23	Considered closed (pending verification)	<p>Laptops and mobile phones were included in a central HSCP inventory for 2022. These have now been included within service inventories for 2023. Business Managers have been asked to coordinate this across service areas. In addition a reminder was included in the Staff Bulletin that staff must notify when laptops are switched.</p>
4.6.1 (Med)	<p>Reports should be reviewed to ensure that only minimal SIM packages are provided for each employee and that employees are advised to return to work from council premises if they do not have adequate home broadband to meet work requirements.</p>	<p>We will continue to review billing and address high users on an individual basis, with regular overview reports to SMT</p>	Dec-22	Open	<p>A review of equipment was undertaken in 2023 and staff who did not require smart phones with email access have been swapped to call only plans. Mobile and laptop sims have also been reviewed to verify current users and a number of contracts cancelled. Reminders have also been issued regarding data usage along with guidance for checking this. Changes to the Council vodaphone contract has also reduced costs. Exception reporting is followed up on if usage is outside limits. An annual survey to confirm allocated mobile numbers was issued in August 2024.</p>

Appendix	21
Title	Payroll MB/1151/FM
Type	East Renfrewshire Council Internal Audit Activity relating to the Health and Social Care Partnership
Status	No changes since last reported to PAC 26.06.2024 All recommendations considered closed

Ref/Risk Rating	Recommendation	Comments (if appropriate)	Timescale for completion	Status	Latest Note
4.3.1 (High)	Line managers must ensure that the online leavers form is fully completed and submitted in advance of the employee leaving.	A reminder will be issued to Managers. We have requested from HR colleagues whether a compliance report can be produced.	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022. System only able to report on who forms have been completed for.
4.3.2 (Med)	Line managers must ensure that the Exit Procedures Leavers Checklist is actioned and saved to Information at Work for all leavers.	As above	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022. System unable to generate reports
4.4.1 (Med)	Line managers must ensure that all employees on 35 hours contracts or part-time contracts have worked 37 hours in the week before overtime at time and a half can be claimed.	A reminder will be issued to Managers	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022
4.4.2 (Med)	Line managers must ensure that care is taken to look at overtime claimed according to the week in which it was worked to ensure that the correct rate of pay is claimed.	A reminder will be issued to Managers	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022
4.4.3 (Low)	Line managers must ensure that where an employee at grade 10 or above is claiming overtime that the claim is authorised by an employee at grade 18 or above. Consideration must also be given to whether an overtime payment is appropriate or whether time off in lieu at plain time is more appropriate.	A reminder will be issued to Managers	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022

4.5.1 (Low)	Double time should only ever be paid for hours worked on a public holiday and there should be no exceptions to this policy.	The example quoted in the report was an exceptional circumstance in an unprecedented pandemic situation and this was agreed to ensure capacity to safely deliver services and protect our residents. The authorising manager has now left however this was discussed with trade unions at the time and steps put in place to ensure it would not happen again.	N/A		
4.10.1 (Low)	Line managers should be reminded of the managing absence policy and their responsibilities as managers.	A reminder will be issued to Managers	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022
4.10.2 (Low)	Line managers must ensure that all absence documentation is filed in the appropriate manner promptly.	A reminder will be issued to Managers	May-22	Considered closed (pending verification by internal audit)	Reminder issued to Managers 06.05.2022

EAST RENFREWSHIRE INTEGRATION JOINT BOARD**PERFORMANCE AND AUDIT COMMITTEE****25 September 2024****Report by Chief Auditor****NHSGGC INTERNAL AUDIT PROGRESS REPORT 2023/24****PURPOSE OF REPORT**

1. To provide summary details of the audits completed by the NHS Greater Glasgow and Clyde (NHSGGC) internal auditors during 2023/24. The internal audit service is currently provided by Azets.

BACKGROUND

2. The East Renfrewshire Integration Joint Board directs both East Renfrewshire Council and NHSGGC to deliver services on its behalf to enable it to deliver on its strategic plan.

3. Both East Renfrewshire Council and NHSGGC have internal audit functions which conduct audits across their organisations and report the findings of these to their respective audit committees.

NHSGGC INTERNAL AUDIT ACTIVITY TO SEPTEMBER 2024

4. The report in appendix 1 provides a summary to the Performance and Audit Committee of the internal audit activity undertaken within the NHSGGC received since the last meeting.

