

Internal Audit Progress Report
1 April to 31 October 2014



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1. Introduction

2014/15 Internal Audit Plan

- 1.1. We have undertaken work in accordance with the 2014/15 Internal Audit Plan which was approved by the Audit and Governance Committee at its meeting on 27 June 2014.
- 1.2. An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix 1. 986 days out of a total planned 1800 days (55%) were delivered as at 31 October 2014. The plan includes 280 days for external clients. This is in line with our projected profile and we commit to completing the majority of the remaining work ahead of the year end.
- 1.3. There has been a reduction in available resources due to a Senior Auditor being seconded to work on the new Financial and Business Reporting Information System and a Senior Audit moving to a 30 hour week.
- 1.4. The reduction in resources has been offset where possible by more efficient working methods, improved performance and use of the Internal Audit Framework Agreement.
- 1.5. The Audit and Governance Committee has responsibility to review the adequacy of the County Council's internal control and risk management arrangements. Internal Audit is an independent assurance function which provides an objective opinion on the effectiveness of the control environment comprising risk management, control and governance.
- 1.6. Internal Audit meets with individual directors on a regular basis in order to discuss progress and key issues in their respective areas. These meetings are being used to inform the audit plan with regard to the 150 days allocated to directorate risk.

2. Internal audit work completed 1 April to 31 October 2014

- 2.1. Work has been carried out in fulfilling the requirements of providing 'core systems' assurance and increasingly offering a more risk based approach. This work has been reported to management to ensure that individual recommendations are properly considered.
- 2.2. Where appropriate each report is given an overall opinion based on the criteria defined in Appendix 2. The recommendations arising from the individual audit reviews are ranked according to their level of priority, also defined in Appendix 2.
- 2.3. There have been 30 reports finalised during the first seven months of 2014/15, of which five have been given limited assurance. These can be summarised as follows:

Table 1 Summary of audit opinions

Overall opinion	2013/14 audit plan work carried forward	Quarter 1 & Quarter 2 (2014/15)	Total
Full	0	1	1
Significant	5	7	12
Limited	4	5	9
N/A	1	17	18
Total	10	30	40

- 2.4. Within the plan it was agreed that two school themed audits would be undertaken in respect of Procurement Cards and Safeguarding. An overall Procurement Card report was issued reflecting the findings across the schools visited; the opinion is significant assurance. Separate reports were also issued to individual schools containing specific recommendations but without an opinion. The work regarding Safeguarding is in progress with all visits either undertaken or planned. Two schools have received a report containing specific recommendations but without an opinion. Once all of the school reports have been issued and they have accepted the recommendations an overall report with an opinion will be issued.
- 2.5. In addition to the above, there are a number of reports which have been issued but not finalised:
- Travel and Subsistence - Councillors
 - Procurement - Stronger Families
 - Efficiency audit
 - DASH Savings Plans
- 2.6. A breakdown of final reports issued can be found in Appendix 3, which summarises the risk ratings associated with each finding and recommendation along with an overall opinion. Further information is provided in the individual reports. A separate report regarding the proposal to publish audit reports is presented to this Audit and Governance Committee. A list of those reports to be published is included in Appendix 4.
- 2.7. It is essential that audit recommendations are implemented by management within the agreed timescales. All recommendations are routinely followed up with senior management on a half yearly basis to obtain assurance that recommendations were implemented. As requested by the Audit and Governance Committee the current status of high recommendations is detailed in Appendix 4.
- 2.8. Where audits have been given full or significant assurance this is an indication that the Council has sound processes in place.
- 2.9. Further details regarding the 4 limited assurance audits issued during quarter 2 are contained in Appendix 5.
- 2.10. The assurance expressed is at the time of the report being issued but before full implementation of the agreed management action plan. Where a response has been received it is pleasing that management have accepted the recommendations and have indicated an action plan with timescales for implementation where appropriate.
- 2.11. Following recent audits a "Customer Survey" has been issued to relevant managers asking for their views on the delivery of the audit. There are a range of questions covering audit planning, reporting and an overall assessment. It is pleasing that the results received are very good with an average score of 4.4 (out of a maximum of 5). In addition a number of very positive comments regarding Internal Audit work have been received during the year.
- 2.12. Feedback from senior management would also suggest that the quality of output is high and continues to improve.

