

Final Internal Audit Report

Temporary Employment

September 2019

Distribution: Executive Director of Resources (Final only)
 Director of Commissioning & Procurement
 Head of Commissioning and Procurement Place & Resources
 Agency Contract Manager

Assurance Level	Identified Issues	
Limited Assurance	Priority 1	3
	Priority 2	13
	Priority 3	0

Confidentiality and Disclosure Clause

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Executive Summary

1. Introduction

- 1.1 On 28th July 2016, the Council awarded a contract to Adecco Group UK as a master vendor managed service provider for temporary and agency staff for a period of four years under a call-off contract under the Eastern Shires Purchasing Organisation (ESPO) Managed Service for Temporary Accommodation resource 2 Framework Agreement. The estimated value of this contract was £80 million.
- 1.2 The terms under which Agency workers are employed are governed by the Agency Workers Regulations 2011, which gave rights to such workers dependent on the duration of their employment.
- 1.3 IR35 was originally introduced in 1999 as a means to combat tax avoidance through employees supplying services through an intermediary e.g. as a limited company, but would be an employee if the intermediary were not used. Responsibility for the correct deduction of tax rested with the employee, but the 2017 Finance Act has made public sector bodies responsible for determination of whether an individual is employed or not, and the correct deduction of tax. This will also apply to private sector organisations as from 2020.
- 1.4 The contract with Adecco Group UK commenced on 4th November 2016 and was for an initial term of three years, with an option to extend for a further 12 months.
- 1.5 The expenditure incurred by the Council on agency staff from April 2018 to April 2019 has been £34,170,882.65.
- 1.6 This audit was undertaken as part of the agreed Internal Audit Plan for 2018/19 and the objectives, methodology and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issues

It was identified for 13 (or 20%) of the IR35 Assessments examined that there was no contract or Statement of Works retained, (**Issue 4**).

Seven of the sample of 30 orders tested (for 32 assignments) were originally placed for more than the required policy maximum of 24 weeks. Furthermore, 26 of these continued for longer than the duration as specified in the original order for an average of an extra 27 weeks, (**Issue 6**).

Seven of the sample of 30 orders that were tested were not evidenced as appropriately authorised, (**Issue 7**).

Priority 2 Issues

Although it was confirmed that quarterly review meetings occurred, there was no record of these other than the presentations prepared by Adecco, (**Issue 1**).

The policies and procedures available on the intranet were not clear and were out of date, **(Issue 2)**.

The call off contract with Adecco refers to the Data Protection Act 1998, which is superseded by the Data Protection Act 2018 and the General Date Protection Regulation, **(Issue 3)**.

Although it is the responsibility of Adecco to confirm compliance with all regulatory requirements (including that of the Modern Slavery Act) of its own staff, and that of its supplier agencies, Adecco only reports on anomalies and therefore there is no proper record of compliance, **(Issue 5)**.

The estimated cost provided for one of the sample of 30 orders tested was significantly less than it should have been, **(Issue 8)**.

The position number was only stated on 10 of the sample of 30 orders tested, **(Issue 9)**.

Confirmation that business cases for the engagement of agency staff were prepared and approved in line with the 'Hiring and managing agency workers policy' was only provided in 2 of the sample of 30 orders sampled, **(Issue 10)**.

Only one candidate was put forward for selection for 11 of the sample of 30 orders tested, **(Issue 11)**.

Audit was informed that monthly challenge meetings occur between Directors and the Agency Contract Team to review the continued employment of those temporary staff employed by each service but that no minutes or other records are maintained for such meetings, **(Issue 12)**.

Examination of the monthly and quarterly reports identified that there is no reporting on whether assignments were being filled within the required timescales, **(Issue 13)**.

Audit was informed it is the responsibility of Adecco to complete checks on the suitability of staff employed by itself and through its supply chain to meet the needs of the Council, but that Adecco only reports on anomalies, and therefore there was no periodic reporting to confirm compliance **(Issue 14)**.

Although three of the sample of 30 orders raised since April 2018 examined specified that DBS clearance was required, the level of clearance specified did not seem appropriate for nature of the positions to be filled **(Issue 15)**.

