

**WEST DUNBARTONSHIRE COUNCIL**

**Report by Chief Officer – Resources**

**Audit Committee: 8 June 2023**

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**Subject: Internal Audit Plan 2022/23 – Progress to 22 May 2023**

**1. Purpose**

1.1 The purpose of this report is to advise Members of progress at 22 May 2023 against the Internal Audit Plan for 2022/23.

1.2 The report also advises Members of:

- Recently issued Internal Audit reports and action plans; and
- 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 2022/23 was approved by the Audit Committee on 15 June 2022. 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 regularly 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:

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

<b>Requires Improvement</b>	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
<b>Unsatisfactory</b>	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:

<b>Red</b>	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.
<b>Amber</b>	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.
<b>Green</b>	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** Three audit reviews have been finalised since the Audit Committee meeting in May 2023 as follows:

- Creditors (Limited Scope Finance Review)
- Occupational Therapy – Waiting Times
- Fleet Management

#### **Creditors**

**4.5** The Finance Service Centre (FSC) provide Accounts Payable (AP) support across Council wide. The services are responsible for ordering, authorising and receiving goods and services. Service admin teams process the invoices and authorisation is carried out via the online Batch Header Form. WeBuy has a separate authorisation process via the system.

**4.6** The Corporate Administration Support (CAS) Team input all invoice transactions to Agresso and send the payment files to FSC. FSC carry out a number of checks including supplier payment details before arranging payment. The invoices are paid within the pre-set timescales of 30 working days from the date the invoice is received.

- 4.7** The objective of this audit was 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 the Creditors process.
- 4.8** The audit focused on the high level processes and procedures in relation to the Creditors process and concentrated on identified areas of perceived higher risk such as invoices were not valid, payments were not complete and accurate or creditor account reconciliations were not being performed.
- 4.9** The overall control environment opinion for this audit review was **Satisfactory**. Areas of good practice were identified including:
- Detailed procedural documentation is in place within the AP and CAS teams to carry out the Creditors process effectively.
  - There are a number of different teams involved in managing the Creditors process i.e. AP Team, CAS Team, Reconciliation Team, Banking and Income control Team ensuring clear segregation of duties and effective internal control.
- 4.10** There were 3 GREEN issues identified which if implemented would enhance the control environment and an action plan is in place to address all issues by 30 September 2023.

### **Occupational Therapy – Waiting Times**

- 4.11** The Occupational Therapy team within the West Dunbartonshire Health and Social Care Partnership (WDHSCP) is responsible for the planning and the delivery of high quality care therapy services to Older People (age over 65) and Adults (age 16 to 65) in the Community.
- 4.12** The aim of the service is to:
- Promote faster recovery from illness.
  - Prevent unnecessary acute hospital admission.
  - Prevent premature admission to long term residential care.
  - Support timely hospital discharge.
  - Maximise independent living.
- 4.13** All Client referrals for occupational therapy services are submitted via the Carefirst system. All referrals are screened by appropriately qualified practitioners and are prioritised as high, medium or low.
- 4.14** Target response times for occupational therapy assessments are:
- High - up to 48 hours.
  - Medium - 10–15 working days
  - Low - 5–6 weeks.

- 4.15** The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the Occupational Therapy Waiting Times process within WDHSCP.
- 4.16** The audit focused on the high level processes and procedures in relation occupational therapy waiting times and concentrated on identified areas of perceived higher risk such as referrals from other services and agencies are not prioritised in a timely manner or case management processes are not adequate and effective.
- 4.17** Due to officer capacity issues within the service area we were unable to review some aspects of the scope of this audit, in particular complaints, task monitoring procedures and the adequacy of procedural documentation.
- 4.18** The overall control environment opinion was **Requires Improvement**. There was one RED issue and two AMBER issues identified as follows:

**Lack of capacity to manage current occupational therapy workloads (Red)**

The current demands for services in Occupational Therapy are outweighing the current staff resources available resulting in growing backlogs for clients with needs prioritised as medium and low.