3. Other significant work

- 3.1. Internal Audit has also carried out work in a number of other areas during the period ending 31 October 2014 and this is set out below.

National Fraud Initiative

- 3.2. The National Fraud Initiative (NFI), the Audit Commission's data matching exercise helps the Council fight against fraud. Internal Audit continues to act as the lead co-ordinator. It is pleasing to confirm that the required data was uploaded on the due date of the 6 October. This time there was a requirement for a new data set to be included, those service users in receipt of a direct payment, in addition to Payroll, Pension, Creditor, Care Home, Blue Badges and Concessionary Travel data, which highlighted the need to ensure that our Fair Processing Notice was up to date and this has now been reviewed by officers and updated where necessary. In order to fully comply with the requirements to notify everyone affected that their data was being used in this way an explanatory letter was sent to all service users in receipt of a direct payment and in private residential or nursing care. In August all payslips included a message confirming that payroll data will be shared as part of the NFI process. We were also able to facilitate the uploading of data held by the Council on behalf of the Hereford and Worcester Fire and Rescue Authority, West Mercia Police and the West Mercia Police and Crime Commissioner.

Information Commissioners Officer - Data Protection audit

- 3.3. The Council invited the Information Commissioner's Office (ICO) in to advise us on data protection areas which will be challenging as we become a strategic commissioning authority. The ICO have identified some areas of good practice but have also raised a number of significant issues in the areas of data protection governance, security of personal data and data sharing which has led to a very limited assurance opinion. The Council is taking actions to address the ICO's recommendations, as part of this process, Internal Audit attend the Corporate Information Governance Board and Corporate Information Governance Group. Internal Audit has recently completed an audit to follow up on the implementation of a sample of the recommendations. From the work carried out is felt that the Council has taken positive action to address the ICO's recommendations.

Anti- Fraud and Corruption work

- 3.4. A separate Annual counter fraud report submitted to this Committee details the work undertaken and planned by Internal Audit in respect of special investigations and pro - active fraud activity.
- 3.5. The Fraud e-learning course has now been completed by 398 employees.

Superfast Broadband Project

- 3.6. Internal Audit has continued to support this project over the last seven months, supporting officers in checking the information provided by the contractor so that invoices can be paid. Following the announcement of additional funding Internal Audit will again be supporting the verification process to enable all of the milestones to be achieved. Two milestones have been achieved successfully.

Grant claims

- 3.7. A total of 3 grant claims have been reviewed to ensure accuracy and compliance with relevant grant conditions:
- Bus Services Operators Grant (BSOG);
 - Adoption Reform Grant
 - Local Transport Capital Grant
- 3.8. A declaration statement has been signed by the Senior Manager, Internal Audit and Assurance in respect of the Community Capacity Grant. The monies have not yet been spent, so a review of spending will be planned for later in the year.
- 3.9. Further work was also carried out on the Kidderminster Trust Fund.

Joint Property Vehicle

- 3.10. Internal Audit is attending regular meetings of the JPV Finance Work group to advise on financial issues and the control framework.

Commissioning – HR/Payroll/Finance/Enterprise Resource Planning (ERP) and Occupational Health

- 3.11. As a member of the steering group for this project, Internal Audit has advised on the risks, controls and Key Performance Indicators required once the contract has been awarded, attended workshops where the current main services have been captured to inform the specification as well as challenging the Value for Money of the project. The project has now entered the formal procurement stages with the PQQ and OJEU notice being published at the end of October and Pre – Qualification Questionnaires evaluated at the end of November. Internal audit will continue to advise on the contract which is currently being drafted.