Audit was informed once a hiring manager has selected a candidate, Adecco is notified and has 48 hours to obtain and confirm all the required proofs for the position, including any DBS clearances, but that such details were not shared with the Council. **(Issue 16)**.

3. Actions and Key Findings/Rationale

Control Area 1: Operational and Management Requirements		Detailed Finding/Rationale – Issue 1
Priority	Action Proposed by Management	<p>Schedule 2 of the Mstar2 call off contract for the use of agency staff details that, 'Adecco will establish and implement a tiered governance approach..' which consists of 'Executive Annual reviews', 'Bi-Annual Strategic Reviews' and 'Quarterly Service Delivery Reviews', as well as the 'weekly/daily ongoing BAU'.</p> <p>It was confirmed that quarterly service delivery review meetings occurred; however, other than the copies of the quarterly presentations prepared by Adecco for these meetings, no other records of these meetings, the discussions held and actions agreed, if any, were available.</p> <p>Where appropriate records of meetings, including the discussions held and actions agreed, if any, at these meetings are not retained, there is a lack of evidence of due diligence and a risk that any actions agreed are neglected.</p>
2	<p>This has been noted and moving forward minutes and actions of all contract meetings with Adecco will be taken and reported on.</p>	
Responsible officer	Deadline	
Head of Commissioning and Procurement Place and Resources	September 21 st 2019	

Control Area 1: Operational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
2	<p>The Temporary workers policy and the Hiring and managing agency workers policy will be updated in advance of entering into the final extension of the agency contract, to reflect any changes that may be required as a result of the updated SLA with Adecco.</p> <p>The policy will then be communicated widely, including taken to DLT's and made accessible on the intranet, and reviewed regularly.</p>	<p>The Council's Scheme of Financial Delegation, which sets out the financial limits for officers who have been granted delegated authority for specific financial functions and approvals details that, 'All recruitment must be carried out within approved budgets and according to the guidelines issued by Human Resources.'</p> <p>The guidelines issued by Human Resources are contained within the Staff Handbook, specifically in 'Chapter 5: Temporary workers policy and procedure' and, 'Chapter 9: Hiring and managing agency workers policy'. Examination of these found that:</p> <ul style="list-style-type: none"> - The 'Temporary workers policy and procedure' was implemented with effect from: October 2001 and other than an update in October 2014 to reflect a statutory change to 2 years for unfair dismissal, has not been subsequently updated. This document, which defines temporary workers as including 'individuals supplied/assigned by an external agency to undertake work for the Council' does not refer to the 'Hiring and managing agency workers policy' or Adecco. - The 'Hiring and managing agency workers policy' is dated June 2014 and other than an update in February 2016 to section 9.2 on training has not been subsequently updated. This policy does not refer to Adecco. - The 'Hiring and managing agency workers policy' refers to the raising of orders on C.Net; however, Beeline is the application used to raise agency orders. <p>Furthermore, although guidance on the use of Adecco system and employment of temporary staff is published on the Council's intranet, it was found that:</p> <ul style="list-style-type: none"> - Although the HR Handbook is referenced, it is via the information provided in the 'Adecco Service Agreement' link. - The 'Flowchart showing the process for hiring temporary staff' references a recruitment freeze until 31 March as well as extra gateways because of that, but does not specify which year.

		<ul style="list-style-type: none"> - The 'Updating Details' link provided is for making changes on the Comensura system, which is no longer in use. - The 'Adecco Service Agreement' link includes reference to P.C., who no longer works for the Council. <p>There is a risk that staff engage temporary staff / consultants in an inappropriate manner or that necessary records are not retained.</p>
	<p>Responsible officer</p> <p>Head of Commissioning and Procurement Place and Resources</p>	<p>Deadline</p> <p>November 6th 2019</p>

Control Area 1: Operational and Management Requirements

Priority		Action Proposed by Management	Detailed Finding/Rationale – Issue 3
2		<p>The request to update the contract to reflect the introduction of the DPA 2018 / GDPR has been made. The Council will follow up and ensure that this has been actioned.</p>	<p>The Mstar2 call off contract for the use of agency staff sets out the terms and conditions under which the engagement of temporary staff via Adecco is managed. Examination of the Mstar2 call off contract for the use of agency staff identified that the 'Definitions Section' details the requirements with regard to confidential information, but this only refers to the Data Protection Act (DPA) 1998 and not the later General Data Protection Regulation (GDPR) and the DPA 2018.</p> <p>There is a risk that personal data held by the service provider is not managed in accordance with current legislation.</p>
Responsible officer		Deadline	
Head of Commissioning and Procurement Place and Resources		September 21 st 2019	