Occupational Therapy referrals are prioritised as high, medium or low. Due to current capacity levels resources have been directed to ensuring the high priority cases are assessed. This has resulted in excessive waiting times for clients who have been prioritised as medium or low. Medium or low priority needs are classed as not requiring an urgent assessment and our analysis of current waiting times at January 2023 showed that a significant number of clients are waiting in excess of 6 months for an assessment. In addition, there is no subsequent review undertaken of clients with medium or low rated needs who have been waiting for a significant amount of time for an assessment to ensure their needs have not changed.

The current demands for services in Occupational Therapy are outweighing the current staff resources available resulting in growing backlogs for clients with needs prioritised as medium and low.

Occupational Therapists are currently working under extremely stressful conditions to manage their workloads. There is a risk of further staff sickness levels and a number of vacancies have arisen due to staff leaving.

**Blue badge application backlog (Amber)**

The Occupational Therapy team are responsible for carrying out the assessment process prior to issuing a blue badge, some of which requires a face to face assessment to validate the application. As of January 2023, there was a backlog of 220 blue badge applications requiring to be assessed which was an increase of 173 applications since October 2022.

During lockdown Blue Badge applicants requiring verification could not be invited for face to face assessments, to validate the application and a high number of badges were granted to applicants on a temporary basis for one year without the formal face to face assessment process being completed. A number of these applications have now reached the renewal date and require to be formally assessed. This has contributed to the current backlog of Blue Badge applications awaiting approval.

At the time of the audit, the recorded longest waiting time for a blue badge assessment in the Clydebank area was 25 weeks and in Dumbarton 19 weeks.

#### **Adequacy of management information (Amber)**

Occupational therapy admin team produce a monthly performance report detailing a snapshot of client waiting times in relation to occupational therapy for the date that the report is produced. The report is sent to Heads of Service, Senior Managers and team leaders for information and action as appropriate. However the audit identified that there are no variances highlighted in relation to prior months wait times to allow trend analysis to be undertaken nor are the waiting times published in wider performance management information reports. It is also not clear who is responsible for acting on any adverse trends identified.

- 4.19** The audit identified 3 significant issues and an action plan is in place to address all issues by 30 November 2023.

#### **Fleet Management**

- 4.20** Fleet Management includes the strategic and operational management of the Council fleet of over 600 vehicles. This includes the preparation of strategic plans including the vehicle replacement programme that lists all vehicles and their specifications for replacement. Fleet & Waste Services also manage the fuel consumption through a combination of bunkered fuel stores at Elm Road and Richmond Street depots and fuel cards allocated to service user of fleet vehicles across the Council.
- 4.21** The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls over the key risks faced by West Dunbartonshire Council in relation to Fleet Management.
- 4.22** The audit focused on the high level processes and procedures in relation fleet management and concentrated on identified areas of perceived higher risk such as the adequacy of fleet management strategies and plans, the use of fuel cards and the measurement of vehicle efficiency and emissions. The scope did not cover vehicle maintenance or the operational use of the vehicle tracking system as these have been subject to separate audits in 2021/22 and 2022/23.

4.23 The overall control environment opinion was **Requires Improvement**. There were 5 AMBER issues identified as follows:

**Adequacy of Strategic Planning in relation to Fleet Management (Amber)**

The last Asset Management Plan prepared for Fleet Management was for the period 2012 to 2021 and requires to be reviewed and updated to reflect the Council's Strategic Plan for 2022-2027. In addition, progress on the plan has not been monitored and reported to Committee and the current fleet replacement programme is currently 2 years behind schedule.

Where progress against the plan is not adequately monitored and reported, there is a risk that the Council is not actively managing its fleet in an effective and efficient manner in order to achieve best value.

**Payment of Invoices without checking (Amber)**

Fuel cards are used by a number of Services and invoices are received on a weekly basis for processing by Fleet & Waste Services. Limited checks are undertaken by the service prior to payment. In addition, fuel card receipts are submitted to Fleet & Waste Services by relevant services however these are not checked and authorised by service management.

Where fuel card receipts are not checked and authorised by service management or are not checked to invoices received there is a risk that fraud and error may go undetected.

