

**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF AGENCY STAFF AUDIT FOR 2017/18**

**Issued to:** Charles Obazuaye, Director of HR  
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**Cc** Head of Internal Audit

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**Report No:** CX/047/01/2016-17

## REVIEW OF AGENCY STAFF AUDIT 2017-18

### INTRODUCTION

1. This report sets out the results of our systems based audit of Agency Staff. The audit was started in quarter Q4 as part of the programmed work specified in the 2016/17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee and, as a result of investigations and other urgent audit work which needed priority, was carried forward into the 2017/18 financial year.
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 contract for agency staff was originally with a company called 'Contractor 'A'. When the contract was awarded to contractor 'B', responsibility for managing the contract was passed to HR Directorate.
4. Expenditure on agency staff through the Council's contractor (Contractor 'B') and through other agencies has increased in recent years as shown in the table below.

<b>Financial year</b>	<b>Contractor 'B'</b>	<b>Other agencies</b>
<b>2015/16</b>	£8,233,547	£115,234
<b>2016/17</b>	£11,522,355	£118,292
<b>2017/18 (to date)</b>	£11,512,064	£178,183

## REVIEW OF AGENCY STAFF AUDIT 2017-18

### AUDIT SCOPE

5. The scope of the audit was outlined in the Terms of Reference issued on 8 March 2017.

### AUDIT OPINION

6. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

- 7 Controls were in place and working well in the areas of regularity of contract monitoring meetings held with contractor 'B' and monitoring of KPIs, setting up of monthly surgeries for managers to meet and discuss relevant issues with contractor 'B' account manager. Management information reports are obtained from contractor 'B' at present. HR are due to run these in the near future and are currently reviewing the format and information obtained, to ensure they meet future requirements.
- 8 Our testing identified the following issues which we would like to draw to management's attention:-
  - There is a lack of oversight and governance of the Council's agency staff arrangements
  - The procedure for approving extensions of agency staff beyond six months is not being followed
  - The guidance for managers needs to be reviewed, particularly when agency staff leave the Council
  - The rates charged for agency staff may not be as agreed with the contractor
  - Training requirements and declaration of business interests are not always addressed
  - Accuracy and availability of information held on the contractor 'B' vendor management system should be checked
  - Information on invoices received from contractor 'B' should be checked for reasonableness

## REVIEW OF AGENCY STAFF AUDIT 2017-18

- Supporting evidence should be provided for hours claimed and the responsibility of managers authorising claims should be reinforced

### SIGNIFICANT FINDINGS (PRIORITY 1)

9 There are three significant findings:

- The task of recruiting and managing agency workers is devolved to Directorates. We were, however, unable to identify what oversight and governance arrangements are in place for this across the Council. We are aware that responsibility for managing the contract with contractor 'B' rest with HR and the monitoring of agency staff expenditure in Directorates is undertaken through EBM.
- We were informed by the Head of HR Strategy and Education that, technically, agency staff should not be retained for longer than a six month period. Hiring managers are instructed in the agency staff guide and Special Recruitment Measures flowchart to obtain approval from the Director of HR where an extension beyond six months is required. We identified 176 agency staff who have been engaged for longer than six months. From discussion with HR and in our sample testing we were unable to find documented evidence of approval obtained from the Director of HR.
- Arrangements are not in place to confirm, after agency staff have left the Council, that managers have taken action to remove the IT systems access, recover the agency worker's security pass and any Council equipment provided.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. 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**

11 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	<p><b>Lack of oversight and governance of the Council’s agency staff arrangements</b></p> <p>The task of recruiting and managing agency workers has been devolved to Directorates as set out in the ‘Procedure for the recruitment of additional resources’ and the ‘Recruitment special measures – vacancy management process including use of agency staff’.</p> <p>Monitoring of agency staff expenditure in Directorates is undertaken through EBM.</p> <p>Responsibility for managing the contract was passed to HR Directorate when the Provider changed from contractor ‘A’ to contractor ‘B’. During our audit we were, however, unable to identify what oversight and governance arrangements are currently in place for the process of recruitment and management of agency staff across the Council. The detailed findings reported below in sections 2 – 12 support this finding.</p>	<p>Risk of ineffective and excessive use of agency staff by the Council.</p> <p>The level, appropriateness and cost of using agency staff across the Council is not formally considered and analysed.</p>	<p><b>Governance arrangements are put in place for the recruitment and management of agency staff across the Council. [Priority 1]</b></p>

