

East Dunbartonshire Council

**Internal Audit Performance and Output
Monitoring**

March 2024 to April 2024



Gillian McConnachie

Chief Internal Auditor

Internal Audit Outputs March 2024

In the period of March 2024, the Internal Audit Team finalised and reported on the areas as shown in *Table 1* below. The table represents a continuation and completion of the reporting on the Internal Audit work for 2023/24, with Outputs 1 to 28 having previously been completed and reported to Committee.

Table 1 – Internal Audit Outputs March 2024

	Audit Area and Title	Areas Noted	High Risk	Medium Risk	Low Risk
	System				
29	Social work payments	8	4	4	-
30	Self Directed Support - Transitions	2	-	1	1
	Consultancy				
31	Oracle Fusion - Debtors Integrations	-	-	-	-
32	Standardised Care Package Advice Note	-	-	-	-
33	Woodland View Controls Establishment	-	-	-	-
	Regularity				
34	Control Self Assessment	1	-	1	-

Six outputs were completed in the period, representing a final year end cumulative achievement of 34 outputs or 89% completion of the 38 outputs planned for the year 2023/24, at 100% through the year. In delivering these outputs, 100% of the resources in the Plan for the year have been allocated. A further 19 audits were in progress at the year end.

The work completed in the year supports the provision of the year end audit opinion which informs the Annual Governance Statement in the accounts.

In relation to the period since the last monitoring report, Auditors highlight the following:

System Audits

Social Work Payments

In July 2022 the HSCP agreed to temporarily amend the process for monitoring of actual services delivered through Care at Home and Supported Living Providers. This involved making changes to the authorisation requirements where actual hours delivered by the providers were less than the planned hours are immediately adjusted. An authorisation

process is still in operation for those where the actual hours are greater than the planned hours but this has been refined to a global authorisation of all increases.

The primary objective for changing the process was to mitigate against overpayments to providers on a monthly basis.

To support this change a revised protocol, documenting the new arrangements, was developed. Auditors were informed that the revised protocol was implemented in February 2023.

Auditors reviewed procedures in place and concluded that limited assurance could be provided over the effectiveness of the protocol as the process was not operating as intended. Several improvements should be made as to the current process to provide management with greater assurances over its operational effectiveness.

There were issues surrounding the implementation of the protocol. The protocol stated that downward adjustments to actual care hours were to be immediately made in Carefirst but this process was not in place, with further communication between the relevant services being required to agree a revised protocol.

Four high and four medium risks were identified. The high risks relate to the following, with full detail being provided on risks and action being taken to mitigate these risks in Appendix 3.3:

- Downward adjustments were not being made on a timely basis with auditors noting that a substantial number of queries were still outstanding.
- For several periods, Transactional Finance have not yet received authorisation for certain upward adjustments. The original protocol stated that HSCP management would authorise before passing to Transactional Finance for payment. This was not consistently occurring in practice.
- Not all providers are submitting their variation reports to the Council. Auditors observed one provider not submitting a report for five periods and another for four periods. In addition, providers were not consistently recording the reasons for the variations between actual and planned delivery hours as part of the returns.
- There is an absence of key data or metrics around this process to enable the process owners and stakeholders to conclude on the process's effectiveness.

Medium risks were identified relating to the timeliness of query resolution, sample checking of actual hours, data quality and the content of reports being used.

Four of the actions have been completed and the other four being in progress, with management working to complete the remaining high risks as soon as is practical.

Self Directed Support - Transitions

The Internal Audit Plan included provision for a systems based audit in support of our annual audit opinion to examine SDS Transitions with a particular focus on the procedures around the control and ownership of individuals transitioning from children's to adult services.

Where individuals have been assessed as having eligible social care needs, SDS provides these individuals with a choice of options on how their care arrangements can be delivered. Where a care plan is in place for a child/young person and when they subsequently transition from Children's to Adult Services a new care assessment is required and a new plan created. The criteria used to assess children differs to that used for adults, therefore, this is likely to result in changes to the plan and the SDS currently in place.

In the two-year period leading up to transition, as part of the transition planning process, the young person's school hosts review meetings. Representatives from both Children & Families and Adult Services are invited to attend, along with other relevant professionals, the young person, and their carer.