Advice

- 3.12. This is an important part of Internal Audit's work to ensure that appropriate controls are considered at an early stage. Between 1 July and 31 October 2014, Internal Audit has advised on a number of areas including:
- **Pensions, Members Self Service** – ongoing advice regarding the security of the proposed changes.
 - **Schools PFI** - following a request by the head teachers at North Bromsgrove High School and Alvechurch Middle School, Internal Audit are looking to review the documentation trail around the size of the buildings and the pupil numbers. This work is ongoing.
 - **Equipment and Sundry Item Disposal** – advice given regarding the selling and disposal of obsolete equipment to ensure that the process is open, transparent and protects everyone involved.
 - **Fraud** – At the annual School's Finance meeting, attended by over one hundred head teachers, bursars, and governors, Internal Audit gave a presentation on Fraud in schools.
 - **SAP Passwords Controls** – advice provided regarding access controls.

- **Budget Book** - advice and guidance regarding the presentation and content.
- **Supporting People** – advice given on the need to retain a licence for the Supporting People software.

3.13. In addition to the above, Internal Audit has provided advice to officers and schools on a range of subjects including School Fund audit arrangements, imprest accounts and selling of items on E- bay.

4. Appendix 1: Detailed Audit Plan 2014/15

Area/system	Days	Final report issued	Status/assurance level given
OP1: Core systems reviews – fundamental assurance			
<u>Core financial systems</u>	200		
e.g. General Ledger / Financial accounting			To be agreed.
Debtors			Fieldwork in progress.
Creditor payments			Fieldwork complete draft report in progress.
Payroll			Planned for quarter 4.
Pensions – administration processes			Fieldwork in progress.
Pension – investment management			Timing of audit work to be agreed.
Pension Governance arrangements			Timing of audit work to be agreed.
Treasury Management			Planned for quarter 3.
Budgetary arrangements			Planned for quarter 3.
VAT			Fieldwork complete draft report in progress.
Bank Reconciliations			Planned for quarter 4.
Fixed Assets			Timing of audit work to be agreed.
National Fraud Initiative	30		Ongoing.

Area/system	Days	Final report issued	Status/assurance level given
Grant certification	30		Ongoing.
OP1: Subtotal	260		
OP2: Audits across the key areas of focus in the Corporate Plan			
Directorate Risks:	150		
➤ Data sharing – Health Visitors			Planned for Quarter 3.
➤ Daily banking – Audit Banking Log		April 2014	Final report issued. RAG rating.
➤ DASH – Scheme of Accountability			Planned for Quarter 3.
➤ Business Rates Pool		July 2014	Final report issued. Full.
➤ Crofters Close		September 2014	Final report issued. N/A
➤ Procurement Schools follow up			Draft report produced.
Investigative work	80		Ongoing work.
Intelligence led pro-active fraud investigations	25		Ongoing. Currently at the planning stage of using Fiscal software to analyse key financial data. Training in use of the software has been undertaken.
Advice	50		Ongoing.
ICT Audits - externally provided as part of the Internal Audit framework agreement.	50		

Area/system	Days	Final report issued	Status/assurance level given
➤ IT Disaster Recovery Review		November 2014.	Final report issued. Limited.
➤ Data Centre Operations and Security		November 2014.	Final report issued. Significant.
➤ IT Risk Diagnostic		November 2014.	Final report issued. No overall opinion given.
➤ IT Strategy		November 2014.	Final report issued. No overall opinion given.
Data Information Security (ICO follow up)	10		Draft report issued. Agreed in principle by management, indicative opinion significant.
Computer Recycling	10	November 2014.	Final report issued. Limited
IT Policy Framework	10		Work to be carried out as part of the Internal Audit IT Framework Agreement.
Ethical Culture	10		Planned for quarter 3.
Performance Management	15		Planned for quarter 3.
Contract Management	20		Planned for quarter 4.
Commissioning	30		A significant amount of advisory work has already taken place in this area.
Cost of change- redundancy costs.	10		Fieldwork in progress.
Travelling and Subsistence –Employees	25	November 2014.	Final report issued. Significant.
Travelling and Subsistence – Councillors	10		Draft report issued.
Councillor ICT arrangements.	5	November 2014.	Final report issued. Significant.

