

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

24 SEPTEMBER 2019

Title:

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

[Wards Affected: ALL]

Summary and purpose:

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

How this report relates to the Council's Corporate Priorities:

The work of Internal Audit service has an impact upon all the Council's priorities as its work involves exposure to all service areas to provide assurance on the control environment of the council. Internal Audit work contributes to the safeguarding of assets against loss and waste and identifying other value for money issues.

Financial Implications:

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

Legal Implications:

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

Introduction

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.
2. Annexe 1 provides the current position on recommendations due for completion at the end of the month of the Audit Committee date.
3. Annexe 2 details the Head of Service request for change of implementation due dates.

Conclusion

4. Recommendations relate to the control environment and hence the overall governance and risk management of the Council and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

Recommendation

It is recommended that the Committee:

1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken; and
 2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).
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Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Gail Beaton

Telephone: 01483 523260

E-mail: gail.beaton@waverley.gov.uk

ANNEXE 1

Audit Recommendations overdue or due within the end of the month after the AC

Generated on: 04 September 2019



Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Head of Service Mills, Kelvin

Action Code & Description	IA19/16.004 Contracts				Exit Meeting Date	07-Mar-2019
	<p>From our discussions with management we were informed that following feedback from Ofsted contracts have not yet been agreed for 2018/19, however provision has started.</p> <p>The Council is currently reviewing the template contract from Association of Employment and Learning Providers (AELP) regarding apprenticeship provision to see if this would be suitable to use. We have noted that this appears to relate only to apprenticeships and not to AEB or study programmes.</p> <p>We have confirmed that letters of intent were issued to all subcontractors on 1 July 2018 to inform them of maximum contract values and that the terms of the 2017/18 contracts would continue until new contracts were issued. Where signed contracts are not in place the service may be at risk in the event of a dispute with a subcontractor.</p>				Due Date	01-Aug-2019
Risk Level	High Priority				Risk RAG	
Audit Report Code and Description	IA19/16 Waverley Training Services					
Agreed Action	<p>The provider should agree with the legal team the contract wording as a matter of urgency. This should then be agreed with each subcontractor and signed.</p> <p>The provider should ensure this covers AEB and study programmes as well as apprenticeships.</p> <p>Going forwards the provider should ensure that a standard contract has been agreed and signed with each contractor prior to the start of the year. Agreements should be put in place with the Council's legal team to assign time for a legal review of the contract such that it can be agreed with subcontractors prior to delivery commencing. (Kelvin Mills)</p>					
Status		Overdue	Progress	75%	Head of Service	Kelvin Mills
All Notes	Legal advice now received to inform new contracts. Contracts will be issued September.					23-Aug-2019
	ESFA contractual requirements are currently being finalised for coming academic year 2019/20. Once confirmed new contracts will be produced for sub-contractors reflecting changes. Extension request has been made in Annexe 2.					19-Aug-2019

Head of Service Taylor, Robin

Action Code & Description	IA19/08.001 Reporting					
	The Council's iTrent system allows for flexi-time to be run as part of a bespoke report. This report can include employees alongside the flexi-days currently processed within the iTrent system. However, no such reporting is undertaken. Without HR compiling a report and checking for evidence there is a risk that different departments and service lines operate different policies in regard to flexi-time. This risk is higher considering the issues identified elsewhere in this report.				Exit Meeting Date	20-Dec-2018
					Due Date	31-Mar-2019
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA19/08 Flexitime					
Agreed Action	The HR department will undertake a periodic sample check of a set of flexi-time claims to ensure the new policies are being followed.					
Status		Overdue	Progress	0%	Head of Service	Robin Taylor
All Notes	<p>iTrent is a booking mechanism and can show flexi requested and authorised. It does not log hours worked against flexi accrued or help show how flexi is being used. It therefore cannot show that the new policies are being followed. An annual mid-year report can be created for HOS similar to holiday reports, but as a sense check for managers to monitor.</p> <p>This can happen from the 1st October. The process has been under review and dates adjusted due to an internal grievance and review of flexi within a council service, which has now been resolved. Therefore, a request to extend the Due Date to October 2019 is being made to the Audit Committee.</p>					11-Sep-2019