Control Area 2: Legislative and Regulatory Compliance		Detailed Finding/Rationale – Issue 4
Priority	Action Proposed by Management	
1	The process for documenting the evidence required to support outside IR35 decisions will be reviewed to ensure appropriate compliance.	<p>Under the governments IR35 guidance, 'A worker is involved in off-payroll working when they work for a client through their own intermediary, often a personal service company (PSC), but would be an employee if they were providing their services directly'. The off-payroll working rules are in place to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and NICs as an employee.</p> <p>In order to assess whether consultants are subject to the requirements of IR35, an IR35 assessment tool is provided by HMRC; however, the guidance also details that, 'HMRC won't stand by results achieved through contrived arrangements designed to get a particular outcome from the service. This would be treated as evidence of deliberate non-compliance with associated higher penalties.'</p> <p>Examination of the documentation retained for the engagement of a sample of 13 consultants where an IR35 Assessment had been conducted (out of the 66 conducted), found that there no contract or Statement of Works retained to support the assertions made when completing the IR35 assessment tool.</p> <p>Where appropriate supporting documentation is not held to support the assertions made when conducting IR35 assessments, there is a risk that the Council will not be able to substantiate these should the results be challenged by HMRC.</p>
Responsible officer	Deadline	
Head of Commissioning and Procurement Place and Resources	October 4 th 2019	

Control Area 2: <u>Legislative and Regulatory Compliance</u>	
Priority	Action Proposed by Management
2	<p>The Council will ensure that Adecco reports on its Modern Slavery compliance as a standing item rather than by exception, to be included as a standard item within contract monitoring meetings.</p>
	<p>Detailed Finding/Rationale – Issue 5</p> <p>The Modern Slavery Act 2015 gave law enforcement the tools with which to fight modern slavery, and included a requirement for businesses to disclose each year what action they have taken to ensure there is no modern slavery in their business or supply chains.</p> <p>It was explained that it is the responsibility of Adecco to confirm compliance of its own staff and its supplier agencies with all regulatory requirements, including those of the Modern Slavery Act; however, Adecco only reports on anomalies / exceptions and there is no periodic reporting to confirm compliance.</p> <p>There is a risk that modern slavery may exist within the supply chain without the Council being aware.</p>
Responsible officer	Deadline
Head of Commissioning and Procurement Place and Resources	September 21 st 2019

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants	
Priority	Action Proposed by Management
1	<p>The Hiring and Managing Agency Workers policy will be updated in advance of entering into the final extension of the agency contract. The agreed controls on end date will then be enforced by the agency team and reported as part of the departmental agency challenge sessions.</p>
<p>Detailed Finding/Rationale – Issue 6</p> <p>The Hiring and Managing Agency Workers Policy details that, 'In light of the council's aim to reduce reliance on agency resourcing and maximise employment opportunities within the council all assignments must have an end date and all agency resourcing should not generally exceed beyond 24 weeks.'</p> <p>Seven of the assignments from the sample of 30 Beeline Orders (for 32 assignments) raised since April 2018 were originally placed for a period of more than 24 weeks.</p> <p>Furthermore, 26 (or 80%) of these assignments continued for longer than the duration specified in the original Beeline Order, with these being extended for an average of an extra 27 weeks, (ranging from 3.75 to 65 week extensions).</p> <p>There is a risk in that the Council is not reducing reliance on agency resourcing with the associated implications on cost. In addition it is not maximising employment stability and opportunities within the Council.</p>	
Responsible officer	Deadline
Head of Commissioning and Procurement Place and Resources	November 6 th 2019