Area/system	Days	Final report issued	Status/assurance level given
WCDF – Worcestershire Councillor's Divisional Fund	10	September 2014.	Final report issued. Significant.
Flexible and Mobile Environment (FAME) working	20		Planned for quarter 3.
Procurement	30		<p>Work has taken place in 4 areas of procurement across directorates:</p> <ul style="list-style-type: none"> ➤ Stop Smoking; ➤ Street Lighting; ➤ Family Conferencing and ➤ Stronger Families. <p>Final reports have been issued in respect of Stop Smoking, Street Lighting and Family Conferencing.</p>
Future Fit: Future Operating Model	20		Some initial preparation work carried out, it was agreed with the Chief Executive that the work will be carried out in January 2015.
Joint Property Vehicle (JPV)	30		Ongoing work in this area.
Archaeology	15		Planned for quarter 4.
Registrars	10		Planned for quarter 4.
Governance	15		Terms of reference agreed, work to be carried out as part of the Internal Audit Framework Agreement.

Area/system	Days	Final report issued	Status/assurance level given
Risk Management	10		Terms of reference agreed, work to be carried out as part of the Internal Audit Framework Agreement.
Audit and Governance Committee training	5		'Effective Audit Committees' – completed May 2014.
General follow up	20		Ongoing.
Freedom of Information Requests	15		Fieldwork in progress.
Insurance arrangements - Compliance	5		Fieldwork in progress.
Insurance arrangements – Full systems	10		Fieldwork in progress.
Training and Development	15		Planned for quarter 3.
Use of Agency staff	15	November 2014.	Final report issued. Limited.
OP2: Subtotal	755		
OP3: Open for Business			
European Funding	10		Fieldwork in progress, work being carried out as part of the Internal Audit Framework Agreement.
Local Enterprise Projects	10		Planned for quarter 4.
Growing Places Fund	10		Planned for quarter 4.

Area/system	Days	Final report issued	Status/assurance level given
Broadband project	20		Ongoing.
Improvement & Efficiency West Midlands (IEWM)	10		To be agreed.
Efficiency Audit	20		Three draft reports issued for individual management responses. One overall report to be issued.
OP3: Subtotal	80		
OP4: Children and Families			
Sufficiency of Alternative provision (to ensure sufficient school places for all eligible pupils in the County).	25		Initial discussions were held to determine terms of reference. Developments have been made in this area of work and quality assurance measures put in place that now mean the audit work is not considered required.
Not in Education, Employment or Training (NEETS).	10	November 2014.	Final report issued. Limited.
Safeguarding	30		Discussions have taken place to inform the terms of reference.
Primary School Sports Grant	15		Terms of reference agreed.
School Themed Audits:	100		
➤ Procurement Cards			Final reports issued to 10 schools. Overall report was issued reflecting the findings across the schools visited. Significant assurance.

Area/system	Days	Final report issued	Status/assurance level given
➤ Safeguarding			Visits have commenced. 2 of 10 draft reports issued.
Provision of Support Services in Schools.	20		Planned for quarter 3.
OP4: Subtotal	200		
OP5: The Environment			
PFI Waste Contract	20		To be agreed.
Highways Maintenance Contract	30		Planned for quarter 3/4.
Design Services Contract – Term Shared Professional Services Contract	20	November 2014,	Final report issued. Limited.
Evesham Abbey Bridge	20		Planned for quarter 4.
OP5: Subtotal	90		
OP6: Health and Wellbeing			
Direct Payments	20		Planned for quarter 4.
Delayed Transfer of Care	35		Fieldwork in progress.
Responsibilities for Community Safety	10		Planned for quarter 3.
Public Health Ring Fenced Grant	30	October 2014.	Final report issued. Significant.

Area/system	Days	Final report issued	Status/assurance level given
Care and Support Planning	20		Internal Audit has signed the Memorandum of Understanding in respect of the Care Bill Implementation Grant 2014/15. Internal Audit have also been made aware of the first stocktake, the purpose of the stocktakes are to help local authorities assess readiness to implement their statutory duties under the Care Bill from April 2015 and to benchmark themselves against their peers. Further audit work is planned for quarter 4.
DASH Savings Plans	20		Draft report produced.
OP6: Subtotal	135		
TOTAL OP1 to OP6	1520		

5. Appendix 2: Assurance Definitions

Overall Audit Opinion	
Full assurance	Full assurance that the system of internal control meets the organisation's objectives and controls are consistently applied.
Significant assurance	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at some risk.
Limited assurance	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in some of the areas reviewed.
No assurance	No assurance can be given on the system of internal control as weaknesses in the design and/or operation of key control could result or have resulted in failure(s) to achieve the organisation's objectives in the area(s) reviewed.

