

## **Agency Managed Service (Comensura) Update January 2015**

### **Initial Audit Review (July 2013)**

Internal Audit carried out a high level review of the Council's agency managed service during spring 2013 and submitted an Audit Report and Action Plan, with several recommendations for improvement, to the Corporate Chief Officer (HR People Services) in July 2013. This review highlighted several weaknesses to internal controls including a lack of documented procedures, poor segregation of duties and limited controls on the extension of agency placements. It also identified that a significant number of agency worker timesheets were not being 'user-approved' by managers to confirm their accuracy and authenticity, which left a significant amount of expenditure un-approved on a weekly basis.

In addition, Audit raised concerns to management over whether value for money was being achieved, with particular attention focussed on the high number of agency workers engaged, individual agency placement pay rates and the overall expenditure on agency workers.

### **Response to Initial Audit Review (Post July 2013)**

Both during and since this review, Internal Audit has worked closely with HR People Services to improve controls, and it is noted that significant improvements have been made in several areas. Management have instigated actions to address audit concerns around high rates of pay and lengthy assignments and these are both now subject to a degree of scrutiny. A new Agency Workers Policy was published in October 2014 and issues regarding segregation of duties are being gradually improved by the Agency Managed Service Manager.

Internal Audit wrote to all Directors individually in July 2013 to seek assurances that both the number of agency workers engaged within their Directorates and the rates being paid were offering the Council value for money. Audit sent similar follow-up emails in September 2013 to newly appointed Directors and non-respondents from the initial email.

### **Follow Up Exercises (May and November 2014)**

Audit undertook follow up exercises in both May and November 2014. The snapshot analysis carried out in November compared the most recent data from October 2014 to figures from the original review (June 2013 figures).

Overall, this showed a 26% (£347,000) reduction in expenditure on agency workers since June 2013 (see table 1) with most Directorates achieving significant reductions in expenditure. No increases in expenditure were noted for any directorate, although Education figures did remain static at £27,000.

In terms of auto-approvals, 12.4% of all timesheets were auto-approved in September 2014, equating to a value of £142,000 for the month (see tables 2 & 3). In comparison, the initial review highlighted that 8.4% of timesheets were auto-approved totalling £239,000 for the month. This indicates that although the overall number and value of timesheets being auto-approved is reducing, this is primarily due to the reduced number of overall timesheets being processed, rather than an improvement in the number of manager reviews of timesheets. The

percentage of timesheets being auto-approved has actually increased in comparison with June 2013.

Audit raised its concerns at the continuing high levels of auto-approvals in targeted emails to three Directors in November 2014. Directors were provided with a list of ordering managers within their area who failed to approve timesheets for agency workers in September 2014 and were urged to ensure managers approve / reject agency workers timesheets on a regular basis, therefore ensuring that all agency worker timesheets are accurate and expenditure is valid. Response has been positive.

These emails also sought further assurances from Directors that the current levels of agency workers and expenditure within their Directorates remained both necessary and sustainable, and therefore provided the Council with value for money.

Table 1

Expenditure on Agency Workers by Directorate	2014 October (£000)	2013 June (£000)	Total Variance (£000)	Increase / Decrease (%)
Children's Services	228	251	-23	-9%
Communities, Housing & Customer Services	17	70	-53	-76%
Education	27	27	0	0
Environment	357	449	-92	-20%
Health & Social Care	111	159	-48	-30%
Sports, Leisure & Culture	239	249	-10	-4%
Strat Planning, Highways & Transport	1	36	-35	-97%
Resources	29	111	-82	-74%
Economic Development	0	4	-4	-100%
<b>Grand Total</b>	<b>1,009</b>	<b>1,356</b>	<b>-347</b>	<b>-26%</b>

Table 2

No. of Timesheets Auto Approved	2014 Sept	2013 June
Auto Approved	463	490
User Approved	3,272	5,086
<b>Grand Total</b>	<b>3,735</b>	<b>5,576</b>

<b>Auto Approval %</b>	12.4%	8.8%
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Table 3

Value of Timesheets Auto Approved by Directorate	2014 Sept (£000)	2013 June (£000)	Variance (£000)	Increase/ Decrease (%)
Children's Services	35	149	-114	-77%
Communities, Housing and Customer Services	5	12	-7	-58%
Education	5	0	+5	+100%
Environment	10	10	0	0%
Health and Social Care	44	5	+39	+780%
Resources	9	21	-12	-57%
Sport, Leisure and Culture	34	42	-8	-19%
Other	0	0	0	0
<b>Grand Total</b>	<b>142</b>	<b>239</b>	<b>-97</b>	<b>-41%</b>

## **Next steps**

Audit will continue to monitor this spend and challenge Directors on any trends to seek assurance on value for money.

