THE LONDON BOROUGH
www.bromley.gov.uk

FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

Issued to: Charles Obazuaye, Director of HR
Sue Sydney Assistant Director (HR)
Stuart Elsey, Head of ICT
Paul Chilton, Transport Operations Manager
Andrew Champion, Facilities & Support Services Manager
Claudine Douglas-Brown, Exchequer Manager
Dave Starling, Head of Procurement
John Nightingale, Head of Revenue and Benefits
Peter Turner, Finance Director [Final Report]

Prepared by: Principal Auditor

Date of Issue: 14 November 2014
Report No.:   CX/058/01/2014

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

INTRODUCTION

1.   This report sets out the results of our systems based audit of Leavers Procedures Audit. The audit was carried out in quarter 2 as part of the programmed work specified in the 2014-15 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.

2.   The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

3.   The original scope of the audit was outlined in the Terms of Reference issued on 19/08/14. The period covered by this report is from January to August 2014.

AUDIT SCOPE

4.   The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

5.   Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls, primarily due to Workforce Removal forms not being submitted prior to staff leaving the authority in some instances and equipment and access to buildings and information not being secured. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6.   Audit selected a sample of 20 leavers from a report generated from ResourceLink showing 166 leavers from January 2014 to August 2014 and 5 leavers from a BeeLine report showing agency staff leavers during the same period.

7.   Audit testing included confirmation that Workforce Removal forms were submitted prior to staff leaving the authority, systems were disabled as soon as staff leave, all assets were returned, employment termination dates were supported by documentation, salaries were paid to staff up to the date of leaving and not beyond and any lease cars were returned on the last day of employment and any outstanding termination and rental fees were collected as per leasing terms and conditions.

8.   5 out of the 25 leavers sampled had a mobile phone. 3 leavers had either an I-pad or laptop shown on the corporate asset register. 4 leavers had a lease car. None of the leavers sampled had a session ticket loan or a cycle to work loan.

9.   1 leaver had a purchase card which was not returned to the purchase card system administrator or deactivated, however it was evident that no monies had been spent on the card since the employee left the authority and this issue has been alerted to management for attention.

10. 1 leaver sampled had a mobile phone which the manager confirmed had been returned however the phone manufacturer did not match the detail shown on the asset register. This discrepancy was raised with the procurement officer who is currently reviewing all mobile phone users. Management was unable to locate the other mobile phone which had been assigned to an agency worker.

11. 12 out of the 25 leavers sampled had not been removed from the Internal Telephone Directory as expected.

12. Controls were in place and working well in the areas of disabling system access when Workforce Removal forms are correctly submitted by managers. ResourceLink employment termination dates supported by documentation from managers and leavers. Leavers receiving the correct salaries up to the date of leaving the authority, including any additional pay elements i.e. annual leave. Lease cars were returned as per leasing terms and conditions and any outstanding termination and rental fees collected.

13. The leavers report was matched to the asset register. Audit identified that 7 leavers had various assets assigned to them, however audit was unable to locate one mobile phone [as stated above] and one I-pad.

14. The aged debtor report showed that salary overpayments between January and August 2014 totalled £12,390, however this is an on-going issue which has been raised previously in the Payroll Audit Report 2013-14.

REVIEW OF LEAVERS PROCEDURES AUDIT FOR 2014-15

15. Audit identified the following issues

- Workforce Member Removal forms are not always completed by managers when staff leave the authority. ID cards, Safetokens, Purchase Cards and Assets are not consistently returned by leavers, and staff and leavers are not always removed from the Internal Telephone Directory.
- The Workforce Removal form is not complete to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, purchase cards are returned to the purchase card system administrator and Safeword tokens are to be returned to IT

SIGNIFICANT FINDINGS (PRIORITY 1)

16. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

17. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

18. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	From a sample of 25 members of staff including 5 agency staff who left the authority between January and August 2014, 12 Workforce Member Removal forms had not been completed by managers when expected, therefore 11 system accounts remained active, however none of these systems had been accessed. Furthermore, 6 Removal forms were submitted after the member of staff left the authority and these accounts are now disabled. 9 out of 25 leavers had ID cards which were still active, despite one member of staff leaving on 02/03/14. However none of these ID cards were being used. 1 leaver had a purchase card assigned to them which was still active however the purchase card system administrator is resolving this issue with the manager. No expenditure had been incurred post leaving date. 1 leaver sampled had a mobile phone which the manager confirmed had been returned however the phone manufacturer did not match the detail shown on the asset register. Management was unable to locate the other mobile phone which had been assigned to an agency worker who had left the authority. 12 out of the 25 leavers sampled had not been removed from the Internal Telephone Directory	The authority is at risk of fraud, losses and unauthorised access where leavers are not ceased off and equipment not secured.	**Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and that that ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures [Priority 2]** **Given the findings Human Resources should gather leavers reports from ResourceLink and BeeLine [showing Permanent and Agency staff leavers] and distributed to key staff to confirm system access is denied and assets are recovered [Priority 2]**

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

No.	Findings	Risk	Recommendation
	The leavers report was matched to the asset register. Audit identified that 7 leavers had various assets assigned to them, however audit was unable to locate one mobile phone [as stated above] and one I-pad.		
2	The Workforce Removal form does not include the mobile phone services which are to be terminated or that managers should ensure ID cards are returned to Facilities and Support Services, Safeword tokens are to be returned to IT and I-pads and laptops are to be held securely by managers when staff leave the authority	Mobile phone services may be paid for in error Excessive Safeword token charges may occur un-necessarily Assets may not be held securely ID cards may be used inappropriately	**Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, Safeword tokens are returned to IT and i-pads and laptops are to be held securely by managers when staff leave the authority [Priority 2]**

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens and Purchase Cards and Assets are returned as per procedures Given the findings Human Resources should gather leavers reports from ResourceLink and BeeLine [showing Permanent and Agency staff leavers] and distributed to key staff to confirm system access is denied and assets are recovered	2 2	Agreed ResourceLink [RL] functionality is being developed to enable the system administrators who issue the equipment etc to record this on RL via a secure area of the system. RL will then automatically generate e-mails to these staff when someone leaves HR will explore with Adecco the feasibility of a monthly leavers' report from Beeline that does not confuse the end of an assignment with the end of a worker's engagement with the Council	Assistant Director (HR) HR Information Systems Manager HR Business Services Manager	Complete Currently building this in test with aim to go live by 1 January 2015 By 30 November 2014

Project Code: CX/058/01/2014   Page 7 of 9

Priority 1	Priority 2	Priority 3
Required to address major weaknesses and should be implemented as soon as possible	**Required to address issues which do not represent good practice**	**Identification of suggested areas for improvement**

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated or that managers should ensure all ID cards are returned to Facilities and Support Services, Safeword tokens are returned to IT and I-pads and laptops are to be held securely by managers when staff leave the authority	2	The owner of the workforce admin process would need to raise a request to amend the process, but IT systems will engage with them and request	Head of IT	Immediate

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.