



Internal Audit Report
Follow-up Review of Audit Recommendations
Issued: 30 August 2018
Final

Level of Assurance	N/A – Follow-up reviews are not rated.
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Executive Summary

1.0 Introduction

Internal Audit Reports include a section with management actions where recommendations are made to improve upon the existing internal controls and assist the Council achieve best value. These recommendations, following agreement with management, are endorsed by the Audit Committee and are then updated by Internal Audit to the Council's performance management system Pentana Performance with a target completion date set.

Management are responsible for acting on the recommendations by the agreed due date and when complete, closing the issue on Pentana. The Internal Audit plan includes a budget for two follow up reviews in relation to recommendations made. The first reviews management's reported performance in closing issues raised by Internal Audit by the agreed due date (reported in December of each year) while the second looks at a sample of recommendations flagged as closed by management and reviews for the adequacy of the actions taken against each issue. This report addresses the second area.

A sample of **59** audit recommendations were judgmentally selected from the Pentana system which were shown at the 'completed' status and evidence obtained to support the satisfactory completion of each recommendation sampled. This included **18** high priority recommendations, **40** medium priority recommendations, and **1** low priority recommendation.

A sample of recommendations from the following Internal Audits were selected for this review:

Audit Report	Number of Recommendations Included in Review	High Priority	Medium Priority	Low Priority
Arrears	15	4	11	0
Sundry Debt	10	2	8	0
Monitoring of External Care Homes	8	3	5	0
Health and Safety	13	8	5	0
Review of Utilisation of Assets Held Under PPP Contracts	10	1	9	0
Stores	3	0	2	1
Total	59	18	40	1

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2.0 Objectives of the Audit

The objective of this follow-up audit was to review a sample of recommendations that have been signed off as complete in 2017/18 to determine whether they had been implemented satisfactorily and thus give assurance over the ongoing improvement of internal control.

3.0 Conclusion

We have identified that the majority of audit actions have been completed satisfactorily. However, we have identified that some actions have not been adequately completed.

From the **59** recommendations tested, **52** (88%) were found to have been completed satisfactorily, and 7 (12%) were identified as requiring further work (full details of these can be found in **Appendix 1**).

As is standard Internal Audit practice, we have not rated this review since it is a follow-up of previously raised audit recommendations. We have however noted **7** recommendations where we have agreed with management that further improvements can be made.

Appendix 1 - This explains the **7** recommendations identified as not being fully completed.

Appendix 2 - This outlines the recommendations arising from this review with revised completion dates.

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Appendix 1 – Recommendations identified as requiring further work

No	Audit	Original Recommendation	Priority	Testing Results and Auditor's Comments
1	Arrears	Clear guidance should be agreed by senior management on how to escalate cases where an employee is refusing to come to an arrangement to repay their debt.	High	Although procedures are in place to identify debt and seek payment for new starts and staff identified through the staff debt data match exercise, there have been no memos to Heads of Service highlighting staff failing to engage in the process since September 2016 and thus no disciplinary action has been taken.
2	Sundry Debt	Invoices should refer to directorates as per the current Council structure and consideration should be given to providing a contact email address on invoices.	Medium	During the follow-up audit work it was identified that invoices were still being issued that referred to 'Corporate Resources' and 'Communities and Wellbeing', Directorates from Midlothian Council's previous corporate structure. As part of the 'Sales to Cash' project work, the layout of fields within the invoice will be reviewed.
3	Sundry Debt	A policy needs to be established, with appropriate guidance from Legal Services, to either refund credit balances or to write these off if the debtor in credit is not traceable.	Medium	The Sundry Debt audit report issued in May 2017 reported that the total balance for Sundry Debt accounts in credit in Integra was £118,378 for 1,518 invoices. £52,283 (604 invoices) related to pre 2012 invoices. As part of the 'Sales to Cash' project work, aged sundry debt credits and the Council's policies for this will be reviewed.
4	Monitoring of External Care Homes	Care home providers should be reminded that the monthly performance reports and accident / incident reports should be sent through the Council's secure email system (Egress).	High	Through discussion with relevant officers it was identified that there is still an issue with some providers and contacts in this area not using Egress.
5	Monitoring of External Care Homes	Monitoring of care homes should be undertaken to ensure they are complying with the new Social Work Model Complaints Handling Procedure.	Medium	Our review identified there was scope to further improve our monitoring in this area.

