

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 24 AUGUST 2021

INTERNAL AUDIT ACTIVITY UPDATE

REPORT BY CATHIE WYLLIE – SERVICE LEADER - INTERNAL AUDIT

ABSTRACT

This report provides the Internal Audit Activity update on the main findings of internal audit reports issued since the date of the last Scrutiny and Audit Committee.

1. RECOMMENDATIONS

It is recommended that the Scrutiny and Audit Committee:

- (i) note the update on progress with the planned Internal Audit work,
- (ii) agree to remove Participatory Budgeting from the set plan for 2021/22 (Appendix 1),
- (iii) note management's progress in implementing internal audit and counter fraud recommendations,
- (iv) note the action proposed by the IJB in response to the IJB Review of Charging consultancy audit, a summary of which is included in Appendix 1 and noted in Section 4,
- (v) provide feedback on the summary included at Section 4 below and decide if this should be included in future reports, and
- (vi) note that the contract for IT audit support with Azets has been extended for the fourth and final year of the current contract and a review to consider future IT audit support needs and options for delivery is underway (Section 5 below).

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN /COUNCIL PLAN

The contents of this report contribute to the achievement of the corporate priorities set out in the Angus Community Plan and the Council Plan. This is achieved through this report providing the Scrutiny & Audit Committee with information and assurance about council internal control systems, governance and risk management.

3. BACKGROUND




Introduction

- 3.1 Annual internal audit plans are ratified by the Scrutiny and Audit Committee and a progress report is submitted to each meeting of the Committee. This report outlines progress in delivering the planned work from the plan agreed at the Scrutiny & Audit Committee in March 2021 (Report 60/21).
- 3.2 Internal Audit issues a formal report for each review undertaken as part of the annual audit plan. Each report contains an action plan which incorporates all the recommendations made. This action plan, prepared under SMART (Specific, Measurable, Achievable, Realistic, Timed) criteria, is agreed with management who nominate persons responsible for taking forward the actions and who set their own completion date for each action. This agreed action plan forms an integral part of the final audit report and audit recommendations are ranked to indicate materiality. SMART internal control actions are also agreed following Counter Fraud investigations.

- 3.3 As part of the on-going audit process, Internal Audit reviews the implementation of recommendations and reports the results to each meeting of the Scrutiny and Audit Committee.
- 3.4 The latest results are included in the Update Report at **Appendix 1** and summarised in section 4 below.
- 3.5 Ad-hoc requests for advice are dealt with as they arise.

4. SUMMARY OF AUGUST ASSURANCES

- 4.1 The following table summarises the conclusions from audit work completed since the last Scrutiny & Audit Committee. Further information on each audit, and definitions of control assurances, are provided in Appendix 1. This includes an audit undertaken on behalf of the IJB internal auditor, reviewing Angus Council systems that are used by the Angus Health and Social Care Partnership.
- 4.2 Recommendations from consultancy work are not graded. The number of recommendations made are noted under the Grade 4 column. * In the final column denotes that the service already has actions in place to address weaknesses identified in the audit or has action plans for other improvements in progress.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
i-Pay follow-up	N/A – Consultancy work	N/A	-	-	-	11
Council Tax	Comprehensive		-	-	-	2
Data analysis - Payroll April 2021 to May 2021	Comprehensive		-	-	-	-
Data analysis - Creditors April 2021 to June 2021	Comprehensive		-	-	-	-
IJB internal audit Review of Charging for Services	N/A - Consultancy work	N/A	-	-	-	3

5. IT AUDIT SUPPORT CONTRACT

- 5.1 Azets (formerly Scott Moncrieff) provide IT audit support under a contract let in 2018. The contract allows for an extension for a fourth year from August 2021 to cover audits for the 2021/22 audit year. In October 2020 the Policy & Resources committee delegated authority to me as Service Leader Internal Audit to exercise the extension if there continued to be a business need for the service and Azets had provided satisfactory performance (Report 264/20 refers).
- 5.2 Following a review, the contract has been extended. I concluded there is a continued business need for the service and the service obtained under the contract to date has provided all elements required satisfactorily. This has covered planning, audit delivery, reporting, development of continuous auditing, attendance at meetings and training for the internal audit team.
- 5.3 This extension is the final one allowed for under the contract. A review to consider IT audit support needs and options to ensure this support is available for 2022/23 onwards is currently underway.

6. FINANCIAL IMPLICATIONS

The Internal Audit budget for 2021/22 includes provision for the IT audit support contract costs.

7. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required, as this report is providing reflective information for elected members.

NOTE: The following background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix 1 Internal audit update report

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

24 August 2021

Cathie Wyllie
Service Leader – Internal Audit
Strategic Policy, Transformation & Public Sector Reform

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INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from June 2021 to 16 August 2021 and provides an update on progress with:

- planned audit work, including new audits drawn from the audit pool; and
- implementing internal audit and counter fraud recommendations

AUDIT PLANS PROGRESS REPORT

The table below notes all work that is started or in progress, including incomplete work from June 2021. It also includes the fixed portion of the plan agreed in March 2021.