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants					
Priority	Action Proposed by Management				
1	<p>The Hiring and Managing Agency Workers policy will be updated in advance of entering into the final extension of the agency contract. The agreed controls on authorising orders will then be enforced by the agency team.</p>				
	<p>Detailed Finding/Rationale – Issue 7</p> <p>The Hiring and managing agency workers policy details that, 'The agency resource can only be brought in when authorisation from the appropriate Head of Service or Director has been obtained' and that, 'Directors are responsible for authorising appropriate use of agency workers with a pay rate above £200 per day or of tenure over one year.'</p> <p>It was explained that a Beeline order created by a Hiring Manager is automatically routed to an assigned 'Supervisor' for approval. The supervisors are assigned by the Agency Contract Team during set up.</p> <p>Examination of the records for a sample of 30 Beeline orders raised since April 2018 found that:</p> <ul style="list-style-type: none"> • In two instances, where the cost per day exceeded £200, the orders had been approved by an Executive Support Officer. • In one instance, the same officer, who was not a director or head of service, both raised and approved the order. • In one instance the order was both raised and approved by an Adecco staff member. • In one instance the order was both raised and approved by the agency contract officer. • In two instances, the officer, who was not a director or head of service, approved the order. • In one instance the same officer both created and approved the order. <p>Where Beeline orders are not appropriately authorised, there is a risk of inappropriate orders incurring additional and unnecessary costs.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Head of Commissioning and Procurement Place and Resources</td> <td>November 6th 2019</td> </tr> </tbody> </table>	Responsible officer	Deadline	Head of Commissioning and Procurement Place and Resources	November 6 th 2019
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Head of Commissioning and Procurement Place and Resources	November 6 th 2019				

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants	
Priority	Action Proposed by Management
2	<p>The agency team will investigate improved functionality within the Beeline system to ensure that the correct commitments are calculated.</p>
	<p>Detailed Finding/Rationale – Issue 8</p> <p>The inclusion within the Beeline order of the estimated cost of the employment of a temporary worker helps to clarify the financial commitment and helps with budget management.</p> <p>It was found that, for one of the sample of 30 Beeline Orders raised since April 2018, the estimated cost stated on the order was significantly less than it should have been. This order included an estimated cost of £7,345.15, but was re-calculated as £14,919.84. It was explained that this was due to the estimated cost on the order being based on a period of 13 weeks (three months) and not the six months as per the order.</p> <p>There is a risk that incorrect commitments are incurred by the Council which may have an adverse impact on the Council's budget.</p>
	<p>Responsible officer</p> <p>Head of Commissioning and Procurement Place and Resources</p>
	<p>Deadline</p> <p>September 21st 2019</p>

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants	
Priority	Action Proposed by Management
2	<p>The agency team will investigate how to improve the inclusion of a position number in the Beeline Order. There are system and process deficiencies which is preventing this from happening to date.</p>
	<p>Detailed Finding/Rationale – Issue 9</p> <p>The hiring manager is required to include a position number in the Beeline Order when seeking to recruit a temporary employee to confirm that the individual is to fill an established and approved position.</p> <p>In only 10 of 30 Beeline Orders raised since April 2018 was a position number stated. It was explained by members of staff within the Agency Contract Team that there is an issue with Human Resources in the allocation of position numbers.</p> <p>There is a risk temporary staff are recruited to unapproved positions for which there may be no proper job description and proper need, or for which there may be no funding.</p>
Responsible officer	Deadline
Head of Commissioning and Procurement Place and Resources	September 21 st 2019

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants	
Priority	Action Proposed by Management
2	<p>The Hiring and Managing Agency Workers policy will be updated in advance of entering into the final extension of the agency contract.</p> <p>The Business Case requirement has been superseded by the Recruitment Control process. This will be reflected in the new policy.</p>
<p>Detailed Finding/Rationale – Issue 10</p> <p>The Hiring and managing agency workers policy details that,</p> <ol style="list-style-type: none"> 1. <u>A Business Case needs to be completed and sent to the relevant Executive Director for approval prior to raising an order on the MSP System.</u> 2. Once the Business Case has been signed off by the Executive Director, authorisation is still required from the relevant Head of Service before hiring an agency worker. This authorisation will happen systemically through the MSP's ordering portal, C.Net. 3. The hiring manager will then receive a further email indicating whether it has been authorised or not. 4. This process will not happen in the same way for some of the Social Care categories where there is a requirement for immediate assignments (ie. if required within 48 hours and/or in order to fulfil statutory obligations). In this case the Director can blanket authorise a financial commitment for specific job roles so statutory cover requirements will not be adversely affected. However if the assignment has a lead time of more than 48 hours, the process above will apply. <p>Examination of the documentation available for the sample of 30 Beeline Orders raised since April 2018 only confirmed that business cases had been prepared in 6 instances and only 2 of these were approved by an Executive Director, although a further two were approved by Directors. Although 9 of the orders related to Social Care staff, none of these was confirmed as being required within 48 hours.</p> <p>There is a risk that temporary staff are engaged when not genuinely required and that other options, such as the redeployment register have not been properly considered.</p>	
Responsible officer	Deadline
Head of Commissioning and Procurement Place and Resources	November 6 th 2019