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

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**Identification of suggested areas for improvement**

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No.	Findings	Risk	Recommendation
2	<p><b>Length of service of agency staff and extension process</b></p> <p>Our testing undertaken in December 2017 identified 319 agency staff engaged by the Council at that time. Of those 319, 16 had been engaged longer than three years, a further 26 had been engaged for longer than two years, a further 76 had been engaged for longer than one year and a further 58 had been engaged longer than six months.</p> <p>We were informed by the Head of HR Strategy and Education that, technically, agency staff should not be retained for longer than a six month period. Hiring managers are instructed in the agency staff guide and Special Recruitment Measures flowchart to obtain approval from the Director of HR where an extension beyond six months is required. This has been reiterated in an annual reminder sent to managers by Human Resources.</p> <p>HR were unable to tell us in how many cases an extension of service had been requested and obtained formally from the Director of HR. We contacted hiring managers of ten of the longest serving agency staff but were unable to find documented evidence of approval obtained from the Director of</p>	<p>Agency staff engagements may be extended without appropriate authorisation and for longer than necessary, leading to other resourcing options not being explored, excessive expenditure incurred and poor value for money.</p>	<p><b>Directors should review, by 30 April 2018, their agency staff engagements which currently exceed six months. Where there is a need to extend these engagements they should be presented to the Director HR, with supporting information, for his approval to extend the engagement. In future all engagements exceeding six months should be identified and reviewed similarly as per the guidance, based on business needs and consideration of other resourcing options.</b></p> <p><b>[Priority 1]</b></p>

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	<p>HR.</p> <p>It is unclear if any of these agency engagements were formally created with a budget after three months under the supernumerary rule, as highlighted in the EBM user guide.</p>		
3	<p><b>Procedures to be followed by managers and HR when agency staff leave the Council</b></p> <p>We obtained a report from contractor 'B' showing all agency staff who had left between 1 January and 31 March 2017. We found 10 cases where staff had left but their security access had not been deleted. There is no procedure in place to identify security cards which have not been used for a given period and deactivate the card.</p> <p>We also checked to confirm that an individual's IT system access had been removed. From our sample of 27 cases we found five cases where the IT system access was still active approximately two months after they had left. We are aware that, since our testing carried out at the start of the audit, the process for removing IT access has been strengthened.</p>	<p>Loss and/or misuse of Council security identification, risk of access to buildings and IT systems after leaving and misuse of any Council assets not relinquished.</p>	<p><b>HR remind managers of the need to ensure that when an agency worker leaves the Council, the process of removing the IT systems access and recovering the security pass and any Council equipment, is carried out promptly.</b></p> <p><b>[Priority 1]</b></p>

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	<p>It was noted at the start of our testing that the guidance did not specifically include the need to remove IT, security access and recover any Council equipment on leaving as this is generally covered in the Managers Toolkit but this has now been included in a subsequent version of the guidance which was updated before the end of our audit.</p>		
4	<p><b>Confirmation of charge rates agreed with Contractor ‘B’ by hiring managers</b></p> <p>Managers do not see the weekly invoices submitted by Contractor ‘B’ showing weekly hours claimed, chargeable rates of pay and any mileage or expenses amounts claimed by individual agency staff. We became aware during our audit of one instance where a department had been overcharged by Contractor ‘B’ due to an incorrect rate of pay shown on the invoice.</p> <p>This was identified when the manager checked the rate charged and found that it was in excess of what had been agreed in writing.</p> <p>The amount overcharged was reimbursed. We were informed</p>	<p>If a manager does not have access to EBM there is a risk that any charge rate incorrectly entered by the contractor and included on subsequent invoices will not be identified.</p> <p>Risk of overpayment by the Council for agency staff engaged.</p>	<p><b>HR remind all managers to check that:-</b></p> <p><b>(i) the rates currently charged for their individual agency staff by Contractor ‘B’ are those agreed with Contractor ‘B’ and</b></p> <p><b>(ii) in future, the invoice amounts journalled to EBM are checked by the hiring manager (or whoever has access to EBM for that service area), to the chargeable rates agreed.</b></p>