No audits from the pool agreed in March 2021 have been started since we last reported.




Participatory Budgeting was carried forward in the set plan for 2021/22. The Council has reviewed its approach to participatory budgeting and a report outlining how this will be undertaken this year was agreed by the Policy & Resources Committee in June 2021. Further reporting on progress is planned to Council in September 2021. Given the new approach, which appears reasonable, and following discussion with officers responsible for participatory budgeting, I do not think an audit during 2021/22 is needed and propose to remove the audit from the plan and carry it forward for consideration for the 2022/23 plan.

All audit work involving Procurement staff was put on hold to allow the procurement team to deal with Covid-19 related procurement activity. A meeting was held with the Manager (Procurement & Commissioning) in May to re-schedule that activity and this is reflected in the table below.

Definitions for control assurance assessments are shown at the end of this report.

Progress with Internal Audit Work post June 2021

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Corporate Governance					
Corporate Governance annual review – 2019-20	June 2021	Complete	N/A	N/A	1 June 2021 (Report 178/21)
Annual Assurance re IJB	March/April 2022		N/A	N/A	<i>June 2022</i>
Risk Management	Feb./March 2022				<i>June 2022</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Review of GDPR compliance	Sept./Oct. 2021				Jan. 2022
Financial Governance					
Council Tax	Feb./March 2021	Complete	Comprehensive		Aug 2021
Non-domestic rates system	Oct. / Nov. 2021				<i>Jan. 2022</i>
Housing arrears	Dec. 2021/ Jan. 2022				<i>March 2022</i>
Payroll continuous auditing April – June 2021 July – Sept 2021 Oct. – Dec. 2021 Jan. – Mar. 2022	On-going July 2021	N/A	Comprehensive		Aug 2021
Creditors continuous auditing April – June 2021 July – Sept. 2021 Oct. – Dec. 2021 Jan. – Mar. 2022	On-going July 2021	N/A	Comprehensive		Aug 2021
IT Governance					
I-Pay follow-up	March 2021	Complete	N/A Consultancy project	N/A	Aug 2021
IT User access administration – IDOX TBC	TBC				<i>TBC</i>
IT project management	TBC				<i>TBC</i>
End User Computing	TBC				<i>TBC</i>
Internal Controls					
Procurement – Exemptions from Tendering process	August 2021	In progress, but on hold			<i>Nov. 2021</i>
Automated New Start/Recruitment Process	Mar./April 2020	Draft report issued			<i>Sept 2021</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Protection of vulnerable groups	July 2021	In progress			<i>Sept. 2021</i>
Fostering, adoption and kinship allowances	Feb. / March 2022				<i>June 2022</i>
Adults with incapacity follow-up	Jan. 2022				<i>March 2022</i>
Asset Management					
Review of Roads Maintenance	March/April 2021	In Progress			<i>Sept. 2021</i>
Housing improvements – capital projects	July/Aug. 2021	In Progress			<i>Nov. 2021</i>
Legislative and other compliance					
Procurement Reform (Scotland) Act 2014 (B/F from 2018/19 plan)	2018/19 plan April 2019	Draft report issued. Work to be updated before finalisation			<i>Nov. 2021</i>
Tendering Exemptions	Aug. / Sept. 2021	Planning			<i>Nov. 2021</i>
Participatory budgeting	Proposed to be removed from the plan August 2021				<i>N/A</i>
Corporate parenting	Nov. 2021				<i>Jan. 2022</i>
Other					
Review of Audit Scotland's publications on Fraud and Irregularity 2018/19, final item - Use of council vehicles	April 2021	In progress			<i>Nov. 2021</i>
Consultancy and Advice					

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Finance Service capacity review	Oct. – Dec. 2020	In progress, but on hold			<i>TBC</i>
Organisational resilience	Oct. 2021	Planning			<i>Jan. 2022</i>
Business support review	TBC				<i>TBC</i>

Angus Alive and Angus Health & Social Care IJB

Angus Council's Internal Audit staff are committed to work on the audit plans for both ANGUSalive and Angus Health & Social Care IJB.

The 2020/21 audit planning process for ANGUSalive was delayed due to Covid-19. Plans for 2020/21 and 2021/22 were agreed at their Finance & Audit Sub-committee on 9 April 2021 and work for 2020/21 is expected to be complete in early August.

Reports for both bodies are presented to their respective audit committees throughout the year. Where IJB audit reports are particularly relevant to the council they will also be reported to the Scrutiny & Audit committee.

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with level 1 being the most material. Execution of recommendations is followed up by Internal Audit and reported to this Committee.