The recommendations arising from the individual audit reviews are ranked according to their level of priority as follows:

High	This is essential to provide satisfactory control of serious risk(s)
Medium	This is important to provide satisfactory control of risk
Low	This will improve internal control

6. Appendix 3: Summary of Recommendations (final reports only)

Assignment	High	Medium	Low	Total	Overall opinion
Work relating to 2013/14					
Open for Business – Partnership Arrangements	3	6	3	12	Limited
Joint Commissioning Unit – Contract Management (Residential & Nursing Care)	2	4	0	6	Limited
Pension Administration	2	6	0	8	Significant
Future Fit – Benefit Realization	3	2	0	5	Significant
Payroll	0	2	0	2	Significant
Children's Social Care	5	6	2	13	RAG rating
Commissioning of Out of Area and High Cost Placements (Adults)	3	6	2	11	Limited
Worcestershire Local Enterprise Partnership (LEP)	4	3	0	7	Limited
Debtors 2013/14	1	4	1	6	Significant
IEWM	0	8	2	10	Significant
Total	23	47	10	80	
Work Relating to 2014/15 (QTR 1 and 2)					
Business Rates Pool	0	0	1	1	Full
Daily banking – Audit Banking Log	4	3	0	7	RAG rating
School Themed Audits, Individual Procurement Card Audits:	7	13	6	26	Significant
Fort Royal Community Primary	0	2	2	4	N/A
Birchensale Middle	0	1	1	2	N/A
Alvechurch Middle	0	0	4	4	N/A
Charlford First	0	1	2	3	N/A

Assignment	High	Medium	Low	Total	Overall opinion
North Bromsgrove High	2	2	0	4	N/A
Oldbury Park	3	2	0	5	N/A
Pitmaston	1	4	0	5	N/A
St Andrews	1	2	2	5	N/A
St Clements	1	3	2	6	N/A
St Georges	6	9	0	15	N/A
Worcestershire Councillor's Divisional Fund - WCDF	0	3	5	8	Significant
Not in Education, Employment or Trainings (NEETS)	1	4	1	6	Limited
Procurement Audit:					
Procurement - Street lighting	2	2	1	5	N/A
Procurement – Stop Smoking	0	3	0	3	N/A
Procurement - Family Group Conferencing	0	0	1	1	N/A
Public Health Ring Fenced Grant	0	1	0	1	Significant
Computer Recycling	3	7	2	12	Limited
IT Risk Diagnostic	0	0	0	0	N/A
IT Disaster Recovery	2	2	0	4	Limited
IT Data Centre Operations and Security	3	3	2	8	Significant
IT Strategy	0	2	6	8	N/A
Crofter's Close	N/A	N/A	N/A	N/A	N/A
Councillors' ICT allowance	2	4	2	8	Significant
Design Services Contract – Term Shared Professional Services Contract	5	9	1	15	Limited
Travel and Subsistence - Employees	0	12	3	15	Significant

Assignment	High	Medium	Low	Total	Overall opinion
Use of Agency Staff	1	10	3	14	Limited
ICO	N/A	N/A	N/A	N/A	Indicative opinion Significant
Total 1 April to 31 October 2014	44	104	47	195	
Total	67	151	57	275	

7. Appendix 4: List of Internal Audit Reports To Be Published

- 1 Business Rates Pool
- 2 IT Disaster Recovery Review
- 3 Data Centre Operations and Security
- 4 IT Risk Diagnostic
- 5 IT Strategy
- 6 Computer Recycling
- 7 Travelling and Subsistence –Employees
- 8 Councillor ICT arrangements.
- 9 WCDF – Worcestershire Councillor's Divisional Fund
- 10 Use of Agency staff
- 11 Not in Education, Employment or Training (NEETS).
- 12 Design Services Contract – Term Shared Professional Services Contract
- 13 Public Health Ring Fenced Grant