Action Code & Description	IA19/08.002 Policy					
	Discussions with 25 staff across the Council confirmed that they did request flexi-time through the iTrent system. Reviewing a sample of 25 flexi-time claims across 20 service areas, we noted 12 staff stated their managers often either "knew" they worked a lot or just did not ask them about/evidence the time they had accrued before authorising requests. We could not identify if any flexi requests were approved retrospectively due to limitations with the iTrent system related to capturing this information. However discussion with each of the 25 members of staff confirmed that in all instances staff are aware that flexi-leave cannot be taken without manager approval first. Despite being able to input requests retrospectively, each of the 25 staff members interviewed confirmed that they must input claims to redeem flexi time accrued ahead of the date arriving. Without managers taking responsibility for ensuring staff are claiming hours based on work actually completed, there is a risk that staff can claim flexi-time without actually working additional hours, this can lead to a decrease in the level of services delivered by the Council.				Exit Meeting Date	20-Dec-2018
					Due Date	31-Mar-2019
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA19/08 Flexitime					
Agreed Action	Once the new policy has been drafted and disseminated, managers will be reminded of their responsibility in checking all claims submit to them for flexi-time to ensure these are supported by evidence.					
Status		Overdue	Progress	0%	Head of Service	Robin Taylor

All Notes	Amended policy page 2 point 5 from 'when asked to do so, you are required to provide evidence of any flexi hours accrued' to 'your manager will ask you to justify and provide evidence of any flexi hours accrued'. The process has been under review and dates adjusted due to an internal grievance and review of flexi within a council service, which has now been resolved. Therefore, a request to extend the Due Date to October 2019 is being made to the Audit Committee.	11-Sep-2019
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IA19/08.003 Operate of the Policy						
Action Code & Description	Through our discussions with 25 staff about their flexi leave, and review of underlying documentation we noted that in 17 instances staff did not know of the limit of carrying forward 2 days per month at maximum.	Exit Meeting Date	20-Dec-2018			
	Of these 17, we noted that five staff did not monitor their time, and for the remaining 12 staff they had cumulative hours in excess of the maximum allowance per month. We noted that these staff used their own variation or old versions of the official suggested spreadsheet mentioned within the policy.	Due Date	31-Mar-2019			
Risk Level	Medium Priority	Risk RAG				
Audit Report Code and Description	IA19/08 Flexitime					
Agreed Action	The flexi-time policy will be reviewed for how the Council wishes it to operate. Either then the policy will be updated to reflect actual practice, or else all staff will be reminded that they are required to follow the approved policy. Following this, the Policy will be highlighted to staff both existing within the Council, and all new staff starting through the induction process.					
Status		Overdue	Progress	0%	Head of Service	Robin Taylor
All Notes	The flexi policy will form part of the induction and onboarding process & a link sent to all new starters asking for it to be read. The process has been under review and dates adjusted due to an internal grievance and review of flexi within a council service, which has now been resolved. Therefore, a request to extend the Due Date to October 2019 is being made to the Audit Committee.					11-Sep-2019

IA19/08.004 Time Tracking Spreadsheet						
Action Code & Description	Review of the suggested template confirmed that the template only allows for the maximum of two days of additional hours worked to be carried forward per month. As part of discussions with staff, we noted two further issues. . One person had booked flexi-leave in December already in iTrent, however this leave has not yet been accumulated, instead it was booked based on anticipated additional work. . One person from the Community Partnerships team noted that their managers are currently been told that flexi-time should not be accumulated by them, and that they must take an hour of lunch despite the Council's lunch break being 30 minutes. There is a risk that without a robust policy, that is used by both staff and managers, giving them information about how they must work if they are to use flexi-time, that different people, teams and departments all operate flexi-time in different manners, requiring different levels of evidence to be retained and this can lead to staff dissatisfaction and a loss of productivity if staff misuse the system.	Exit Meeting Date	20-Dec-2018			
		Due Date	31-Mar-2019			
Risk Level	High Priority	Risk RAG				
Audit Report Code and Description	IA19/08 Flexitime					