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	<p>by the Head of HR Strategy and Education that an investigation by Contractor 'B' revealed that this rate had been incorrectly entered by an employee who had since left the role. We are not aware however if this was an isolated case.</p> <p>We understand from Finance Directorate that the chargeable rates are available to managers to view on the Employee Budget Monitoring (EBM) system, however not all managers have access to EBM. Due to the above finding, there is a need to ensure that the chargeable rates being recorded on the weekly invoices submitted by Contractor 'B' are those agreed with Contractor 'B' by hiring managers and then put a process in place to check a sample of the rates on the weekly invoices prior to payment.</p>		<p><b>(Priority 2)</b></p>
5	<p><b>Agency staff guide for managers</b></p> <p>There is a 'Managers' guide to hiring temporary agency workers', available on OneBromley. It does not show the date when it was authorised, who owns it or a future review date. It does however contain the names, email addresses and telephone details of key contacts both within Contractor 'B' and the Council.</p>	<p>Managers may not be aware of what action to take or where to locate relevant policies and instructions, leading to the risk of tasks being carried out incorrectly, poor decision making by managers and agency staff,</p>	<p><b>The guidance to be followed by managers is reviewed and updated taking into account the findings from this audit, and is published on OneBromley and publicised via email and at</b></p>

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	<p>Within the guidance there is a checklist of compliance arrangements (section 13). The checklist needs to be revised and updated for managers. Reference to the lone working policy, which is important for some roles, is not evident. Whilst information security is referred to, the importance of the agency worker undertaking the Council’s on-line Information Governance training on starting in their role is not stated, or the importance of Financial Regulations and Contract Procedure Rules if they have financial or procurement responsibilities. The section on approving timesheets and expenses (Section 7) does not set out the need for hiring managers to ensure that supporting evidence such as receipts and completed mileage claims forms are provided and checked for expenses being claimed. We are aware that managers were reminded to check insurance suitability in an annual reminder email sent by HR in 2017.</p> <p>In the paragraph entitled ‘Leavers’, the need and process for removing IT access, recovering any Council equipment and returning the worker’s security pass was not specifically included in the version seen at the start of our testing. It is however detailed on the Managers Toolkit and covered in more</p>	<p>breach of regulations, and loss of information and assets.</p>	<p><b>the next Managers’ Briefing.</b></p> <p><b>[Priority 2]</b></p>

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	<p>detail when the manager requests removal of the individual from the IT system. The Agency guidance was however updated during the course of our audit testing to strengthen this.</p>		
6	<p><b>Accuracy of information held on the Contractor ‘B’ system</b></p> <p>We obtained from Contractor ‘B’ at the end of November 2017 a report of current agency staff employed by the Council. We noted that in two instances the manager shown as being responsible for those individual agency staff is no longer employed by the Council. In one other instance, the manager had left the Council and the words ‘don’t use’ had been entered next to her name.</p>	<p>The Council and Contractor ‘B’ may be unable to identify who is responsible for managing a member of agency staff.</p>	<p><b>HR remind Directors to ensure that the details of managers shown on the Contractor ‘B’ database are up-to-date.</b></p> <p><b>[Priority 2]</b></p>

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7	<p><b>Declaration of business interests</b></p> <p>We identified during our audit testing that two agency staff workers with commissioning responsibilities had not completed declarations of business interest forms. The requirement to complete them had not been highlighted to Contractor 'B' by the hiring manager at the start of the recruitment process.</p>	<p>Staff with financial and/or commissioning responsibilities may be involved in making financial and/or business decisions relating to organisations in which they have a pecuniary interest.</p>	<p><b>The two agency staff identified during our audit who have not completed declaration of business interest forms should be asked to do so.</b></p> <p><b>[Priority 2]</b></p>
8	<p><b>Training requirements for agency staff</b></p> <p>Agency staff workers need to undertake appropriate training when starting their employment with the Council, to enable them to fulfil their role and responsibilities and comply with the Council's requirements.</p> <p>Information governance training is required for anyone accessing any of the Council's information systems and using email.</p> <p>We found that, for 20 agency staff workers who started in October and November 2017, only one of those had completed the Council's information governance on-line course and test.</p>	<p>Agency staff are not aware of the legislation, regulations and guidance to be followed, leading to a risk of breach of legislation or regulations and/or incorrect decisions being made.</p>	<p><b>Directors are reminded to ensure that :-</b></p> <p><b>(a) new agency staff are required to pass the Council's on-line information governance training within an agreed period of time after starting and</b></p> <p><b>(b) new agency staff with finance and procurement responsibilities are identified and required to undertake appropriate</b></p>