8. Appendix 5: Follow Up of High Recommendations

Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Partnership Arrangements	3	3	0	3	There were some recommendations that were outstanding from a previous audit. A meeting has been held with the Worcestershire Partnership Officer and progress is being made towards implementation. It has been agreed that there will be a follow up in the first quarter of 2015 with a view to ensuring that the recommendations have been implemented.
BACS Payment System	2	2	2	0	
Fixed Assets	1	1	1	0	
Early Help Strategy	4	2	2	0	
Bishops Wood	4	4	4	0	Following the transfer of responsibility from ChS to BEC management are aware of the one outstanding issue and will pick this up during the course of their routine monitoring arrangements.
Safeguarding - Winterbourne House	1	1	1	0	
Contract	2	2	2	0	

Management					
One-time Vendors	1	1	0	0	Actions will be implemented by 31/1/15. This workstream has been on hold pending recruitment which is now in place to deliver this.
Joint Commissioning Unit- Contract Management (residential & Nursing Care)	2	0	0	0	Not yet due to be implemented
Pension Administration	2	0	0	0	Waiting for management response.
Local Enterprise Projects	4	4	2	0	
Write-off Procedures	3	3	3	0	
SAP authorisation Follow up	2	2	2	0	
Children's Social Care	5	0	0	0	Awaiting confirmation from Head of Children's Social Care.
Future Fit - Benefit	4	0	0	0	Not yet due to be implemented.

Realisation					
Debtors	1	1	1	0	
School Themed Audit – Procurement Card (overall report)	7				Management have taken note of the recommendations, and will bring to the attention of schools the key issues raised.
Pitmaston	1	1	1	0	
St Clements	1	1	1	0	Now an Academy school. Initial response to the report indicated that the recommendation would be implemented immediately.
North Bromsgrove High	2	2	2	0	
St Andrews	1	1	1	0	
St Georges	6	5	6	0	
Oldbury Park	3	2	2	0	
Procurement – Street Lighting	2	0	0	0	Not yet due to be implemented.
Computer Recycling	3	0	0	0	Not yet due to be implemented.
IT Disaster Recovery	2	0	0	0	Not yet due to be implemented.

Data Centre Operations	3	0	0	0	Not yet due to be implemented.
Not in Employment Education or Training(NEETS)	1	0	0	0	Not yet due to be implemented.

9. Appendix 6: Summary of Limited Opinion Audits

9.1. For each of the audits detailed below, management has agreed with Internal Audit the course of action proposed to address the recommendations.

Not in Education
Employment or
Training (NEETS)

The published 2012/13 NEET results for Worcestershire showed a NEET rate of 5.3%. However, it is difficult to be sure of the accuracy of this figure as for 39.3% of the cohort the Council was unable to confirm their NEET status. It should be noted that this places the Council as third highest in terms of the proportion of unknowns when compared against national peers. The point of focus for the audit review was therefore around the processes followed regarding the identification of NEET's.

On the basis of the audit work undertaken, it was apparent that a number of the controls in place are operating effectively and there are a number of sound methodologies in place with regard to the identification and recording of the NEET cohort.

The work is judged to be currently limited assurance due to :

- Weaknesses in the current follow up and tracking arrangements which present a risk that the proportion of unknowns may continue to remain high;
- It is recognised that the level of resources allocated to following up unknowns and NEET has been reduced due to budget constraints and this has reduced the capacity to undertake this work which has impacted on the Council's results. Management needs to consider whether:
 - A) The Council is best placed to maintain these records and understanding;
 - B) Maintaining low proportion of NEET and the current level of unknowns is acceptable; and
 - C) The level of resource is adequate to achieve the outcomes desired.
- The level of unknowns may have implications regarding the identification of NEETs and ensuring that appropriate support is then made available to young people; and
- Resources have been concentrated on known and upcoming NEETs and previous follow up routines with young people in work based training are not now usually undertaken. In the absence of this contact taking place at set intervals, this group becomes unknown which was a contributory factor to the high proportion of unknowns in September 2013. The other key factor in these results is the lack of follow up contact for year 13 pupils.

