

VALUE FOR MONEY STUDIES

REPORT OF THE HEAD OF FINANCE

AGENDA ITEM: 10.3

Reason for this Report

1. The Audit Committee's Terms of Reference sets out that Members should receive summaries of specific internal audit reports in accordance with agreed protocols.
2. This report provides Members with an update on value for money studies.

Background

3. The Audit Committee has previously received reports in respect of the findings from value for money studies in respect to Agency spend and Annual Leave and asked that a follow on report would be tabled at a future meeting. This work has now been undertaken, the results of which are set out below.
4. Contained within the Audit work plan are several other value for money studies in respect of mileage, subsistence, pool car usage and postages. These items will be reported at a future Audit Committee.
5. The studies reported today have been shared with the Senior Management Team, who in turn have been recommended to share information with their respective management teams to continue to seek assurance that the level of spend was appropriate.

Issues

6. The **Agency Spend** analysis compared the 2015/16 data to comparable figures for 2014/15. During this year, the expenditure on agency workers remained fairly static overall, with only a minimal variance (£13k) in Council-wide expenditure compared to 2014/15. The previous report highlighted that there had been a marked reduction in the number of auto approvals of timesheets. This trend has not continued in the recent report with volumes of auto approvals and values remaining at the level of last year.
7. Audit Committee has asked that benchmarking on agency spend be undertaken with other councils. It was identified that, whilst expenditure in Cardiff remained fairly static, only one of the four authorities who responded to requests to share data had significantly reduced expenditure on agency workers (by 12%). The other three had significant increases in expenditure in 2015/16 compared to 2014/15. Within this small sample of authorities there were several reasons for the increase which included a reflection of more flexibility being required within a workforce as well as cover for sickness, maternity and capacity issues.

8. A review of the effectiveness of controls relating to **Annual Leave** has been undertaken for 2015/16. An earlier review had analysed the flexi time system (ProTime) and DigiGov (which records employees working time, leave and sickness) and noted areas where improvements were needed in reconciliation and management over-sight of adjustments for annual leave. Recommendations were made to address the situation, however, it was identified that there was a clear requirement to have a “fit for purpose” system and Internal Audit resources have been used to advise on the controls needed in a new integrated time recording / leave system. The new system is a module of DigiGOV and its use is being rolled out in the coming months.
9. Work is currently on-going on a review of mileage and subsistence, pool car usage and postage costs, and these will be reported to Audit Committee in due course.

Reasons for Recommendations

10. To provide Members with an update on ongoing work on Value for Money Studies.

Legal Implications

11. There are no direct legal implications arising from this report.

Financial Implications

12. There are no direct financial implications arising from this report.

Recommendations

13. That the Committee note the report, and consider whether further communication to specific directorates is required.

Ian Allwood
Head of Finance