Agreed Action	The Council will mandate the need for using the approved time tracking spreadsheet, which itself will need to include sufficient detail for the approving manager to understand and agree the reasons for the overtime worked, to ensure all staff wanting to use their flexi-time benefits do so based on actual hours accumulated. Staff will be reminded that they can only carry forward the approved number of hours.					
Status		Overdue	Progress	0%	Head of Service	Robin Taylor
All Notes	<p>iTrent does not allow you to use more than the entitlement of 13 days. It is the manager's responsibility to monitor hours accrued and ensure it does not exceed 13 days. The policy states (page 3, point 4b) any hours worked more than the flexi accrual will not be classified as flexi time, unless authorised by a director. A time tracking spreadsheet removes the flexi culture & adds unnecessary steps for an employee who does not require a daily record. It should be optional dependant on the employee and hours worked.</p> <p>The process has been under review and dates adjusted due to an internal grievance and review of flexi within a council service, which has now been resolved.</p> <p>Therefore, a request to extend the Due Date to 1 October 2019 is being made to the Audit Committee.</p>					11-Sep-2019
Action Code & Description	IA19/08.005 Flexi Leave Entitlements					
	From our sample of 25 flexi-time claims, two were for part time workers. We noted that they both had access to the full amount of 13 days entitlement in iTrent, although this should have been pro rated in line with their working hours. There is a risk that part time staff are over claiming on their flexi-time if their entitlements are not pro-rated accurately.				Exit Meeting Date	20-Dec-2018
					Due Date	31-Mar-2019
Risk Level	Medium Priority				Risk RAG	
Audit Report Code and Description	IA19/08 Flexitime					
Agreed Action	A full review of part time employee's flexi-leave entitlements will be undertaken to ensure all staff have accurately been allocated the correct amount.					
Status		Overdue	Progress	0%	Head of Service	Robin Taylor
All Notes	<p>Agreement that iTrent must calculate the 13 days pro rata for part time staff. MHR to confirm the consultation cost to amend calculations on iTrent and a review of contracts to be undertaken for possible consultation. This needs extension until December 2019 due to the time taken for MHR to respond and possible consultation.</p> <p>The process has been under review and dates adjusted due to an internal grievance and review of flexi within a council service, which has now been resolved.</p> <p>Therefore, a request to extend the Due Date to 01 December 2019 is being made to the Audit Committee.</p>					11-Sep-2019

ANNEXE 2

Application/s for extension to implementation date

Recommendation Ref No	IA19/16.004
Justification for an extension	<p>ESFA contractual requirements have yet to be finalised for coming academic year 2019/20. Therefore until this is known the recommendation cannot be fully implemented. Once confirmed new contracts will be produced for sub-contractors reflecting any necessary changes.</p> <p>It is therefore requested that an extension date of 31 October 2019 be provided.</p>
Head of Commercial	Kelvin Mills

Recommendation Ref No	IA19/18.001,2,3,4 & 5
Justification for an extension	<p>The flexi time process has been under review and the request to adjust the due dates is the result of the duration of an internal grievance process, which included the review of flexi within a council service. This could have involved further changes to the process, but as this has now been resolved, outcomes of the review can now be assess in parallel with the recommendations.</p> <p>It is therefore requested that an extension date of 1 October 2019 be provided for recommendations 1-4, and 01 December 2019 for recommendation 5.</p>
Head of Policy and Governance	Robin Taylor