Additionally, in the lead up to the transition, a Social Worker from the Children with Disabilities team carries out an assessment, which is reviewed by the Transitions Panel, comprising managers from Children's and Adult Services and the Commissioning Team. The Panel's main purpose is to determine if a young person meets the eligibility criteria for Adult Services and if so, to decide the most appropriate pathway for them within Adult Services. After this an action plan and timeframe is agreed to progress their case which is taken forward by their allocated worker.

Internal Audit concluded that the key controls in the administration of SDS Transitions from Children's to Adult Services are generally reasonable but should be subject to further improvement actions to further enhance assurances within the area.

A review of transitions procedures was due to be performed by the Service, however, this was paused due to the Covid-19 pandemic. A rescheduling of this review should be considered as soon as is practicable.

Consultancy Reviews

Oracle Fusion - Debtors Integrations

The Council has recently upgraded the version of Oracle used as the General Ledger and Procurement system to Oracle Fusion. The new system incorporates new areas and functionality including Accounts Receivable, Intelligent Document Recognition, changes to payment methods to suppliers and credit memos.

Internal Audit previously reviewed specific areas and produced a consultancy note, dated 19 December 2023, which detailed areas where further work was required. These findings were shared with the project team to progress and will be followed up on separately.

On 16 February 2024 the Chief Finance Officer and the Principal Accountant approached the Chief Internal Auditor to request further assurance over an issue and proposed workaround.

The issue was that the new system has Debtors receipts recorded in it twice, one coming directly from the AIM Income Management system and the other from the Accounts Receivable module, which is new in Oracle fusion.

There are technical reasons why a system solution is not available at this time. The short term proposal to resolve the double counting of transactions is to post a manual journal to remove duplicate items. The expectation is that this would be a temporary solution, until the AIM income management system is upgraded.

Internal Audit's opinion that the proposed workaround appeared reasonable, given the lack of an available system solution and provided that suitable controls are implemented. A number of controls have been outlined and implemented by the Principal Accountant as follows:

- Reconciliations,
- Suspense account reviews and reporting processes, and;
- Segregation of duties in the process

Taken together, the suggested controls should mitigate the risks associated with the proposed workaround to a reasonable level, provided that these controls are properly and consistently applied.

Auditors note that the longer-term solution will be to replace the Income Management System which is expected to resolve the issue completely.

Standardised Care Package Advice Note

In February 2024, a report was issued to the HSCP Senior Management Team seeking approval to implement a Standardised Support Package (SSP) for older people with unpaid carers. This SSP pulls together three care components that would have been put in place on an individual basis:

- One day at a Day Care Centre, or 3 hours 1-2-1 social support
- Four hours Carer Support, and,
- 14 nights per annum rolling respite.

Care packages are reviewed by the HSCP's Resource Screening Group (RSG) on a weekly basis. If approval is given, then the package can be put in place for the service user. Under current arrangements this will have meant, potentially, individual referrals to the RSG for each of the above.

The main proposed change is to the current authorisation process. Team Managers will be given the authority to approve up to the above bulleted levels of care without the need for RSG approval. However, any subsequent increases above that will require to be approved by the RSG.

The HSCP have outlined some anticipated financial and non-financial benefits to this revision; this includes a potential cost saving as well as benefits to the service users such as a reduction in uncertainty when waiting for RSG approval.

One of the recommendations in the SMT paper was to consult with the Internal Audit Team over the changes to the authorisation process. Auditors met with the Joint Services Manager and the SDS Lead Officer on the 28 February 2024 to discuss the proposed arrangements.

Auditors have no material concerns regarding the creation of a Standardised Support Package. Whilst a layer of strategic authorisation has been removed for certain packages, there exists a suitable authorisation level below that. The HSCP have articulated expected financial benefits associated with the proposal. However, auditors advised that it is important that the rollout of this is closely monitored to identify any issues and to ensure that benefits are on course to be achieved.

Woodland View Controls Establishment

Following discussion with the Chief Education Officer, auditors included a review of the control environment at the newly opened Woodland View ASN School on the audit plan for 2023/24.

The establishment was asked to complete a self-assessment questionnaire which was completed by the School Support Coordinators (SSC) in conjunction with the Head Teachers (HT). The assessment aimed to confirm the existence of controls across a number of areas including inventory, financial controls, and the operation of the school fund accounts.

