

Internal Audit Report

HR – Agency Staff review

July 2021

To: Assistant Director – HR and OD
Assistant Director - Investment & Innovation

Copied to: Director of Finance
Procurement Business Partner, CSG
Senior HR Business Partner
Commercial Performance and Development Manager
Business Manager, Matrix
Business Partner Corporate, Commissioning & Estates, Procurement Team, CSG
Procurement Manager, Capita
HR Business Partner

From: Head of Internal Audit

We would like to thank management and staff of Barnet Council, CSG and Matrix for their time and co-operation during the internal audit.

Executive Summary

Assurance level	Number of recommendations by risk category				
Limited	Critical	High	Medium	Low	Advisory
	-	2	2	3	-
Scope					
<p>This review looked at the administration and operation of the temporary labour agency contract and the process for requesting agency staff.</p> <p>A ‘temporary and interim workforce’ internal audit review conducted in May 2018 provided no assurance over the administration and operation of the temporary labour agency contract and the process for requesting agency staff. At the time of the May 2018 audit the contract was held with Comensura for the provision of all of the Council’s temporary and interim staff. This contract terminated on 30 September 2018 and was not renewed, and a new agency staff contract with Matrix, commenced on 1 October 2018. Matrix are a neutral vendor managing a supply chain of agencies to fill temporary and interim vacancies. Matrix contract manages the relationships with the agencies in its supply chain as well as providing quality assurance over their compliance with core requirements around the vetting and screening of agency staff.</p> <p>To support the management of the agency staff contract, a RACI (‘Responsible – Accountable – Consulted – Informed’) matrix was established between the Council’s HR and CSG Procurement in September 2018, and a working group attended by a designated contact within each Council directorate has continued to operate to monitor the performance of the contract.</p> <p>As part of this review, we looked at:</p> <ul style="list-style-type: none"> • Contract Monitoring • Agency staff request process • Access to the Matrix CR Net system. 					
Summary of findings					
<p>We have identified a number of findings which can ultimately be attributed, at least in part, to the lack of awareness and clarity around responsibilities and accountability. The Council operates a self-serve model, whereby all service users are encouraged and expected to take responsibility for their use of the service, including, but not limited to, seeking out policy and procedure guides and compliance to those policies. It was noted that the policies relating to agency staff, along with the supporting RACI matrix, require updating to reflect the Council’s changing needs and working practices since implementation of the contract. We have found that responsibilities are not widely understood by service users and that each service area holds a different view on where responsibility for key processes actually lies; therefore, it is important for the Council to re-establish appropriate internal roles and responsibilities. In addition, we have found issues relating to system access, which could permit the execution and concealment of fraudulent activity and weak user access review processes.</p> <p>This audit has identified 2 high, 2 medium and 3 low priority findings.</p>					

We identified the following issues as part of the audit:

