WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer – Resources

Audit Committee: 12 June 2024

Subject: Internal Audit Plan 2023/24 – Progress to 10 May 2024

1. Purpose

1.1 The purpose of this report is to advise Members of progress to 10 May 2024 against the Internal Audit Plan for 2023/24.

1.2 The report also advises Members of:

- recently issued Internal Audit reports and action plans
- the status of implementation progress relating to action plans from previously issued Internal Audit reports.

2. Recommendations

2.1 It is recommended that Members note the contents of this report.

3. Background

3.1 The annual audit plan for 2023/24 was approved by the Audit Committee on 8 May 2023. This report provides information on the progress in implementing the plan.

3.2 When audit reports are issued by Internal Audit, an action plan is agreed with management in relation to issues highlighted by the audit report. Progress on implementing the actions is monitored by Internal Audit on a monthly basis and reported to the Audit Committee.

4. Main Issues

4.1. The annual audit plan sets out the audit coverage for the year utilising available staff resources to enable the Shared Service Manager – Audit & Fraud to provide the annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.

4.2 In accordance with the risk-based audit methodology, for each audit, one of four audit opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.

Requires Improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

4.3 Detailed findings and recommendations reported to management are graded using the following criteria:

Red	In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. Corrective action must be taken (some exceptions may be agreed with Internal Audit) within reasonable timeframe. Overseen to completion by Chief Officer/Head of Service.
Green	In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit. Managed by service owner. Not reported in Audit Committee papers.

4.4 There were 2 audit reviews finalised since the last Audit Committee in February 2024:

Cleaning – Stock Control (January 2024)

4.5 The Council's Facilities Management service provides a cleaning service in schools and nurseries as well as a range of other council premises, such as offices, depots, public buildings and libraries. The team comprises of over 100 facilities assistants and over 250 cleaning staff.

4.6 The objective of this audit was to provide management and the Audit Committee with an assessment on the adequacy and effectiveness of the governance, risk management and control procedures in relation to Facilities Management Cleaning - Stock Control.

4.7 The review focused on the key procedures for Cleaning Supplies Stock Control and assessed the adequacy and effectiveness of controls in place such as written procedures, ordering arrangements, security arrangements, and training of staff on stock management.

4.8 The overall control environment opinion was **Satisfactory**. There were five AMBER issues identified as follows:

Lack of Procedural Documentation and Guidance (Amber)

There are no documented procedures or guidance in place within the facilities team for cleaning supplies stock control. Facilities assistants at each council premise have developed individual local processes for managing cleaning supplies.

Where relevant staff do not have access to and fully understand cleaning stock control procedures required to perform their role this may result in an inconsistent approach to cleaning materials stock control.

Adequacy of Stock Checks (Amber)

Stock checks should be carried out on a monthly basis, however the audit identified that the cleaning supplies stock check is only carried out at the year-end for each of the premises.

Where regular stock checks for cleaning supplies do not take place, it may result in errors, losses or thefts occurring and going undetected.

Excessive levels of stock (Amber)

There are no minimum stock levels set for cleaning items used at establishments.

In addition, large bulk orders are received automatically at three schools for high demand cleaning items. However stock levels are not regularly reviewed, resulting in excessive stock levels being held.

For some establishments bulk orders are placed to reduce the number of orders having to be placed which can result in excessive stock levels being held.

Excessive stock levels can lead to wasteful investment, out of date stock, theft or risks to health and safety and fire regulations.

Adequacy of training (Amber)

Limited informal on the job training is provided to facilities assistants for cleaning and stores management. This can lead to inadequate practices taking place.

Lack of information on flammable – hazardous products in stock (Amber)

In each of the Council premises there has been a fire risk assessment performed. Included in this assessment is the cleaning storage facilities and cleaning products. There are also Control of Substances Hazardous to Health Regulations (COSHH) risk assessments for each cleaning products and chemical data sheets for each of the products used are available onsite.

However, with the exception of the year end stock count, there are no up to date stock records maintained of flammable/hazardous cleaning products held at each site nor is there signage for product safety advice displayed in storage areas.

Where cleaning chemicals and flammable products are not correctly stored or adequate records are not in place there is a risk of harm to health.

4.9 Five significant control issues were identified and an action plan is in place to address all issues by 31 January 2025.

Supporting Employee Attendance and Wellbeing (March 2024)

4.10 The Council is committed to improving attendance levels through supporting employees' health and wellbeing. The Council's Wellbeing Charter sets out the expectations and responsibilities of both managers and employees in relation to health and wellbeing at work.

4.11 The Council's Supporting Employee Wellbeing Policy and Procedure is in place to promote and support acceptable attendance at work, and to provide guidelines for the fair, reasonable and consistent management of sickness absence.

4.12 The objective of this audit is to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to supporting employee attendance and wellbeing.

4.13 The review focused on the high level processes and procedures in relation to supporting employee attendance and wellbeing and concentrated on identified areas of perceived higher risk such as sickness absences not being completely and accurately processed in a timely manner and in line with the Supporting Employee Wellbeing Policy and Procedure; and management actions required under this Policy and Procedure not being carried out completely and accurately and in a timely manner. To facilitate this process it was planned that the scope of the audit focused on the key risks outlined within the attached Terms of Reference.