Control Area 3: Sourcing and Engagement of Agency Staff and Consultants

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 11
2	To request for Beeline to have an attach doc facility whereby any emails can be stored to provide the evidence required that the best candidate has been sourced. Until this is in place, the agency team to store locally.	<p>Where it is identified there is a need for a temporary employee the circulation of the requirement to agencies by Adecco to identify all individuals who could fulfil the role will help to ensure the selection of the best available individual.</p> <p>Examination of the candidates available for a sample of 30 Beeline orders raised since April 2018 found that there was only one candidate identified in 11 instances. Eight of these instances related to where candidates had been pre-identified and, while this may be appropriate in some instances, the Council is unable to demonstrate that the best candidate has been obtained.</p>
<p>Responsible officer</p> <p>Head of Commissioning and Procurement Place and Resources</p>	<p>Deadline</p> <p>October 4th 2019</p>	<p>Where there is limited candidate choice, there is a risk that individuals are engaged who may not be the best available.</p>

Control Area 4: Staff Monitoring and Management Reporting		Detailed Finding/Rationale – Issue 12				
Priority	Action Proposed by Management					
2	Agency Challenge sessions to maintain minutes and records as standard practise.	The Hiring and managing agency workers policy details that, 'In all cases, SCPP will monitor duration of assignments and challenge as appropriate.' Audit was informed that monthly challenge meetings occur between Directors and the Agency Contract Team to review the continued employment of those temporary staff employed by each service but that no minutes or other records are maintained for such meetings. There is a risk issues are discussed and actions agreed, but in event of no record of such actions may not be implemented, and in addition, discussions may be duplicated.				
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Head of Commissioning and Procurement Place and Resources	October 4 th 2019					

Control Area 4: Staff Monitoring and Management Reporting					
Priority	Action Proposed by Management				
2	<p>These indicators will be introduced and reviewed through the contract monitoring sessions.</p>				
	<p>Detailed Finding/Rationale – Issue 13</p> <p>The Mstar2 call off contract for the use of agency staff schedule 6 requires the supplier to fill a temporary worker assignment within certain timescales as follows:</p> <ul style="list-style-type: none"> • Assignment to commence within four hours, post to be filled within 90 minutes; • Assignment to commence within 24 hours, post to be filled within four hours; • Assignment to commence within two to three days, post to be filled within 24 hours; and • Assignment to commence within four to seven days, post to be filled within 72 hours. <p>In the event a Hiring Manager is required to review CVs and / or interview, such timescales may be stipulated by the Hiring manager with a default of one week. There is a requirement that such timescales shall be achieved in 98% of standard assignments, and 90% of hard to fill assignments.</p> <p>Examination of the monthly and quarterly reports provided by Adecco identified that there is no reporting on the performance in filling of assignments within required timescales.</p> <p>There is a risk poor supplier performance may exist and is not identified as such, and hence may persist as the underlying causes are not addressed.</p>				
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Head of Commissioning and Procurement Place and Resources	October 4 th 2019				

Control Area 5: Skills, Qualifications and DBS Checks	
Priority	Action Proposed by Management
2	Adecco will be required to provide a quarterly detailed report on the suitability of staff checks.
	<p>Detailed Finding/Rationale – Issue 14</p> <p>The Mstar2 call off contract for the use of agency staff assigned responsibility to Adecco to complete checks on the suitability of staff employed by itself and through its supply chain to meet the needs of the Council.</p> <p>Audit was informed it is the responsibility of Adecco to confirm compliance of its own staff, and that of its supplier agencies, and only report on anomalies, and there is no periodic reporting to confirm whether this has been completed.</p> <p>There is a risk non-compliant practices may exist within the supply chain, which may result in embarrassment to the Council or in the worst case the engagement of inappropriate individuals.</p>
Responsible officer	Deadline
Head of Commissioning and Procurement Place and Resources	October 4 th 2019