Members are asked to consider the following summaries and provide any commentary thereon: -

- i-Pay
- Council tax
- Data Analysis/Continuous Auditing – Payroll & Creditors (April to June 2021)
- IJB audit – Charging for Services process

i-Pay

Background

The 2018/19 internal audit plan included a post implementation review (PIR) of the new iPay system for use in schools to take on-line payments from parents for school trips, payments for subject resources, and school meals.

In September 2018, schools summarised a number of practical issues with the operation of the system which had been causing difficulty. From a review of the issues arising it appeared that most, if not all of these, should have been avoided through the application of good project management/governance during the implementation of the system.

The PIR work originally planned for early 2019 was split into 2 stages:

- Stage 1 Consultancy work to identify lessons learned from the implementation of the iPay system.
- Stage 2 An audit review of the system in operation to ensure it delivers what is expected, that users are using the functionality effectively and that there is an appropriate internal control framework in place.

Stage 1 was reported in December 2018 in Internal Audit report 18/13 Project Governance and Management. Lessons identified in that report should be taken into consideration when proceeding with the tendering for a replacement system.

Stage 2 has been delayed several times for a number of reasons. In the period since 2018 actions have been implemented to address identified issues with the system, however stakeholders have indicated that some issues remain. A revised approach to this second stage has been agreed now in order to provide further feedback on the operation of the system ahead of a retendering exercise for the system.

Discussions have already taken place with other Tayside councils and Tayside Contracts and it has been agreed to progress with a joint procurement through the Tayside Procurement Consortium (TPC). The timeframe to procure and roll out the system for summer 2021 when the current contract ends is unachievable, and it is instead proposed to extend the current contract for a year and have the new contract in place for summer 2022.

Scope

The scope of this consultancy work is to consider the implementation of actions agreed in 2018/19 to address issues identified with system operation, to consider if the system does what was anticipated, and identify any additional features which would enhance the operation and/or functionality of the system.

The work will consider the following areas:

- Identified requirements, costs and benefits have been realised.
- Actions agreed in 2018/19 to improve identified issues with the system have been implemented and issues with recording and reconciliation have been resolved.
- Work done to date in preparing for the re-tender for the system.

Methodology and Output

Action plan updates will be reviewed, and interviews/collective discussions will be held with relevant staff to identify the impact of action taken on identified issues and whether or not these are fully resolved. Preparation to date for tendering for a new contract will be considered. Related documentation will be reviewed where appropriate. Lessons identified will be noted for use in finalising the procurement of a replacement system during 2021.

The output will be a consultancy report for the Director of Education and Lifelong Learning, with a summary reported to the Scrutiny & Audit Committee.

Overall Conclusion

Our review found that there are several areas where the Council needs to take action to ensure that adequate processes and frameworks are in place for the renewal/replacement of the iPay system.

At the time of our work, the Council had been engaging with Scotland Excel and Tayside Procurement Consortium as part of a national 'requirements gathering' exercise to establish a procurement framework for school online payments systems.

There was no formal project management structure or framework in place within the Council for the renewal/replacement of the system. The iPay Working Group (IWG) which has representation from Education and Lifelong Learning as well as some schools is currently acting in a capacity to review national system specifications. However, this is not the primary remit of this group.

We recommend that a formal project management and governance structure is formed for the renewal/replacement of the iPay system, which covers the lifecycle of activity – from requirements gathering and agreement, to procurement and system implementation. This should include the establishment of a project team, potentially based around a selection of members of the IWG, and a project board. A project manager should also be assigned to this activity to ensure consistent application of the Council's project management approach.

Allied to this, it will be necessary for the project team to have representation from schools and management from within Education and Lifelong Learning and Finance. Input should also be sought from external users, including parents and carers to allow the customer experience to feature as part of requirements gathering.

It will also be necessary as part of this process to address weaknesses from the implementation of the current system. This includes:

- A gap analysis between the current system functionality and original requirements to identify what, if any, requirements have not been fulfilled by the current iPay system.
- Embedding improved benefits identification, management and realisation as part of the renewal/replacement activity. There has not been any monitoring of benefits realised from the implementation of the current system nor were timelines for achievement of benefits set out.
- Issues impacting on the effective use of iPay that were identified in 2018/19 have not been fully addressed. This is in large part due to limitations of the current system.
- Implementing a system which is capable of more readily interfacing with the Integra finance system and which reduces manual effort.
- Improvements in reporting that allows for reporting by schools, central teams and Finance and which also supports reporting against historical data.
- Conducting a review of lessons identified to date and considering if there are any others that should be identified in relation to the implementation and live operation of the current iPay system and how these can be addressed through the project or system requirements.

Wider Lessons Identified for consideration by all services

Dealing with the issues identified within the iPay system back in 2018/19 has been hampered by changes in personnel and knowledge gaps arising from the handover as people have left Angus Council.