Use of Agency Staff The recruitment of the majority of agency staff is managed via the Matrix system (Agency Staff Recruitment System). The arrangements are intended to provide the Council with an efficient and cost effective recruitment solution. The current contract with Matrix expires in November 2015; with an option to extend for a further two years if required. Matrix are a Managed Service Provider and have no direct link to either agencies or recruitment firms but act as a "middle man" and manage the "supply chain" on the Council's behalf.

The current annual cost of agency staff is circa £6.9 million. Whilst this is currently increasing it should be noted that 72.88% of the current spend is spent on social work staff. Problems in recruiting Social Workers are being addressed both locally and nationally. It is also noted that recent staff reductions have led to an increased use of agency staff to combat high workloads.

A meeting has been held with senior management who have demonstrated a clear commitment to implement the recommendations that currently lead to an opinion of limited assurance due to issues around lack of effective controls including:

- A lack of guidelines detailing in what circumstances and for how long agency staff should be recruited;
- There are two levels of authorisation within the Matrix system, Client Owner and Client Manager. A sample of ten agency staff was selected from a March 2014 list provided by Matrix. In seven cases out of the sample of ten the Client Owner and Client Manager was the same;
- A number of ex staff are listed as having access rights to the Matrix system;
- The Recruitment Services Team Leader confirmed that an approver need not be a WCC employee although it was noted that they do need to have a WCC email address;
- A number of disparities in pay rates. The Auditor examined a report of current users as at 22/7/14 from which it was noted that there are two workers who are paid day rates rather than hourly rates. One rate was £500 whereas the other is £300 per day. In addition, the temporary worker who is paid £300 per day is classed as a "Project Manager" and on the same report another Project Manager is being paid £21 per hour. £21 per hour is the notionally agreed rate for a Project Manager. Furthermore, there are a number of Team Managers (Children's) for whom the hourly rate varies between £24.40 (the agreed rate) and £40.13; and
- The procedures within the Matrix system to agree

increases in hourly rates can be circumvented without providing an adequate audit trail.

Whilst the majority of agency staff are recruited to cover either situations where we are unable to recruit, short term peaks in demand or sickness cover it was noted that the Recruitment Services Team Leader had identified a number (45) of temporary agency workers who have been engaged by the Council for over a year and in one case an individual has been engaged since 2009. It is acknowledged that in exceptional circumstances this may be legitimate and therefore important that the reasons for these timescales are recorded.

Computer Recycling

The audit work carried out has identified a clear management commitment to ensuring that personal data is disposed of in a secure manner. Whilst there are a number of good practices in place, the concerns identified around procedures, contractual arrangements and security have led to the current limited assurance audit opinion:

- Failure to provide copies of contracts with either of the two recycling companies;
- A requirement to update procedural documents to reflect current procedures. Consideration should also be given to a more detailed Asset Disposal Strategy that addresses the process of IT asset disposal and personal data;
- Computer recycling progress sheets produced by recycling companies have not been checked and updated on the inventory for three months at the time of audit testing. Consideration should be given to whether there are more efficient and timely ways to process this information;
- There were concerns regarding the level of authorisation around the release of computers to the recycling companies; and
- A review of the Council's computerised inventory record revealed that 5 computers sent to one of the companies for recycling, have been classed on the inventory as missing. It was recommended that these missing computers should be investigated further.

Term Shared Professional Services Contract

The West Midlands Highway Alliance (WMHA) is an unincorporated, local authority led body consisting of a number of local authorities which has been created to orchestrate and oversee a programme which is intended to accelerate the achievement of value and efficiencies within the region.

Some authorities of the WMHA, including Worcestershire County Council, identified a need for professional service

support in the delivery of highway services. A single supplier was appointed on a term contract over a 5 year period with an option to extend to 8 years.

Whilst there were examples of good practice with regard to monitoring and managing projects under the contract, there were cases where the level of control was weak.

The reasons for the limited assurance opinion are as follows:

- A requirement to review proposed target prices and the need to challenge the resources required, where appropriate, to ensure they are justified;
- A need to develop monitoring tools to ensure that there are effective and objective ways of measuring performance to ensure that performance standards are adequate and to determine whether contract extensions should be agreed;
- It is important that assessments are checked to ensure they are reasonable by comparing the charges made against progress on the project and also a comparison against the target price build up.