- **Roles and Responsibilities (high risk)** – Internal roles have not been updated to adequately reflect current working practices, and responsibilities are not widely understood throughout the Council. Subsequently key contract management processes have not been performed and ultimately there has been no accountability for not understanding responsibilities. A RACI matrix (‘Responsible – Accountable – Consulted – Informed’) was established in 2018 following the recommendations from the previous Agency Staff audit report; however, the matrix had not been updated or widely shared since. The RACI matrix directly contradicted responsibilities detailed on the Agency Workers Guidance document.
- **Matrix New Starters (high risk)** – New agency staff are required to complete a series of pre-employment checks before commencing employment with the Council (e.g. Right to Work, DBS check, etc). Our sample testing showed that 4/10 (40%) new agency workers pre-employment checks were not completed prior to the first day of employment. Furthermore, the Agency Workers Guidance v1.1 policy (June 2019) requires all new agency starters have Council Management Team (CMT) member approval prior to being set up on Matrix and evidence must be retained for audit purposes, however our sample testing found that 5/8 (63%) could not evidence CMT approval at the time of this review. We understand that the current documented policy, which states this requirement, is being revisited.
- **Awareness of Policies (medium risk)** – Policies and guidance documents are widely shared with Council staff via the intranet, however, we found through discussions with management that there was a general lack of awareness of policy or procedure documents. Whilst policies are available to all staff through the intranet, there is no accountability for not following policy. The lack of awareness also extended to the RACI matrix (refer to finding 1), however, unlike the RACI matrix, policies have been maintained and made available to service users. Our sample testing found, for example, that 3/10 (30%) of placements exceeded the prescribed 12-week maximum placement period, with initial placements between 13-18 weeks. Whilst this maximum placement period is clearly stated in the policy, it is not actively monitored and therefore not consistently adhered to.
- **Length of Service (medium risk)** – Per the January 2021 Operations Management Information (MI) pack, 130/428 (30%) of agency worker placements exceed one year, however there is no evidence that supports the justification of having agency staff placements for extended periods of time and no evidence of value for money considerations. It is understood that discussions are held during contract meetings, and in certain scenarios (such as long term projects requiring a specialist’s involvement) that long term placements are considered acceptable, however neither discussions nor exceptional circumstances are documented.
- **Management Information (low risk)** – We reviewed the Operational MI pack for January 2021 and noted a number of inconsistencies and inaccuracies within the pack. For example, the report initially notes 444 active placements, but later details only 428 placements. Additionally, visual representations of data, such as doughnut charts, were found to be inconsistent with the details later in the report (e.g. misrepresenting the Duration of Active Placements percentages). If Management are presented with inaccurate or unreliable data, there is an increased risk that Management will not be able to take appropriate or timely action to address issues as they occur.
- **Segregation of Duties (low risk)** – Super user access rights allow a user to raise and self-approve the same orders. There is no control that mandates segregation of duties when approving orders for new agency staff. In addition, we found an example of one member of staff who was granted multiple Matrix accounts. If users have conflicting or unauthorised access to Matrix, then there is an increased risk of errors and inappropriate or fraudulent activity. Without appropriate authorisation and checks in place to monitor user access changes, users may have the ability to view and change data within Matrix or approve orders created by themselves. Furthermore, if users have access to multiple accounts, they may be in a position to both execute and conceal errors or fraudulent activity. However, this finding is rated as low risk as through our audit work, we understand that there are only three staff members with super user access rights and in addition, a Matrix staff member is required to authorise all pre-employment checks for new agency staff members.
- **Removal of Leavers from Matrix (low risk)** – Council leavers do not have their access actively removed from the Matrix system upon their departure date. Instead, a monthly control operates to remove inactive Matrix users who have not logged in for over 12 months. The timely removal of leavers is essential to ensure that former staff have their access rights revoked promptly after their departure date to mitigate the risk of inappropriate access. If access removal is