The interim arrangements currently in place are reasonable in the short term. However, in the longer-term, steps must be taken to strengthen the control environment as follows:

- The HT and SSC will continue to support office staff to progress the opening of a bank account for the centre school fund monies.
- Once banking facilities have been secured for the Woodland View School Fund, any outstanding cash attributed to the Merkland and Campsie View School Fund will be banked and transferred to the Woodland View School Fund account before both accounts are closed.
- Internal Audit will perform a follow up audit of Woodland View's School Fund accounts in 2024. This follow up audit will include an inspection of Campsie view and Merkland School Fund Accounts in order to verify that all end of year closing balances were transferred successfully and that transactions made on the Merkland fund in the 2023/24 session on an interim basis appear to be legitimate and appropriate.
- The SSC will confirm to Internal Audit once a Carn Software license has been acquired for Woodland View and the use of Merkland and Campsie View Licenses have been discontinued.
- The SSC will advise Internal Audit once a Fund constitution is in existence.

Auditors have concluded that the arrangements in place are generally reasonable in the short term. Several areas require to be progressed to improve the control environment in the medium term.

Regularity Reviews

Control Self Assessment

The 2023/24 Internal Audit Plan included provision for an education establishment Control Self-Assessment (CSA) review in support of our annual audit opinion.

In recent years the Internal Audit Team have used the Control Self-Assessment exercise as an alternative to the traditional Regularity Audit visits to Council establishments, which would have seen auditors carry out on site sample testing of the control environment. Internal Audit use the results of the CSA exercise to establish the extent to which internal controls are operating effectively and where improvement is required.

The CSA is in the form of a questionnaire, which is completed by School Support Managers/Coordinators, in conjunction with Head Teachers. The questionnaire covers the following key control areas: Financial Management, Budgets, Purchasing, Cash Control & Banking, School Funds, Stocks & Inventories and Evaluation. The exercise can assist in identifying and evaluating the effectiveness of the internal controls and encourages consideration of any areas for improvement and associated risks, whilst making best use of the limited Internal Audit resources.

Auditors concluded that the key controls in the sample of education establishments appear to be generally operating as expected. However, one area for improvement has been identified, to be taken forward in one establishment, relating to the updating of inventory on an ongoing basis.

Internal Audit Progress 2024/25

In the month of April 2024, as work on the 2024/25 Plan commenced, the Internal Audit Team finalised and reported on the areas as shown in *Table 2* below. These are summarised as follows:

Table 2 – Internal Audit Outputs April 2024

Audit Area and Title		Areas Noted	High Risk	Medium Risk	Low Risk
Regularity					
1	Annual Audit and Risk Report	-	-	-	-
2	Annual Follow Up	-	-	-	-

Two outputs were completed in April 2024, representing 6% completion of the 6 outputs planned for the year, at 8% through the year. In delivering these outputs, 7% of the resources in the Plan for the year have been allocated. Furthermore, 18 audits were in progress.

Resources Update

The Internal Audit team currently has a vacancy at the Auditor level that arose in April 2024. This leaves the team operating with the Audit & Risk Manager (Chief Internal Auditor), two Senior Auditors and one Auditor. It is the opinion of the Chief Internal Auditor, taking into account risks facing the Council, the Council's financial situation and the nature of audits on the plan that the vacancy does not need to be filled in the financial year. The Internal Audit Plan for 2024/25 can be adjusted to focus on key systems, without detriment to the provision of the annual audit opinion in 2025. This will necessitate the de-prioritising of the following audits:

- Commercial Waste Uplift
- Roads & Environment Grants Received
- Education Control Self Assessments
- Education School Funds

- Private Sector Housing Grant (HSCP)

These were all classed as low priority in the audit plan. These audits would be reconsidered as part of the planning process for the 2025/26 audit plan.

In addition, there will be less contingency time available for consultancy work.

In the course of the year consideration will be given to the level of resources that are required to provide the requisite level of assurance to the Audit & Risk Management Committee and to Senior Management and a decision taken on the structure for future years.

Regularity

Annual Audit Report – This report is presented at *Appendix 1*. The Audit & Risk Manager has concluded that, based on the Internal Audit Team's work for the year and other sources of assurance, reasonable assurance can be placed upon the adequacy and effectiveness of the Council's governance, risk management and control systems in place for the financial year ended 31 March 2024.