Council Tax

Introduction

As part of the 2020/21 annual plan, Internal Audit has completed a review of the processes and controls in place for the administration of the collection of Council Tax to provide assurance that there is an adequate control framework in place governing the billing and collection of Council Tax in Angus.

The factual accuracy of this report has been confirmed with Ian Lorimer, Director of Finance, Graham Ritchie, Service Leader – Revenues & Benefits and Darren Jannetta, Council Tax, Benefits & Financial Assessments Manager.

The co-operation and assistance given by all members of staff in the course of the audit is gratefully acknowledged.

Background & Scope

Council Tax was introduced in April 1993 as a means for Local Authorities to collect contributions from households towards the cost of Local Authority services. It is a property tax based on the value of a domestic property and the number of adults living there. Each of the 32 Councils within Scotland is a valuation authority and responsible for appointing an Assessor, who must in turn compile and maintain a Valuation Roll and a Council Tax Valuation List which places each domestic dwelling in one of eight valuation bands, from A to H, which reflect the market value of the property as at April 1991. Once the Council has determined how much money requires to be raised from Council Tax, the sum that would be payable by a Band D property is calculated. This amount is then used to calculate the Council Tax level for each of the other valuation bands using proportions set in legislation.

A single bill is issued for each property, which can be paid in full or by instalments. There can be exemption from Council Tax liability for properties such as student residences and specific unoccupied dwellings, and discounts are available for single occupancy residences, and in other specific circumstances. Where appropriate the Council Tax bill will incorporate water and waste-water charges, which are collected on behalf of Scottish Water.

The Assessor for Angus Council is the Chief Executive of the Tayside Joint Valuation Board (TJVB). The staff of TJVB carry out valuation and banding duties on behalf of the Council and provide data for use in the council tax system. The work of TJVB will not be covered by this audit.

The Council's Revenues & Benefits service administers Council Tax through the Northgate system. As at 31 March 2020 there were a total of 57,112 live Council Tax properties within the Angus Council area and the net amount collected for Council Tax for 2019/20 was £49.7 million, a collection rate of 97.4%.

Scope

The overall objective of the audit assignment is to provide assurance that there is an adequate control framework in place governing the billing and collection of Council Tax in Angus.

The specific Control Objectives of the audit were to ensure that:

General

- There is an adequate control framework in place governing the operation of the council tax billing and collection system, with comprehensive documented procedures available to all relevant staff which include appropriate user access restrictions and GDPR arrangements.
- A satisfactory back-up regime is in place for the system, and an up-to-date, robust contingency plan is available in the event of IT failure.

Liability & Billing

- All persons liable for Council Tax have been identified and all discounts, benefits, exemptions and allowances have been correctly recorded to comply with statutory requirements.
- Council tax bills are raised accurately and in a timely manner, with bills issued at least 14 days prior to their due date.
- New accounts and changes in circumstances are processed promptly and accurately, and Assessor's data is reconciled to the Council Tax system prior to annual billing.

Collection & Monitoring

- Payments are recorded correctly and timeously within the individual's account, with procedures in place to address returned/failed Direct Debit payments, and reconciliations carried out for all payments not matched correctly to a Council Tax Account.
- Arrears are identified promptly, and procedures are in place to pursue outstanding debt.
- All Council Tax write offs are valid and properly authorised.
- Regular reconciliations of the Council Tax system, bank account and financial ledger are undertaken.
- Systems are in place to regularly monitor and report on collection performance.
- Procedures are in place to verify amounts due to be paid over to Scottish Water.

We will report to the Director of Finance and a summary of the outcomes will be reported to the Scrutiny and Audit Committee.