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	<p>Two of those staff had been set up to raise and receipt iproc orders on Oracle but neither of them had undertaken the Financial Regulations on-line training course and test. Two agency staff with commissioning responsibilities had not undertaken the Contract Procedure Rules on-line course and test.</p>		<p><b>training or given guidance as required.</b></p> <p><b>[Priority 2]</b></p>
9	<p><b>Agency staff authorising hours claimed by another agency staff worker</b></p> <p>We found two instances during our testing where an agency worker is shown on the Contractor 'B' vendor management system as the manager for another agency worker. There is no clear policy on this.</p> <p>We would, however, expect a more senior person, probably at Director level, to decide whether or not it would be appropriate for a manager who is agency staff to authorise claims and/or recruit an agency worker from the same agency. Controls in this area would benefit from HR guidance.</p>	<p>Risk that hours claimed could be authorised inappropriately.</p>	<p><b>Directors decide whether or not it is appropriate for an agency worker in their Directorate to authorise another agency worker's claims and/or recruit an agency worker from the same agency. This should follow relevant guidance from HR.</b></p> <p><b>[Priority 2]</b></p>

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10	<p><b>Invoice checks</b></p> <p>The weekly invoice received from Contractor 'B' in the 2017/18 financial year amounts to an average of over £239,834 per week. It is receipted by HR against the iproc order raised at the start of the year and is receipted and paid based on the fact that the individual line entries on the invoice have already been authorised by managers on the Contractor 'B' system.</p> <p>We examined two weekly Contractor 'B' invoices for the Christmas and New Year period. We identified six individual claims for hours worked totalling 28 hours or more in the week ending 29 December 2017 and seven individual claims totalling 36 hours or more in the week ending 5 January 2018. Both weeks had at least one bank holiday. Without supporting evidence showing start and finish times for each day and lunch breaks recorded, it was not possible to confirm if the hours worked were compacted or weekends worked, to confirm the accuracy of the claim.</p> <p>We also noted that in six cases, the individual claims had been authorised before the week ending date. We have not however determined the reason for that.</p>	<p>Risk of fraud and irregularity.</p>	<p><b>HR should introduce spot checks on weekly invoices received from Contractor 'B' to identify any individual claims of large amounts of hours worked and/or prior authorisation warranting further examination prior to payment.</b></p> <p><b>[Priority 2]</b></p>

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	<p>We were informed by the Head of HR Strategy and Education that one of these cases, where 44.5 hours were claimed for the week including Christmas Day and Boxing Day, had been identified and referred to her by Contractor 'B' because the claim had been authorised by the manager in advance. This was investigated by a senior officer in that Directorate and we understand that the manager has been given a warning for authorising the claim in advance of the week ending.</p> <p>Financial Procedures section 8.24 (extract below) states:                      'The following checks are regarded by the Director of Finance to be good practice.</p> <p>For all invoices, that:</p> <p>(d) Goods have been received, examined and approved with regard to quantity and quality and / or that work done or services rendered have been satisfactorily carried out or provided (except in those cases approved by the Director of Finance at FP 8.25 - 8.29 e.g. maintenance works where no adverse comments have been received);</p>		