based on the last login date, there is the potential for a leaver to remain on the system indefinitely provided they log into the system periodically. If leavers are not removed in a timely manner then they may continue to have access to privileged functions in Matrix, such as approving timesheets.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed actions
1.	<p><u>Roles and Responsibilities</u></p> <p>Internal roles have not been updated to adequately reflect current working practices, and responsibilities are not widely understood throughout the Council. Subsequently key contract management processes have not been performed and ultimately there has been no accountability for not understanding responsibilities. For example, we found issues with the New Starter pre-employment checks (refer to finding 2), length of service scrutiny (refer to finding 4) and Management Information (refer to finding 5) which can all be ultimately attributed to a lack of awareness of responsibilities and a lack of accountability.</p> <p>A RACI ('Responsible – Accountable – Consulted – Informed') matrix was established between the Council's HR and CSG Procurement on 27 September 2018 and was to be used to define responsibilities and accountability. However, the RACI matrix has not been updated since 2018 and, at the time of the audit, was out of date; for example, the RACI matrix refers to Capita HR and Capita Finance instead of LBB HR and LBB Finance. It is understood that the RACI matrix has since been updated.</p> <p>Furthermore, the 2018 RACI and the 'Agency Workers Guidance v1.1' (Guidance) document created in June 2019 contradict each other in terms of defined accountability: for example, the RACI states that Capita HR are responsible for quality assurance of the pre-employment checks, whereas the Guidance document states that the Recruiting Manager is responsible for ensuring the checks are valid and in line with Council requirements.</p> <p>A copy of the RACI matrix is held within the HR Service folder on the Commercial Drive, which is available to wider</p>	<p>If roles and responsibilities are not appropriately identified, articulated or understood by the appropriate individuals, then there is potential for inefficient or ineffective practices to occur, or for certain actions or decisions not taken in a timely fashion.</p> <p>If the Council inappropriately fills positions with agency staff or staff that have not been appropriately vetted, then there is potential for the Council not to achieve value for money and be open to safeguarding or other operational issues.</p>	<p>High</p>	<p>a) The RACI will be reviewed and updated, in line with the policy & procedure documentation (refer to finding 2), to ensure appropriate roles are detailed.</p> <p>b) A review schedule will be created to ensure that the RACI is maintained and updated periodically (e.g. annually, or in line with relevant policy review or changes).</p> <p>c) The updated RACI matrix will be communicated to all current recruitment managers.</p> <p>d) The latest version of the RACI will be made available to all relevant individuals and teams via the intranet.</p> <p>Responsible officer: Commercial Performance & Development Manager</p> <p>Target date: 30 September 2021</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>Commercial and Performance teams. However, we identified through discussions held with management that general awareness of the RACI matrix was poor. When asked, responses indicated that, at best, certain service users were aware that a RACI matrix was being developed in 2018 or, at worst, were not aware of the RACI matrix at all.</p>			
2.	<p><u>Matrix New Starters</u></p> <p>New agency staff are required to complete a series of pre-employment checks before commencing employment with the Council. These checks ensure that workers have appropriate right to work (such as an official Right to Work, DBS check if required) before starting work with the Council.</p> <p>We tested a sample of 10 new agency workers that joined the Council between 01/04/2020 and 28/02/2021 and noted the following:</p> <ul style="list-style-type: none"> - For 4/10 (40%) new agency starters the pre-employment checks, including general DBS clearance, for the worker were not completed prior to the first day of employment. It was noted that all pre-employment checks were completed subsequently; - For 1/10 (10%) new agency starter the Matrix worker did not have a valid (general) DBS clearance for the first 3 days of their employment; - For 3/10 (30%) new agency starters the Matrix placement was created retrospectively after the agency worker started employment; and - For 5/8 (63%) new agency starters the Council Management Team (CMT) member approval could not be evidenced at the time of the audit. 	<p>If agency workers commence employment with the Council before their right to work has been verified (including relevant safeguarding checks such as criminal convictions and DBS checks) then there is an increased risk of inappropriate/invalid hiring of staff, which could place the Council and its service users at risk.</p> <p>If agency workers are set up on Matrix without the appropriate approval, then there is an increased risk of inappropriate and unauthorised hiring of agency staff.</p> <p>If responsibilities are not understood or enforced, then there is an increased potential for processes to be performed inefficiently or not to be performed at all.