

VALUE FOR MONEY STUDIES

REPORT OF THE AUDIT & RISK MANAGER

AGENDA ITEM: 8.2

Appendix A of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972

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, two of which have been reported previously to Audit Committee, namely, Agency Spend and Standby Payments.

Background

3. The Audit & Risk Manager had previously reported the findings from value for money studies into Agency spend and Standby allowance payments and was asked to report back on these at a later date. This work has now been undertaken and additional studies relating to annual leave, overtime payments, home to office travel and mileage claims, has also been completed. The aim for these studies has been mainly to highlight the spend in these areas and seek assurances of the appropriateness of this spend and to identify any potential areas for savings to be considered. In some studies compliance issues have been highlighted and recommendations made to enhance control.
4. These studies were reported to the Senior Management Team on the 12 January 2016 where the information was shared with Directors who were recommended to discuss the information with their management teams and to seek assurance that the level of spend was appropriate, the mechanisms for approving the spend robust, and potential savings were being considered and progressed to maximum benefit.

Issues

5. Appendix A attached provides an updated position regards the value for money exercises. The figures shown relate to the period for the half year ending 30 September 2015.
6. The **Agency Spend** analysis compared the most recent data for the six months, April to September 2015, to comparable 2014 figures. During this period, there was a 12% (£673,000) decrease in expenditure on agency workers compared to the same period in 2014. A 5% reduction in agency workers engaged corresponds with the reduction in expenditure in nearly all Directorates. There are some directorates where agency spend still is relatively high. The number of timesheets being auto-approved has also decreased;

however, the overall value where timesheets are not being approved by a Manager, remains high at £501,000 and is still of concern.

7. The **Standby Payments** review (as at 27.10.15) showed that the cost of standby is projected to increase slightly in 2015/16, from the last financial year, despite there being a budget reduction for 2015/16 of £100,000.
8. There is clearly a need to deal effectively with incidents outside normal office hours, and a need for a number of officers to be available to respond to calls, but having 381 standby recipients claiming this allowance, is considered high by Internal Audit and that there could be potential savings should a more corporate approach be taken.
9. A review of the effectiveness of controls relating to **Annual Leave** was undertaken for the current year, up to 24.09.15. The review analysed the flexi time system (ProTime) and DigiGov (which records employees working time, leave and sickness). Under the current system, there is evidence in some areas of little reconciliation of annual leave adjustments between these two systems which has highlighted that employees have taken a number of annual leave days, which they have not accounted for in their annual leave balance within DigiGov. This questions how this leave has been approved in advance and requires urgent attention as there is a risk that employees can continue to make adjustments and take more days than they are entitled to over the year. Recommendations have been made to address the situation.
10. Internal Audit has extracted and analysed **Overtime** payments in the financial year 2015/16 (to 12.10.15). The analysis is restricted to those officers who have received overtime payments which have exceeded their basic (stored) pay by 10%, or greater. With over 1,000 officers claiming overtime in excess of 10% of their basic pay, projected at £4million for the year, this seems high to Internal Audit in context with budgetary pressures. Equally, ten officers accounting for almost £100,000 overtime claimed over the first 6 months of the year appears high. Internal Audit is not suggesting that the overtime has not been worked or has not been necessary, however, in the current economic climate, managers need to be satisfied that the requirement for overtime is essential, and that the cost is the most economically advantageous.
11. Internal Audit recently followed up on some long held concerns over the use of Council vehicles for **home to office travel**. In advance of this review, all Directors were asked to coordinate the preparation of business cases for any Council vehicles being used for home to office journeys. These business cases were reviewed by Internal Audit with reference to the Quartix vehicle tracking systems used within the Council. The briefing shows a large number of vehicles used to support home to office travel, with some significant costs associated with this. As a consequence of challenge, nine vehicles are being withdrawn, and Directors have been asked to provide personal assurance that the remaining business cases are robust, particularly where vehicles are taken home, outside the city boundary, on a regular basis.
12. A review of **mileage claims** highlighted the level of spend (2014/15) and provided a directorate analysis. The audit was undertaken partly as value for money exercise and partly as a probity audit and identified a number of compliance and control issues around claims and approval thereof. Given the control and compliance issues highlighted this is being progressed as a "normal" audit (Limited Assurance) and a draft report has been issued with an Action Plan to enhance controls. This will then be finalised and a follow up audit undertaken in the new financial year.

Reasons for Recommendations

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

Legal Implications

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

Financial Implications

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

Recommendations

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

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Appendix A – VFM Briefings