There has been a positive response to emails sent out to Directors regards the non approval of auto approved time sheets but Audit will continue to analyse these, in value and number, and continue to challenge Directors accordingly.

## **Standby Payments – Update January 2015**

### **Background & Context**

Standby arrangements enable a pool of employees within Directorates to be available to respond to a variety of service requirements outside their normal working hours at relatively short notice. The standby payment rate is standardised at £27.78 per session for all staff subject to the single status collective agreement.

### **Initial Audit review (August 2013)**

The review recommendations, reported in August 2013, focussed on the need for policy changes and the opportunity to reduce the cost of standby arrangements to the Council. Directorates have provided Internal Audit with details of their individual reviews of standby arrangements but a corporate review has not been undertaken.

For the financial year 2013-14 stand by payments were made to 295 officers totalling a value of £588,842. The numbers per directorate varied between 1 to 73, with Strategic Planning Highways and T & T (73) Communities, Housing and Customer Services (73) and Heath & Social Care (69) amongst the highest in number of officers paid.

### **Current Position**

It is noted that many of the audit recommended improvements were introduced as part of a revised Standby and Recall to Work Policy and Procedure being introduced.

Standby costs for the financial year 2014/15 of circa £595k are projected, based on the costs incurred in the year to date. This is comparable with the standby costs for the prior financial year of £589k, in fact showing a slight increase.

There have been 338 standby payment recipients in the current financial year to date, an increase on the 295 recipients of standby payment in the financial year 2013/14.

Internal Audit continues to provide Directors with the latest stats and recommend they be constantly reviewed in light of changing service delivery arrangements.

## **Next steps**

Clearly with a wide range of services requiring a response 24 hours a day there is a need for having stand by arrangements in place, but as new models of working are developed it is important this role is carefully considered.

Audit will therefore continue to monitor the overall level of spend and numbers and update Directors with their statistics and challenge the value for money aspect of the level of payments being made.

Although many Directorates have reported completing their own standby reviews, there is scope for Directorate collaboration, to identify areas of responsibility and standby arrangements which could be shared. This could provide an opportunity to further reduce standby costs. This will be recommended to Senior Management team to consider again.

## **Home to Office – Update January 2015**

### **Background & Context**

Following an audit in Communities and Housing in 2013, it was highlighted that some Council vehicles were being provided for home to office travel where the business case for this was questionable. There were obvious savings to be made by reviewing business cases for some home to office travel.

The matter was raised with the Director at the time, as part of a wider audit report, who agreed that this was an area that required further consideration and that there were potential savings to be made. She felt however that it would be inappropriate for her to act in isolation and that a corporate policy and approach was required.

The directorate did some work of their own on this and identified a significant cost of fuel being used for home to office travel (54%) and agreed vehicles were not being effectively managed.

A policy was drafted and presented to Senior Management team earlier this year and whilst there was acceptance of the issues it was felt other options e.g. Charging for home to office mileage should be explored. The Council is introducing and expanding mobile working and it was thought to be important that any home to office travel was considered in context.

The Transport Manager research has identified no “one fits all” solution for charging and the matter is still under consideration but it has been agreed in order to address the potential inefficient use of Council assets e.g. council vehicles provided for home to office, that the policy is being reviewed and updated with the first step for Directors to undertake a review and prepare a business case for each vehicle provided for home to office use. It should be noted a number of these are travelling significant distance beyond the city boundary and so there are savings to be made once business cases have been considered. .

A Transport Group has now been established, with representatives attending from all directorates, which provides a useful forum for discussing a wide range of transport fleet and driver related matters and a new transport policy is being drafted. Home to Office is regularly discussed within this group and there is a commitment to drive out efficiencies in this area along with savings, from reducing the number of vehicles and associated fuel costs etc.

### **Next steps**

From April 2015 business cases will be required to be considered for all vehicles used for home to office travel. A standard form has been prepared for this.

Once this has been completed a sample will be reviewed and further consideration will then be given to examining further opportunities for charging for the use of vehicles for home to office travel. This will need to be captured in work the Transport Group are undertaking to refresh the Council's Transport policy, which will require wider consultation.