4.14 The overall control environment opinion was **Satisfactory**. Areas of good practice were identified including:

- Wellbeing Support Meetings and Wellbeing Review Meetings are held for Long term Sickness absences in accordance with WDC policy and procedures;
- Occupational health referral are carried out in accordance with WDC policy and procedures; and
- Adequate arrangements are in place for employees who require work adjustments to be made before returning to work in accordance with WDC policy and procedures.

There were four Amber issues identified as follows:

<u>Compliance issues with the WDC Supporting Employee Wellbeing Policy & Procedure – HSCP Care at Home</u> (Amber)

Within HSCP Care at Home, absences reported at the weekend are not being timeously logged on HR21 system. In addition, due to high levels of absences being reported, regular wellbeing contacts are not always maintained with employees and in some cases return to work discussions are not being held.

Where absence management activities are not recorded in a timely manner on the HR21 system, this may impact on the completeness and accuracy of absence reporting and result in non-compliance with the Supporting Employee and Wellbeing Policy.

Adequacy of registering absences on HR21 system – HSCP Mental Health, Learning Disability & Addiction (Amber)

Within HSCP Mental Health, Learning Disability & Addiction line managers are maintaining contact with employees during absences and are holding wellbeing meetings however these actions are not always recorded on the HR21 system.

Where absence management actions are not recorded on HR21 system, management cannot be confident that the Supporting Employee and Wellbeing Policy is being complied with.

System Access Restrictions for Recording Absences – HSCP Residential Day Care (Amber)

Care coordinators within the HSCP Residential Day Care Team cannot access their direct report records on HR21 due to system configuration set up issues, therefore details regarding employee absences and information on wellbeing require to be passed to deputes/managers with appropriate HR21 access to update employee records. This is causing delays and inefficiencies in logging of absence management activities on the HR21 system.

Delays in logging absence management activities on HR21 system can result in non-compliance with the WDC Supporting Employee Wellbeing Policy and Procedure and may impact on the completeness and accuracy of absence recording.

Monitoring Compliance issue with the WDC Supporting Employee Wellbeing Policy & Procedure – Roads and Neighbourhood (Amber)

The WDC HR absence management report show that absence management actions for Roads and Neighbourhood are not being logged on HR21 system in accordance with the WDC Supporting Employee Wellbeing Policy and procedure.

Where absence management is not actively monitored across all teams, management cannot be confident that the policy is being complied with.

4.15 Six audit issues were identified, four of which we consider to be individually significant and an action plan is in place to address all issues by 30 June 2024.

4.16 The status of the 2023/24 audit plan is attached at Appendix 1.

4.17 In relation to audit work for the Integration Joint Board, the 2023/24 is almost complete with regular reporting to the Integration Joint Board Audit & Performance Committee.

4.18 In relation to the Valuation Joint Board, the planned follow up audit has been completed.

4.19 In relation to the Leisure Trust, the 2023/24 audit plan is complete.

4.20 Internal Audit Action Plans
In relation to audit action plans, these are monitored by Internal Audit on a monthly basis. There were five actions due for completion by the end of March, four of which have been reported as completed by management and a revised completion date relating to one action requires to be set. The status report at 31 March 2024 is provided at Appendix 2.

Ongoing Corporate Fraud Team Work

4.21 The Corporate Fraud team's day to day work continues to focus on referrals relating to council tax reduction/single person discounts, joint working with DWP in relation to housing benefit and council tax reduction, referrals relating to housing tenancies and investigating relevant national fraud initiative matches.

4.22 The Internal Audit Team and the Corporate Fraud Team continue to work together as appropriate in order to ensure a joined-up approach to fraud investigation and detection for example in relation to whistleblowing enquiries.

National Fraud Initiative

4.23 The National Fraud Initiative is a series of biennial exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a set timescale and report back on any savings.

4.24 Investigations are ongoing in relation to the 2022 exercise and a full report will be provided to the September meeting of the Audit Committee.

Benchmarking

4.25 In accordance with the Council's Strategic Improvement Framework, the Council's Internal Audit service continues to be part of a benchmarking group which involves seven other Councils.

4.26 Meetings will continue to take place during 2024 to review performance and identify other areas for sharing of best practice.

5. People Implications

5.1 There are no people implications.

6. Financial and Procurement Implications

6.1 The Corporate Fraud Team activity can result in actual recoveries, charges and re-billings. The total amount of actual recoveries, charges and re-billings identified for 2023/24 is £197,496.

6.2 There are no procurement implications arising from this report.

7. Risk Analysis

7.1 There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide a reasonable level of assurance over the Council's system of internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

8. Equalities Impact Assessment (EIA)

8.1 There are no direct equalities impacts arising from the report however where an agreed action results in a change in process this will be considered for equalities impact by the relevant service.

9. Consultation

9.1 This report has been subject to consultation with appropriate Chief Officers.

10. Strategic Assessment

10.1 This report relates to strong corporate governance.

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Date: 13 May 2024

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Appendices:	2023/24 Annual Audit Plan – Progress to 10 May 2024 (Appendix 1) Status of Internal Audit Action Plans at 31 March (Appendix 2)
Background Papers:	Audit Committee – 8 May 2023: Internal Audit Annual Plan 2023/24 Audit Committee – 21 March 2018: Counter Fraud and Corruption Strategy Internal Audit Reports - Copies available on request
Wards Affected:	All wards