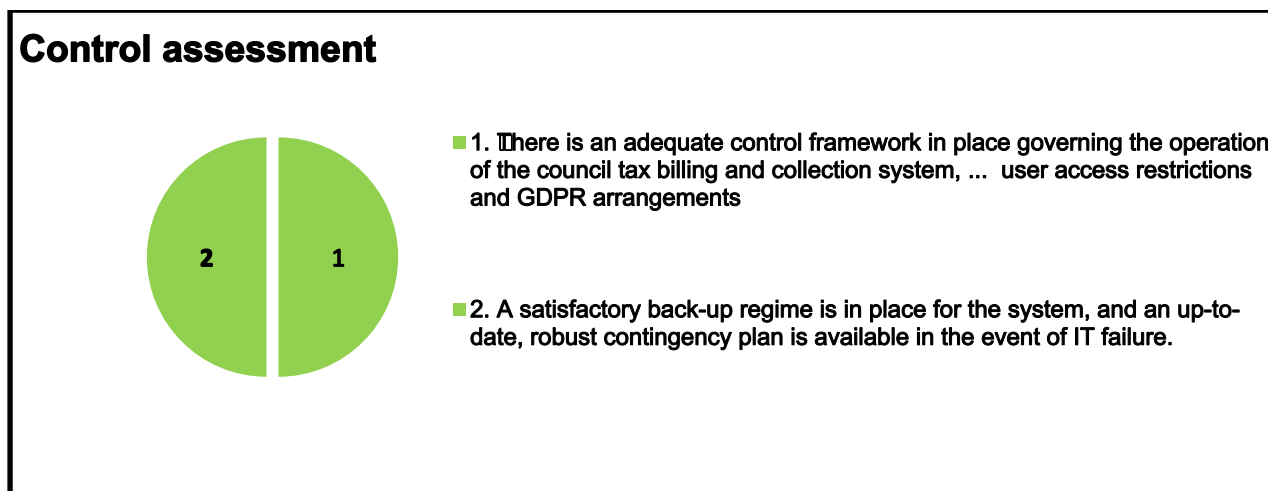
Conclusion

The overall level of assurance given for this report is '**Comprehensive Assurance**'.