**Lack of Review and Update of Driver and Vehicle information within Fortress Fuel System (Amber)**

Fortress is a stand-alone electronic system used by Fleet & Waste Services to manage and monitor bunkered tank fuel. The system holds a list of all Council drivers authorised to draw fuel from the tanks and keys allocated to vehicles and machinery. From a review of the system reports it was identified that there has been no regular review of the driver or key information since the system was first installed to ensure the information is complete, accurate and up to date. There are currently 6973 drivers listed on the system and there are 1030 keys listed which is in excess of the current active number of drivers and vehicles or machinery in use.

**Lack of measuring of individual vehicle efficiency / Co2 emissions (Amber)**

The functionality of the existing Fleet Management 3 main electronic systems namely Fleet Masters (repairs & maintenance), Fortress (fuel consumption) and Vehicle Tracking System (vehicle usage) can be used to monitor vehicle statistics such as mileage, fuel consumption and repairs, however at present there is no reporting generated from any of these systems to monitor Co2 emissions or monitor vehicle efficiency. For Co2 emissions a standard approach is followed using the manufacturer's rating but this could be looked at further as part of the net zero strategy and the transition to electric vehicles.

### **Single Person Dependency in Transport Administration (Amber)**

There is currently one staff member responsible for the administrative functions of the Fleet & Waste Services. Detailed procedures are not in place for all key tasks undertaken, which risks disruption should that staff member leave the service or be absent for an extended period of time. In addition there is the risk that there is insufficient controls in place to ensure the integrity of transactions undertaken within the administration function.

- 4.24** The audit identified 6 issues, 5 of which we consider to be individually significant and an action plan is in place to address all issues by 1 April 2024.
- 4.25** The fieldwork for the 2022/23 Annual Audit Plan is almost complete and the status of the plan is attached at Appendix 1.
- 4.26** In relation to audit work for the Integration Joint Board, the agreed audit plan is being progressed with regular reporting to the Integration Joint Board Audit & Performance Committee.
- 4.27** In relation to the Valuation Joint Board, planning for the 2022/23 audit plan is complete and a draft report is being prepared.
- 4.28** In relation to the Leisure Trust, planning for the 2022/23 audit plan is complete and a final report has been issued.
- 4.29** Internal and External Audit Action Plans  
In relation to audit action plans, these are monitored by Internal Audit on a monthly basis. There were 8 actions due for completion by the end of April, 7 of which have been reported as completed by management and action dates in relation to 1 actions have been missed and a revised date set. The status report at 30 April 2023 is provided at Appendix 2.

### **Ongoing Corporate Fraud Team Work**

- 4.30** 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.
- 4.31** 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**

- 4.32** 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 timescale and report back on any savings.
- 4.33** The matches for the 2022 exercise have now been received and investigations are underway. To date 76 matches have been investigated but no fraud or error has been detected.

### **Benchmarking**

**4.34** In accordance with the Council's Strategic Improvement Framework, services should undertake benchmarking activity with the equivalent function in other Councils. Therefore, the Council's Internal Audit service has entered into a benchmarking group which involves seven other Councils, these being:

- Argyll and Bute;
- Clackmannanshire;
- East Dunbartonshire;
- Falkirk;
- West Lothian;
- Inverclyde; and
- Stirling.

**4.35** Meetings will continue to take place during 2023 to review performance against agreed performance indicators 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. Financial results for 2023/24 will be included in the next update to Audit Committee in August 2023.

**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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**Laurence Slavin**  
**Chief Officer - Resources**  
**Date: 22 May 2023**

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**Appendices:** 2022/23 Annual Audit Plan – Progress to 31 March 2023  
(Appendix 1)  
Status of Internal Audit Action Plans at 31 March 2023  
(Appendix 2)

**Background Papers:** Audit Committee – 15 June 2022: Internal Audit Annual  
Plan 2022/23  
Audit Committee – 21 March 2018: Counter Fraud and  
Corruption Strategy  
Internal Audit Reports - Copies available on request

**Wards Affected:** All wards