5. Details of five reports were received. Four of these were classified as needing minor improvement and one was classified as effective.

RECOMMENDATION

6. The Committee is asked to:

(a) Note the contents of the report.

M Blair, Chief Auditor
12 September 2024

NHSGGC INTERNAL AUDIT PROGRESS REPORT 2023/24

1. Reports Issued

Details of a further five audits from the 2023/24 and one from the 2024/25 audit plan have been provided by the NHSGGC internal auditors as summarised below, in addition to follow up work being carried out.

Review	Overall audit rating (Note 1)	No. of issues per grading (Note 2)			
		4	3	2	1
Performance Monitoring	Minor Improvement required	0	0	1	0
Financial Management and Reporting	Minor Improvement required	0	0	2	1
Discharge Planning	Minor Improvement required	0	1	7	1
Waiting List Management	Minor Improvement required	0	0	4	0
Digital Health and Care Strategy	Effective	0	0	0	0

2. Performance Monitoring

NHSGGC has a purpose, values and four key aims:

- Better health – Improving the health and wellbeing of the population
- Better care – Improving individual experience of care
- Better value – Reducing the cost of delivering healthcare
- Better workplace – Creating a great place to work

An Assurance Information Framework (AIF) is in place to outline how each of these aims and underlying objectives are measured and monitored. The audit covered preparation, review, implementation and compliance against the AIF. A number of areas of good practice were identified and only one grade 2 recommendation was made which related to distinguishing more clearly the indicators which are collated from external stakeholders or on a less frequent basis (eg annual):

3. Financial Management and Reporting

The audit found that the NHSGGC has a well-designed set of controls and processes in place to support effective financial management and reporting at both strategic and operational levels. The financial challenges facing boards across NHS Scotland in 2024/25 and beyond is likely to be significant with continued pressure from the delivery of savings and inflationary pressures. The auditors concluded that the robust underlying controls identified should provide a strong foundation to support the challenges ahead.

Three minor areas of improvement were identified:

- Introduction of a document to supplement the Standing Financial Instructions detailing specific responsibilities at budget holder level
- Consideration in future financial planning of savings still to be realised
- Introduction of template to assist budget holders to provide consistent information on variances

4. Discharge Planning

Delayed discharges continues to be a challenge across NHS Scotland. The audit identified generally well designed processes in place to promote active discharge planning as a means of reducing the likelihood of delay, however they are not always consistently applied. Audit testing was based on interviews with staff across 15 wards covering 10 hospitals. Interviews were also held with nine stakeholders in Acute and Social Work teams, one of which was based in East Renfrewshire HSCP.

In total nine recommendations were made, five related to compliance with existing procedures and four related to control design. The most significant recommendation related to strengthening the governance arrangements to identify and resolve issues of non-compliance with the Discharge Policy.

5. Waiting List Management

This audit focussed on the management of waiting lists for patients with actual or suspected cancer and arrangements in place for improving performance against the two key national performance measures set by the Scottish Government.

Four recommendations were made which included reviewing local guidance on cancer tracking to ensure it was reflective of current arrangements and national guidance, ensuring that waiting time adjustments are consistently documented and performance trajectories into 2024/25 and beyond are accurate, achievable and monitored.

6. Digital Health and Care Strategy

A new digital strategy setting out a vision for using digital technology to improve patient outcomes and provide efficiencies in service delivery was approved in 2023. The audit concluded that effective processes are in place to develop and implement the Digital Strategy. Extensive internal and external stakeholder engagement was also observed in developing the strategy. Several areas of good practice were identified during the review and no recommendations were made.

Note 1 - The overall audit report rating is based on the following table:

<i>Immediate major improvement required</i>	<i>Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.</i>
<i>Substantial improvement required</i>	<i>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met</i>
<i>Minor improvement required</i>	<i>A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.</i>
<i>Effective</i>	<i>Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.</i>

Note 2 - Issues within these reports are graded on the following basis.

4	<i>Very high risk exposure – major concerns requiring immediate senior management attention that create fundamental risks within the organisation</i>
3	<i>High risk exposure – absence/failure of key controls that create significant risks within the organisation</i>
2	<i>Moderate risk exposure – controls not working effectively and efficiently and may create moderate risks within the organisation</i>
1	<i>Limited risk exposure – controls are working effectively but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.</i>