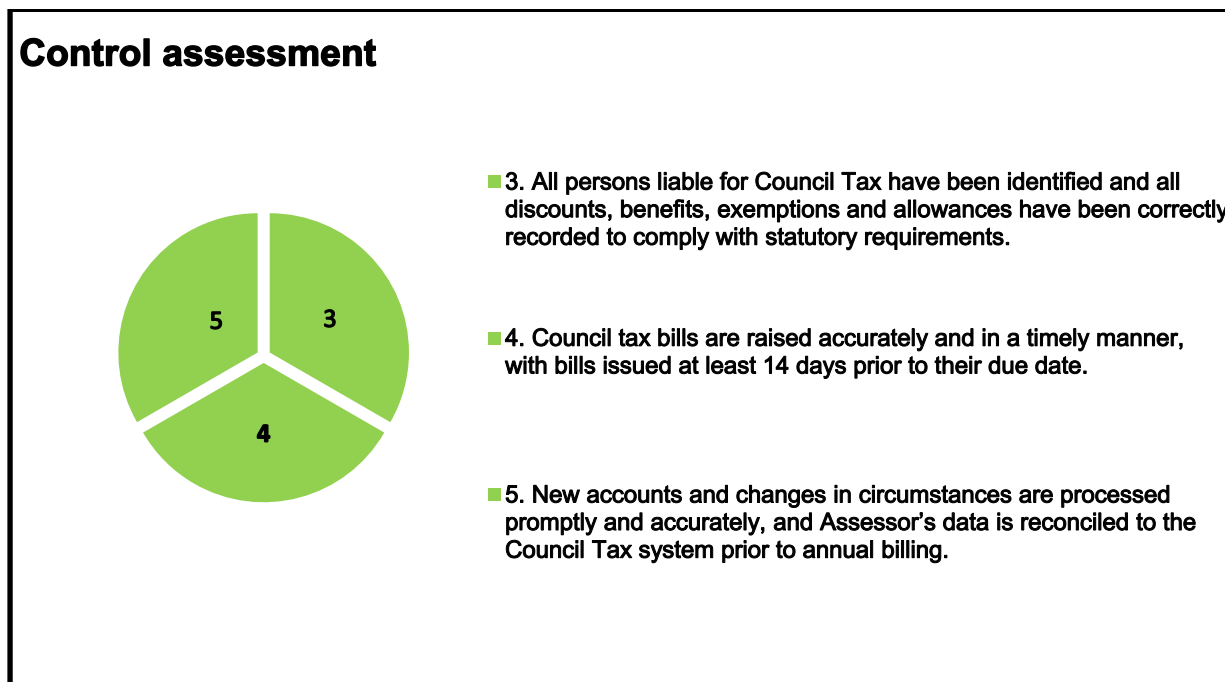
Overall assessment of Key Controls

1. The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

General

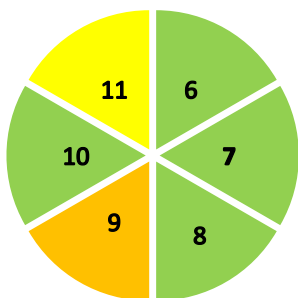


Liability & Billing



Collection & Monitoring

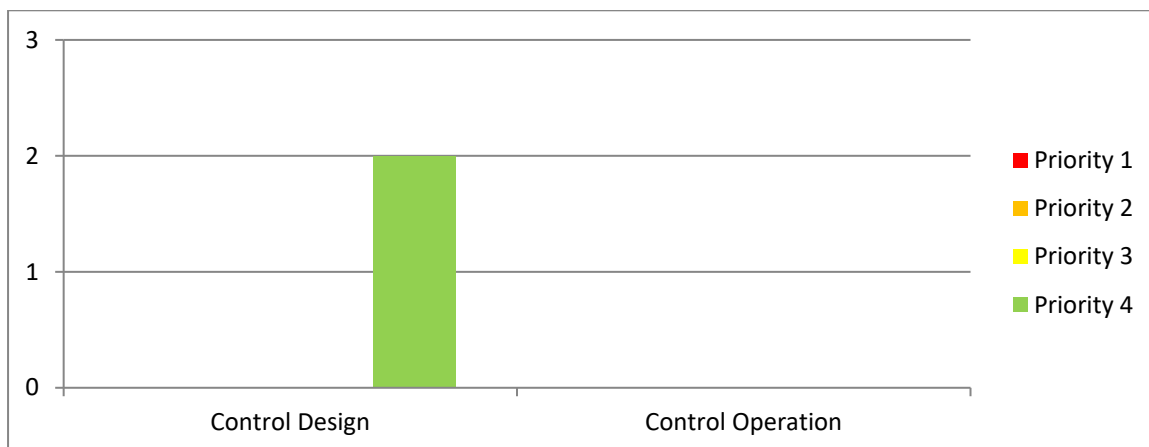
Control assessment



- 6. Payments are recorded correctly and timeously within the individual's account, with procedures in place to address returned/failed Direct Debit payments, and reconciliations carried out for all payments not matched correctly to a Council Tax Account.
- 7. Arrears are identified promptly, and procedures are in place to pursue outstanding debt.
- 8. All Council Tax write offs are valid and properly authorised.
- 9. Regular reconciliations of the Council Tax system, bank account and financial ledger are undertaken.
- 10. Systems are in place to regularly monitor and report on collection performance.
- 11. Procedures are in place to verify amounts due to be paid over to Scottish Water.

Audit Recommendations summarised by Type & Priority

Improvement Actions by type and priority



There are two priority 4 Design control recommendations in this report.

Key Findings

2. Good Practice:

We have identified the following areas of good practice:

- There are comprehensive procedures in place for all Council Tax processes
- In 2019/20 the collection rate of Council Tax was 97.4% with Angus Council Tax and Business Rates figures being one of the best in Scotland
- Staff have restrictions on access relating to their job role and their team, they also complete a staff interest form to disclose all close friends and relatives and any interest in a property (for business or as a landlord)
- Council Tax performance is constantly monitored with monthly reporting to the Revenues manager, quarterly reporting to the Head of Finance and annual reporting to committee. There are also Performance Indicators in the Pentana system.

Areas Identified for Improvement:

We have made two recommendations to address low risk exposure which are:

Level 4

- Users should complete the Council Tax Write Off form accurately to reflect the actual reason for the write-off. The Recovery and NDR Manager agreed to amend the form to enable this.
- Revenues should review the practice of using the Incomes/Sales Ledger Manager's username and password for Business Objects reports

Data Analysis/Continuous Auditing: Payroll and Accounts Payable

Internal Audit carries out interrogation of Payroll and Accounts Payable (Creditors) information as part of the Continuous Auditing Programme. We used the data analysis software, CaseWare IDEA (Interactive Data Extraction Analysis) and Microsoft BI to analyse the data extracted from the Council's systems.

Creditors/Accounts Payable

The level of assurance given as a result of testing payments registered and authorised by the same person, and checking for duplicate payments is **Comprehensive Assurance**.

Payments to suppliers for April to June 2021 have been analysed. There were 3 instances of an invoice being both registered and authorised by the same employee in April, and none in May and June. These instances have been investigated and satisfactory explanations obtained for 2 items. The third is awaiting further information and will be updated in the September report.

Payroll

The level of assurance given for the period April to June 2021 as a result of the testing on duplicate and missing NI numbers, duplicate bank account numbers, and high value payments is **Comprehensive Assurance**.

No concerns were raised regarding duplicate or missing NI numbers, duplicate bank account numbers or high value payments. Duplicate NI numbers found related to employees with more than one part-time job.

IJB Consultancy Review of charging process

Background

This review was undertaken by a member of the Angus Council Internal Audit team under the arrangement for us to support the IJB Internal Auditor, A Gaskin, from FTF Internal Audit Service. It was reported to the IJB audit committee on 23 June 2021 – Report IJB 34/21. The Executive Summary is included here as it relates to Council systems operated by Council and Angus Health & Social Care Partnership (AHCSPP) staff.

In his covering report to the IJB Audit Committee their Chief Finance Officer noted

“... .. the system is complex involving a range of departments within Angus Health & Social Care Partnership (AHSCPP) and Angus Council.

Management have been aware of some issues and inefficiencies and have an established multi-disciplinary Charging Group who review Charging issues and whose members have been consulted in the production of this report.

4. PROPOSALS

The audit report includes a number of recommendations and suggestions for improvement. The IJB, in conjunction with Angus Council, will now be required to progress these issues to ensure the observations of this report are translated into an operational improvement plan which allows progress with individual actions and recommendations to be monitored. This will include addressing any operational issues that the Internal Audit did not have time to explore fully and which should be further considered.

The Partnership's Charging Group has initially considered this report at its June meeting. Preliminary plans for developing an improvement plan have been considered and this matter will initially be taken forward in discussion with Angus Council.