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	<p>Given the instances identified in our testing we consider that spot checks should be carried out on weekly invoices received from Contractor 'B' to identify any individual claims of large amounts of hours worked or prior authorisation which warrant investigation prior to payment.</p>		
11	<p><b>Supporting evidence for hours claimed</b></p> <p>Agency staff enter on the Contractor 'B' system their total hours worked each day and at the end of the week the hours claimed for that week are authorised by their line manager.</p> <p>They are not however required to complete individual timesheets recording their start and finish times and lunch breaks although some staff recruited via agencies sub-contracted by Contractor 'B' are required by their agency to do so.</p>	<p>There is a risk that hours claimed by agency staff cannot be verified due to the lack of supporting information. This may lead to inaccurate claims and the risk of fraud.</p>	<p><b>HR introduce a weekly timesheet for all agency staff to complete, to support claims made. This should include details of start and finish times including lunch breaks. (This should be read in conjunction with recommendation 10 above)</b></p> <p><b>[Priority 2]</b></p>

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12	<p><b>Certifying statement prior to authorising claims made by agency workers</b></p> <p>A manager can authorise a claim for hours worked, expenses or mileage by either clicking on the link in the email notifying him/her that a claim is ready to be authorised or by accessing the Contractor 'B' vendor management system to authorise the claim.</p> <p>There is however no warning message or certifying statement to the manager before he/she authorises the claim. A system generated message or appropriate warning in the email notification would serve to remind the authorising manager of his/her responsibilities when authorising payment and the risk of disciplinary action for authorising inappropriate claims.</p>	<p>Risk of non- compliance with Financial Procedures and possible fraudulent hours and expenses claimed.</p>	<p><b>HR should ensure that a system generated message or appropriate warning in the email notification from Contractor 'B' is put in place to remind the authorising manager of his/her responsibilities when authorising payment and the risk of disciplinary action for authorising inappropriate claims.</b></p> <p><b>[Priority 2]</b></p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Governance arrangements are put in place for the recruitment and management of agency staff across the Council.	1	<p>The Director of HR clarified that information around the levels of agency staff is regularly produced for children and adult services in particular, the two biggest spenders/users of agency staff. The information is presented to the Recruitment and Retention Board jointly chaired by the Deputy Chief Executive and the Director of HR at the monthly meeting of the Board.</p> <p>The overall cost/usage of agency staff is also a regular FOI question or Council question from members of the public and Councillors respectively. The information is presented in a tabulated format comparing current and previous spends/usages department by</p>	<i>Internal Audit note: The Director of HR should lead on discussions as to where this governance role should reside.</i>	To be confirmed

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			department.  When responsibility for managing the agency staff contract was passed to the HR Directorate from the procurement section, it was not agreed that HR would also manage the oversight and governance of the use of agency staff across the whole of the Council.		
2	Directors should review, by 30 April 2018, their agency staff engagements which currently exceed six months. Where there is a need to extend these engagements they should be presented to the Director HR, with supporting information, for his approval to extend the	1	Responsibility for identifying engagements over six months and referring these to the Director of HR for consideration to extend them, rests with the manager concerned. Additionally, the extension would have to be signed off by the budget holder and/or the relevant Director.	Head of HR Strategy and Education in liaison with Directors and managers  <i>Internal Audit note: To assist with this,</i>	30 April 2018

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	engagement. In future all engagements exceeding six months should be identified and reviewed similarly as per the guidance, based on business needs and consideration of other resourcing options.		HR will remind Directors of their existing agency staff who have been engaged for longer than six months and of the need to follow this process.	<i>details of existing agency staff who have been engaged for longer than six months will be obtained from Contractor 'B'.</i>	
3	HR remind managers of the need to ensure that when an agency worker leaves the Council, the process of removing the IT systems access and recovering the security pass and any Council equipment, is carried out promptly.	1	Managers are responsible for removing IT systems access and recovering the security pass and any Council equipment from agency staff when they leave. The 'Managers' guide to hiring temporary agency workers' has been strengthened to remind managers of this.  HR will remind managers of this in one overarching email on a	Head of HR Strategy and Education in liaison with Directors and managers.	31 March 2018