Internal Audit Follow Up Report – This report is presented at *Appendix 2* and supports the Annual Audit Report and opinion referred to above.

Other Sources of Assurance

Glasgow City Region City Deal – The Glasgow City Region City Deal Auditors reviewed the area of Financial Monitoring at four authorities including East Dunbartonshire Council and have provided a copy of the final report to the Council.

The purpose of the audit was to gain assurance that there are adequate controls in place covering financial monitoring and reporting carried out by the PMO and member authorities, and that these are operating effectively. The scope of the audit included:

- Documented procedures, roles and responsibilities.
- The financial monitoring process and reporting to Cabinet.
- The process for identifying variances.
- The arrangements and approval processes for the amendments of budgets.
- The PMO budget monitoring processes.
- The year-end processes.
- The internal monitoring processes and arrangements for reporting to the PMO.
- The escalation processes in place.

The City Region Auditors concluded found that the four sampled member authorities are compliant with the established change control process in respect of budget amendments. Satisfactory arrangements are also in place across each member authority in respect of the

escalation and approval routes of internal change control requests, as well as to the PMO as part of the quarterly Project Status Report. This is to ensure that changes are also approved or rejected at the appropriate programme level. A central register of all approved change control requests across the Region is adequately maintained by the PMO.

Based on the audit work carried out, assurance can be taken that the control environment is satisfactory.

Appendix 3.1 – Summary of Audit Progress against Plan to 31 March 2024

Audit Area	Days			Outputs			
	Year To 31 March 2024			Year To 31 March 2024			
	Plan	Actual	Variance	Plan	Work in Progress	Actual Complete	Completion
1 - System	522	542	(20)	24	14	15	63%
2 - Regularity	127	112	15	7	2	7	100%
3 - Irregularity	30	2	28	1	-	-	0%
4 - Performance	20	28	(8)	1	-	2	200%
5 - Consultancy	72	90	(18)	4	2	9	225%
6 - ICT	25	23	2	1	1	1	100%
7 - Development	227	225	2	-	-	-	N/A
- Training, Management, Admin	180	181	(1)				
- Quality Review	22	19	3				
- Performance Monitoring	25	25	0				
Total	1,023	1,023	0	38	19	34	89%
%	100%	100%	0%				

Appendix 3.2 – Summary of Audit Progress against Plan to 30 April 2024

Audit Area	Days			Outputs			
	Annual 2024/25	Year To Date at 30 April 2024		Annual 2023/24	Year To Date at 30 April 2024		
	Plan	Actual	Remaining	Plan	Work in Progress	Actual Complete	Completion
1 - Assurance	570	50	521	24	14	-	0%
2 - Regularity	132	5	127	7	2	2	29%
3 - Consultancy	125	1	124	5	2	-	0%
4 - Development	250	15	235	-	-	-	N/A
- <i>Training, Management, Admin</i>	213	14	199				
- <i>Quality Review</i>	12	-	12				
- <i>Performance Monitoring</i>	25	1	24				
Total	1,077	70	1,007	36	18	2	6%
%	100%	7%	93%				

Appendix 3.3 – Extract of High Risks from Social Care Payments Report

Observation	Risk and Recommendation	Management Response & Allocated Officer	Target Date
<p>Downward Adjustments</p> <p>Downward adjustments to Carefirst actual hours are not being made on a timely basis with auditors noting that a substantial number of queries are still outstanding.</p>	<p>HIGH</p> <p>Social care providers are being overpaid for the delivery of services.</p> <p>Non-timely resolution of overpayments may make recovery of monies more difficult and less likely.</p> <p>Recommendations</p> <p>A meeting between the involved services should be urgently convened with a view to ensuring that all downward adjustments are performed timeously, considering any common issues that are currently preventing this from being implemented.</p> <p>A revised protocol should be discussed and agreed, with procedures for any queries being clarified.</p> <p>Timeframes for the turnaround of queries should be established and monitored.</p>	<p>Accepted – recommendations completed.</p> <p>There were issues with the complexity of the spreadsheet which was prepared and distributed to transactional finance & the HSCP as part of original procedure.</p> <p>Urgent joint meetings were convened in April 2024 & a revised/ simplified spreadsheet prepared, which is now collectively agreed as fit for purpose. The revised spreadsheet clearly identifies those where there is no change between planned & actual (Green) and where actual is less than planned (Amber) - on both counts payments will be made against actual. The much smaller numbers where the amount being presented exceeds the planned payments (Red) are now separately sent to the relevant HSCP Service Managers for review/resolution.</p> <p>A revised protocol has now been prepared and the new process applied from Period 13.</p>	<p>In place</p>