While, due to its consultancy nature, this report does not present its finding in the usual audit format, it is recommended that output of this report is translated into 3 high-level actions to be monitored:-

- 1) Further review of the report output by Angus HSCP Charging Group and Angus Council.
- 2) Development of a resourced improvement plan with agreed timelines and leadership and support from Angus IJB and Angus Council.
- 3) Progression of the agreed Improvement Plan.

Progress with these 3 actions will be monitored through regular future updates to the Audit Committee.

Point 2 above, notes the need for any plan to be “resourced”. This may require commitment from both Angus IJB and Angus Council and will be an important aspect of any viable improvement plan.”

Context and Scope

The 2020/21 (IJB) Annual Internal Audit Plan (as amended December 2020) included a review of the charging processes in place to manage charging for Adult Social Care Services. It was agreed this would be a piece of consultancy work rather than an audit.

The scope was to review, document, and map the procedures in place to manage the charging processes with the aim to try and limit the level of bad debt, help service users manage payments more easily and to address potential inefficiencies highlighted by management.

Angus Council charges for a range of Adult Social Care Services, including residential care services, and raises invoices and collects income related to this.

Several departments within Angus Health & Social Care Partnership (AHSCP) and Angus Council are involved in this process. Management are aware of some issues and inefficiencies and have established the AHSCP Charging Group which includes staff and management from some of the teams involved in the charging process. It was through this group that management asked for this consultation to be done as some departments do not understand fully how their processes interact with others and there is no documented overview of the whole system. With a number of identified weaknesses there is an acknowledged need for an improvement exercise. In 2019/20 c£10m of charges were raised (75% residential, 25% non-residential). In December 2019, the IJB noted that a provision for £1m of cumulative irrecoverable debt would be made in the IJBs 2019/20 accounts.

Questions have been raised by AHSCP management about whether or not invoices are raised timeously, efficiently, correctly, and presented to the correct people, and around arrangements regarding Charge Orders. Beyond raising of charges there are known issues with the effectiveness of the income and debt recovery processes and bookkeeping.

Some elements of the system have been mapped and changes to processes considered. It was agreed at an Income Management Review meeting in 2020 that the overall system needed to be mapped and it was subsequently agreed in December 2020 this could form part of the Annual Internal Audit Plan.

The scope of this review is to document and report on the procedures in place to manage charging for Adult Social Care Services, with particular attention to the issues discussed at paragraph 5 above and with a view to setting out improvement actions. Key aims of this work were to assist in the development of systems to limit the level of bad debt and help service users manage payments more easily, providing both financial and non-financial benefits.

The work was carried out by Angus Council Internal Audit on behalf of FTF as part of the agreement of shared services. The work identifies the procedures in place to manage charging for services, from identification of the need to charge through to debt collection.

Angus IJB Internal Audit Service AN05-21 Charging For Services Process Page 3

Angus IJB sets out its vision for change and improvement in its strategic plan. The plan sets out four strategic priorities through which change and improvement are to be delivered. • Priority 1: Improving Health, Wellbeing, and Independence • Priority 2: Supporting Care

Needs at Home • Priority 3: Developing integrated and enhanced Primary Care and community responses • Priority 4: Improving integrated care pathways for priorities in care.

Below the strategic plan, the Angus Care Model and the Improvement and Change Programme encompass the majority of plans to effect change to deliver these priorities.

Review Findings

We interviewed a number of staff and mapped the processes involved in detail as well as identifying a significant number of questions and issues to be resolved including suggested changes to working practices. These are recorded in two separate documents:

- A process map of all elements of the AHSCP charging process, (Appendix 1 of full report)
- Observations and recommendations relating to the documented processes, including gaps in the process, (Appendix 2 of full report), and
- Observations and recommendations relating to issues identified that the review did not have sufficient time to explore fully and which should be further considered, (Appendix 2 of full report).
- As will be evident from the content of this report the processes under review are wide ranging and complex, reflecting this it has to be expected that some of the comments and observations may need to be refined during the implementation process.

The key findings and areas for action include:

- It is evident that there is a lack of clear accountability or ownership for some tasks/processes. In undertaking the suggested actions from this consultation, the aim should be to have clear ownership for all tasks and accountability for debt within each service.
- Following the current process correctly would reduce the accumulation of bad debts, although some are unavoidable due to the nature of the clientele.
- Some processes have stopped being used as services and support teams have evolved and these should be re-established, which will require training and communication between teams.
- Better management information is required and once this is established benchmarking across services should be undertaken to identify and share good practice.
- Debt Management reporting should be enhanced, shared and the system should be investigated so a means by which a statement can be produced for the Service User.