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No	Audit	Original Recommendation	Priority	Testing Results and Auditor's Comments
6	Monitoring of External Care Homes	Management should ensure adequate resource is in place to undertake periodic care plan reviews.	Medium	<p>Residents have a care plan in place with the Care Home. This would normally be reviewed at least 6 monthly by Care Home staff, but could be more frequent depending on the resident's needs.</p> <p>Social Work officers would normally carry out a review of the Care Plan held by the Care Home annually to ensure that the Care Plan is appropriate. It was identified during the audit (issued in November 2017) that there was a backlog of these requiring review. This follow-up review identified that there is still a backlog that needs to be addressed.</p>
7	Review of Utilisation of Assets Held Under PPP Contracts	The contractor should be requested to conduct an annual Customer Satisfaction Survey and report the outcome to the Council	Medium	A customer survey was completed for 2017 and a copy of this was received. A survey for 2018 needs to be requested from the contractor.

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Appendix 2 – Further recommendations arising from this review

No	Recommendation	Priority	Manager	Target Date
1	Where staff fail to engage with the staff debt process, the process of issuing memos to Heads of Service to enable disciplinary action to be progressed needs to be re-established.	Medium	Head of Customer and Housing Services	31/12/2018
2	Invoices should refer to directorates as per the current Council structure and consideration should be given to providing a contact email address on invoices.	Low	Operational Support Manager	31/03/2019
3	A policy needs to be established, with appropriate guidance from Legal Services, to either refund credit balances or to update records (write back on the balance) if the customer in credit is not traceable. The aged Sundry Debt credit balances held by the Council should be addressed once the policy is agreed.	Medium	Operational Support Manager	31/03/2019
4	A further reminder should be issued to Care Home Providers to ensure Egress is used when sharing sensitive information. This should continue to be monitored by staff to ensure Egress is used consistently.	Medium	Service Manager, Communities Midlothian Health and Social Care Partnership	31/12/2018
5	In order to get assurance that Care Home providers are complying with the Social Work Model Complaints Handling Procedure, management should implement 1 or more of the following: - annually obtaining a sample of suppliers' Complaints registers and conducting a desk based review; - adding more requirements for Complaints information to be included in the monthly monitoring report; and/or - carrying out a sample review of complaints during Quality Assurance audits.	Medium	Service Manager, Communities Midlothian Health and Social Care Partnership	31/12/2018

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No	Recommendation	Priority	Manager	Target Date
6	Management should address the backlog of Care Plans requiring review for Midlothian residents in Care Homes.	Medium	Service Manager, Communities Midlothian Health and Social Care Partnership	31/12/2018
7	The contractor should be requested to conduct an annual Customer Satisfaction Survey and report the outcome to management.	Medium	PPP Services Manager	31/12/2018

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Appendix 3 - Distribution List

- Members of the Audit Committee
- Grace Vickers, Chief Executive
- John Blair, Director, Resources
- Allister Short, Joint Director, Health and Social Care
- Mary Smith, Director, Education, Communities and Economy
- Gary Fairley, Head of Finance and Integrated Service Support
- Morag Barrow, Head of Primary Care and Older People's Services
- Garry Sheret, Head of Property and Facilities Management
- Kevin Anderson, Head of Customer and Housing Services
- Elizabeth McDonald, HR Business Partner
- Iain Johnston, Procurement Manager
- Jacqui Dougall, Business Services Manager
- Kathleen Leddy, Operational Support Manager
- Chris Lawson, Risk Manager
- Anthea Fraser, Service Manager, Communities Midlothian Health and Social Care Partnership
- Steven Small, PPP Services Manager
- EY, External Audit

Audit Team

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