Observation	Risk and Recommendation	Management Response & Allocated Officer	Target Date
<p>Authorisation of Upward Adjustments</p> <p>For several periods, Transactional Finance have not yet received authorisation for certain upward adjustments to Carefirst actual hours. The original protocol stated that HSCP management would authorise before passing to Transactional Finance for payment. This is not consistently occurring in practice.</p>	<p>HIGH</p> <p>Social care providers are being underpaid for the delivery of certain services to individuals, resulting in inaccurate financial reporting information being produced as part of the budget monitoring process.</p> <p>The HSCP's protocol is not being adhered to with respect to authorisation timescales.</p> <p>Recommendations</p> <p>Upward adjustment reports should be forwarded to Transactional Finance on a timely basis and in line with the agreed protocol.</p> <p>Where reports are not received on a timely basis, a process should be established that will ensure that such issues are escalated to senior management for corrective actions to be undertaken.</p>	<p>Accepted</p> <p>A revised procedure has been prepared with a consolidated spreadsheet/return agreed which will enable much more timely payments to be made to ensure payment against actual services provided is made with prompt payment of those services which are as or below planned service provision.</p> <p>Two meetings have been convened in April and a review meeting now established the next of which is due to be held on the 28th May 2024.</p> <p>Responsible Officer – Head of Community Health and Care Services/ Head of Adult Services / Team Leader, Finance – Shared Services/ Strategic Commissioning Manager</p>	<p>30 June 24</p>

Observation	Risk and Recommendation	Management Response & Allocated Officer	Target Date
<p>Provider Compliance</p> <p>Not all providers are submitting their variation reports to the Council.</p> <p>One provider has not submitted a report for five periods and another for four periods.</p> <p>In addition, providers are not consistently recording the reasons for the variations between actual and planned delivery hours as part of the returns.</p>	<p>HIGH</p> <p>In the absence of providers submitting variation reports there is no assurance that planned and actual hours are the same, resulting in overpayments going uncorrected.</p> <p>Recommendation</p> <p>The non-receipt of variation reports should be raised with providers with a view of seeking resolution to this.</p> <p>Where reports are still not received, management should seek to escalate this in line with any contractual relationships. Further actions should involve the Council's Legal Services Team.</p>	<p>Accepted</p> <p>Social Work Commissioning will ensure that noncompliance by providers in terms of submitting variance reports will be addressed and raised directly with providers, and where further action in line with contractual agreements is required escalation to Council's Legal Services will be completed.</p> <p>Non submission or incomplete will be established as 'Red' as per procedure and payment will not proceed as per 'Green' & 'Amber' in order to further minimise risk of overpayment.</p> <p>Responsible Officer – Strategic Commissioning Manager</p>	<p>In place</p>

Observation	Risk and Recommendation	Management Response & Allocated Officer	Target Date
<p>Management Oversight</p> <p>There is an absence of key data or metrics around this process to enable the process owners and stakeholders to conclude on the process's effectiveness.</p>	<p>HIGH</p> <p>In the absence of key data being reported upon, there is a lack of assurances over the process's effectiveness.</p> <p>Without robust escalation arrangements, issues will go untreated.</p> <p>Recommendation</p> <p>HSCP Management should, in assessing the improvements being made by way of a revised process and ensuring that any issues are addressed, ensure that key data in relation to this process is being captured, reported on, and escalated, where appropriate.</p>	<p>Accepted</p> <p>Updated procedure and establishment of regular review meetings will establish a forum and mechanism to gain assurance and oversight of the process's effectiveness. Joint review process will ensure period by period that there will be clear data captured and reported on and escalated where required.</p> <p>Responsible Officers – Head of Community Health and Care Services/ Head of Adult Services / Team Leader, Finance – Shared Services/ Strategic Commissioning Manager</p>	<p>30 June 24</p>