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4	<p>HR remind all managers to check that:-</p> <p>(i) the rates currently charged for their individual agency staff by Contractor 'B' are those agreed with Contractor 'B' and</p> <p>(ii) in future, the invoice amounts journalled to EBM are checked by the hiring manager (or whoever has access to EBM for that service area), to the chargeable rates agreed.</p>	2	<p>quarterly basis.</p> <p>(i) and (ii) This information is available to the managers via the dashboard on the Contractor 'B' vendor management system and managers/budget holders via EBM.</p> <p>We will notify Directors of the findings from this audit, including the need for whoever has access to EBM to check this, both now and in the future.</p>	Head of HR Strategy and Education in liaison with Directors, budget holders in Directorates and managers.	31 March 2018
5	The guidance to be followed by managers is reviewed and updated taking into account the findings from this audit, and is published on OneBromley and publicised via	2	The 'Managers' guide to hiring temporary agency workers' has now been strengthened. It refers to arranging IT access and the HR Induction checklist covers the	Head of HR Strategy and Education in liaison with Directors and	Implemented

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	email and at the next Managers' Briefing.		<p>elements of security ID pass and basic training. It also refers to the Corporate and Departmental Induction courses. It is for a manager to consider the content of an individual's induction training and is a manager's responsibility to manage the leaver process. The managers' guide has been strengthened to highlight this to managers.</p> <p>Where necessary the guide refers the manager to the relevant document on OneBromley.</p>	managers	
6	HR remind Directors to ensure that the details of managers shown on the Contractor 'B' database are up-to-date.	2	It is a manager's responsibility to ensure that details are kept up-to-date. Managers will be reminded of the need to do this. To assist with this, we will arrange for a list of	Head of HR Strategy and Education in liaison with Directors and	31 March 2018

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			managers that have left the Council to be routinely sent to Directors.	managers.	
7	The two agency staff identified during our audit who have not completed declaration of business interest forms should be asked to do so.	2	<p>It is a manager's responsibility to identify whether or not declaration of business interests should be completed. There is done by means of a drop-down box on the assignment form ie the hiring manager should indicate whether a Register of Officers Interest Form should be completed in relation to the post.</p> <p>We will notify Directors of the two agency staff concerned so that declaration of business interest forms can be completed.</p>	Head of HR Strategy and Education in liaison with Directors.	31 March 2018

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**Priority 3**  
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
8	Directors are reminded to ensure that :- (a) new agency staff are required to pass the Council's on-line information governance training within an agreed period of time after starting and (b) new agency staff with finance and procurement responsibilities are identified and required to undertake appropriate training or given guidance as required.	2	It is a manager's responsibility to ensure that necessary training is undertaken for the roles engaged and we will remind Directors and managers that this should be done within an agreed period.	Head of HR Strategy and Education in liaison with Directors and managers.	31 March 2018
9	Directors decide whether or not it is appropriate for an agency worker in their Directorate to authorise another agency worker's claims and/or recruit an agency worker from the same agency. This should follow relevant guidance	2	We will provide guidance to Directors to enable them to decide whether or not it is appropriate for an agency worker in their Directorate to authorise another agency worker's claims and/or recruit an agency worker from the	Head of HR Strategy and Education in liaison with Directors	31 March 2018

**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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	from HR.		same agency.		
10	HR should introduce spot checks on weekly invoices received from Contractor 'B' to identify any individual claims of large amounts of hours worked and/or prior authorisation warranting further examination prior to payment.	2	Not accepted. This is not practicable or an HR Function.	<i>Internal Audit note: The Director of HR should lead discussions as to where this should reside.</i>	To be confirmed
11	HR introduce a weekly timesheet for all agency staff to complete, to support claims made. This should include details of start and finish times including lunch breaks.	2	We will issue a standard template timesheet for managers to utilise. It remains however the responsibility of managers to check and authorise it.	Head of HR Strategy and Education	31 March 2018
12	HR should ensure that a system generated message or appropriate warning in the email notification from Contractor 'B' is put in place to remind the authorising manager of his/her responsibilities when	2	We will discuss this with Contractor 'B' as it will require a system change for which there is likely to be a charge.	Head of HR Strategy and Education	31 March 2018

**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

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	authorising payment and the risk of disciplinary action for authorising inappropriate claims.				

**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

## OPINION DEFINITIONS

## APPENDIX C

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.

<b>Assurance Level</b>	<b>Definition</b>
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.