Control Area 5: Skills, Qualifications and DBS Checks		Detailed Finding/Rationale – Issue 15
Priority	Action Proposed by Management	
2	The Hiring and Managing Agency Workers policy will be updated in advance of entering into the final extension of the agency contract, and will specify the DBS clearance requirements for roles.	<p>The Hiring Manager is required when raising a Beeline Order to confirm whether Disclosure Barring Service (DBS) clearance is required for the position, and the level of the DBS clearance i.e. standard or enhanced.</p> <p>In three of the sample of 30 Beeline orders raised since April 2018 examined the following was noted:</p> <ul style="list-style-type: none"> • Order A – Standard DBS required but as the post was for an Experienced Social Worker working with Hospital Discharges, it is considered that this should be an Enhanced DBS; • Order B – Enhanced DBS required for an OFSTED Improvement position, but in three other instances for similar posts only a Standard DBS was required; and • Order C – Enhanced DBS required for a Grounds Maintenance Supervisor which seems unreasonable for a position unlikely to have access to vulnerable clients. <p>There is a risk inappropriate persons are employed for working with vulnerable clients, or that excessive requirements may limit the potential candidates. Furthermore, it is an offence to insist on a DBS when not required.</p>
Responsible officer	Deadline	
Head of Commissioning and Procurement Place and Resources	November 6 th 2019	

Control Area 5: Skills, Qualifications and DBS Checks		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 16
2	The process for viewing DBS checks will be reviewed.	Where it is identified that a DBS clearance is required, obtaining sight of such clearance will help to ensure suitable individuals are selected for working with vulnerable clients. This is in line with the requirements of the Hiring and managing agency workers policy, which details that, 'Managers in social care have the responsibility of viewing/checking a required enhanced DBS check on the first day of assignment.'
	Responsible officer	Audit was informed once a Hiring Manager has selected a candidate, Adecco are notified and have 48 hours to obtain and confirm all the required proofs for the position, including any DBS clearances, but such details are not passed onto the Council.
	Head of Commissioning and Procurement Place and Resources	There is a risk inappropriate persons are employed for working with vulnerable clients.
	Deadline	
	October 4 th 2019	

TERMS OF REFERENCE

Temporary Employment

1. INTRODUCTION

- 1.1 On 28th July 2016 the Council awarded a contract to Adecco Group UK as a master vendor managed service provider for temporary and agency staff for a period of four years under a call-off contract under the Eastern Shires Purchasing Organisation (ESPO) Managed Service for Temporary Accommodation resource 2 Framework Agreement. The estimated value of this contract was £80 million.
- 1.2 The terms under which Agency workers are employed are governed by the Agency Workers Regulations 2011, which gave rights to such workers dependent on the duration of their employment.
- 1.3 IR35 was originally introduced in 1999 as a means to combat tax avoidance through employees supplying services through an intermediary e.g. as a limited company, but would be an employee if the intermediary were not used. Responsibility for the correct deduction of tax rested with the employee, but the 2017 Finance Act has made public sector bodies responsible for determination of whether an individual is employed or not, and the correct deduction of tax. This will apply to private sector organisations as from 2020.
- 1.4 The contract with Adecco Group UK commenced on 4th November 2016 and was for an initial term of three years, with an option to extend for a further 12 months.
- 1.5 The expenditure to date incurred by the Council on agency staff from April 2018 has been £34,170,882.65.
- 1.6 This audit is being undertaken as part of the agreed Internal Audit Plan for 2018/19.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls; and
 - Report on these accordingly.

3. SCOPE

- 3.1 The audit included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Organisational and management requirements.	0	3	0
Legislative and regulatory requirements.	1	1	0





Temporary Employment 2018/19

Sourcing and engagement of agency staff and consultants.	2	4	0
Staff monitoring and management reporting.	0	2	0
Skills, qualifications and DBS checks.	0	3	0
Payments including timesheets and expenses.	0	0	0
Risk register.	0	0	0
TOTAL	3	13	0

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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