- Future service redesign work needs to make sure that the impact on internal controls is considered fully to ensure unintended consequences do not occur.
- We recommend that the issues in Appendix 2 (of the full report) are discussed by the Charging Group and a SMART action plan is agreed and implementation progress is monitored by the group. The terms of reference of the group may require updating to allow this.

Implementation of actions resulting from Internal Audit recommendations

Background

The summary report is presented below in accordance with the agreed reporting schedule.

Summary of Progress – Internal Audit

The figures presented in the tables below have been obtained after analysis of the audit actions recorded and monitored on the Pentana Performance system.

The information presented below reflects the position of the 52 actions overdue and in progress at 16 August 2021 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- There are no **overdue** actions.
- Table 1 identifies actions which would have been overdue but have had the **original completion date extended**.
- Table 2 details all other actions which are **currently in progress** (not yet reached due date).

**Internal Audit Actions in progress as at 16 August 2021
(due date extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure	2018/19	-	-	-	-	1	1
Communities	2018/19	-	1	-	-	-	1
Finance	2017/18	-	1	1	-	-	2
	2018/19	-	1	2	-	-	3
	2019/20	-	-	-	-	-	-
	2020/21	-	-	2	-	-	2
HR, DE, IT & Business Support	2019/20	2	9	4	1	-	16
	2020/21	-	-	-	-	-	-
Legal & Democratic	2019/20	-	1	-	-	-	1
SPT&PSR	2018/19	1	-	-	-	-	1
Grand Total		3	13	9	1	1	27

The 2017/18 priority 2 outstanding action is:

- Finance – Report 17-14. We will put in place authorisation limits for grant funding for inclusion in the Financial Regulations at its next review. Update - revised due date 31 August 2021, to align with timetable for completion of updated Financial Regulations – being reported to Council on 9 September 2021.

The 2018/19 overdue Priority 1 action is:

- SPT & PSR - Report 18-20 We will finalise and agree the SECAP and put appropriate monitoring procedures in place. Update - The SECAP and Action Plan is currently being completed and will be finalised once we have a response back from the Strategic Environmental Assessment (SEA) Scoping which is with the statutory bodies currently, the response for this is due on the 31st August. This will be reported to Council thereafter.

The 2018/19 priority 2 outstanding actions are:

- Communities – Report 18-14 Level 2. We will identify all current guidance, policies, and procedures relevant to the Environmental protection section and seek to rationalise the content. We will create a single point on the s-drive to store the related documents and ensure easy access. Revised due date 31 August 2021.
- Finance - Report 18-02 Level 2. We will produce corporate guidance for services in relation to inventory recording. Update - revised due date 31 August 2021, to align with timetable for completion of updated Financial Regulations - being reported to Council on 9 September 2021.

**Internal Audit Actions in Progress as at 16 August 2021
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure	2020/21	-	1	-	-	-	1
HR, Digital Enablement, IT & Business Support	2020/21	2	15	4	1	-	22
Finance	2020/21	-	-	-	2	-	2
Grand Total		2	16	4	3	-	25

Summary of Progress – Counter Fraud

Internal control actions resulting from counter fraud reviews are included in Pentana to allow them to be monitored more effectively. Counter Fraud recommendations are not assigned a priority.

Counter Fraud Actions in progress as at 16 August 2021

Directorate	Year review Carried Out	Total
HR, Digital Enablement, IT & Business Support	2019/20	3
Communities	2020/21	4
Grand Total		7

DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES

Level of Assurance definitions

Level of Assurance	Definition
Comprehensive Assurance	There is a sound control framework in place designed to achieve the system objectives, which should be effective in mitigating risks. Some improvements in a few, relatively minor, areas may be required, and any residual risk is either being accepted or addressed by management.
Substantial Assurance	The control framework in place is largely satisfactory, however there are a few areas where improvements could be made to current arrangements to reduce levels of risk, and/or there is some evidence that non-compliance with some controls may put some of the system objectives at risk.
Limited Assurance	Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk.
No Assurance	The control framework is ineffectively designed and operated. The issues identified require immediate attention to address the risks to the Council which are currently unacceptable. Significant improvements are required.

Control assessment definitions

Control Assessment	Definition
Red	Fundamental absence or failure of key control
Amber	Control objective not achieved – control is inadequate or ineffective
Yellow	Control objective achieved – no major weakness but scope for improvement
Green	Control objective achieved – control is adequate, effective & efficient

Recommendation Priority definitions

Priority	Definition
1	Recommendation concerning the absence/failure of fundamental control which is critical to the success of the system. Major weakness which significantly impairs the overall control framework. Immediate management action required. Very high risk exposure.
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. High risk exposure.
3	Recommendation concerning absence or non-compliance with lower level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened and the risks reduced if it were rectified. To be addressed by management within a reasonable timescale. Moderate risk exposure.
4	Recommendation concerning minor issue which is not critical, but implementation would improve the system and/or strengthen controls. To be addressed by management within a reasonable timescale. Limited risk exposure.