</p>	<p>High</p>	<ul style="list-style-type: none"> a) Pre-employment checks will be reviewed, prior to an agency worker starting work, to ensure that they are complete, valid and in line with Council requirements by an appropriate individual as documented in the updated RACI matrix/policy documents (e.g. the Recruiting Manager). b) Matrix will provide LBB contract managers with appropriate reports detailing the results of the pre-employment checks performed in order for LBB to monitor compliance as part of the contract management meetings. c) The policy defining approval requirements and expectations will be reviewed and updated to reflect appropriate current working practices, including reinforcing audit trail responsibilities, which will be in line with the revised RACI matrix. <p>Responsible officers:</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>It is noted that for the remaining 2 new starters that CMT approval was not evidenced however, whilst these new starters were set up on Matrix, they did not take up the position. Per the current documented policy, placements should have CMT approval prior to set up. In these specific instances it is acknowledged that the individuals did not start work as they declined the placements; however, the risk remains.</p> <p>The operating effectiveness deficiency raised here can be linked to the control design deficiency in finding 1. Through discussions with management, we identified that the responsibility for ensuring that the pre-employment checks are complete, valid and in line with Council requirements is not widely understood, as such pre-employment checks have not been consistently performed and appropriate individuals have not been held accountable.</p> <p>It was also noted during fieldwork that the current documented policy, which requires CMT approval prior to new agency staff being recruited, is being revisited.</p>			<p>a & b) Business Manager (Matrix) c) Senior HR Business Partner</p> <p>Target date: 31 July 2021</p>
3.	<p><u>Awareness of Policies</u></p> <p>Policies and procedure guidance are shared via the Council's intranet and, in line with the Council's self-serve culture, service managers are expected to seek out such policies and procedure guides as needed. However, there was a general lack of awareness of policies and procedure guides, outside of the Matrix user guide, which is sign-posted through the Matrix system.</p> <p>It is the responsibility of the service managers to be aware of the policies that are available through the intranet, however there is little-to-no monitoring taking place to ensure compliance. Whilst the policy is available to staff, there is no accountability for not following it. For example, placement</p>	<p>If policies are not followed by service users then there is a greater risk of inconsistent, ineffective or inefficient practices occurring, which may lead to employees acting outside of the Council's risk tolerance.</p>	Medium	<p>a) The policy will be reviewed in line with the RACI matrix and updated where necessary.</p> <p>b) We will communicate to all service users the expectations of them as recruitment managers, and this will make specific reference to ensure that familiarity with all relevant policies and procedures remains the responsibility of the recruitment manager.</p> <p>c) A link to the policies and procedures held on the Council's</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>periods; per the "Agency Workers Guidance v1.1" document, assignments must be created for a maximum of 12 weeks. Our detailed testing found that 3/10 (30%) had placement periods between 13-18 weeks.</p>			<p>intranet will be made available through the Matrix system.</p> <p>d) Matrix will also investigate options to prompt new users of the service to refer to the appropriate policies (e.g. via the welcome email or equivalent)</p> <p>e) Matrix will review the system settings to ensure that 12-week placement periods are systematically enforced.</p> <p>Responsible officers: a & b) Senior HR Business Partner c, d & e) Business Manager (Matrix)</p> <p>Target date: 31 July 2021</p>
4.	<p><u>Length of service</u></p> <p>Per the January Operations MI pack, 130/428 (30%) placements' length of service exceed 1 year. 43 workers (10%) are noted in the 2-3-year 'bucket'. There is no 3+ years bucket reported; there is therefore potential for anyone over 3 years not being captured in the MI pack.</p> <p>Whilst numbers are reported within the MI pack in detail, there is no rationale to evidence the justification for having agency staff placements for extended periods of time. At the time of the audit, there were no maximum placement periods defined to monitor appropriate length of service for agency workers.</p>	<p>If length of service is not routinely reviewed, with exceptions and outcomes of discussions held then it is possible that the Council is not getting value for money from long term agency placements rather than hiring permanent or fixed term staff directly.</p>	Medium	<p>a) We will ensure that conversations held in relation to appropriate length of service are reflected via length of service MI as a standing reporting requirement for all contract meetings.</p> <p>b) We will update the appropriate policies and RACI matrix to emphasise the responsibilities of recruitment managers to ensure that length of service greater than 12 weeks is appropriately scrutinised and justified, including</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>Whilst management have informed us that discussions regarding length of service are held during contract meetings between the Procurement Business Partner and recruitment/service managers, and that certain roles are understood and expected to be long term placements (such as specialists on long term projects), neither discussions nor exceptions are currently documented.</p>			<p>considerations for workers' rights and value for money.</p> <p>Responsible officers:</p> <p>a) Procurement Business Partner b) Senior HR Business Partner</p> <p>Target date: 31 July 2021</p>
5.	<p><u>Management Information</u></p> <p>The current process for reporting issues to Matrix is for issues raised by the Council to be highlighted to the Procurement Business Partner in the first instance. Where required, issues will then be escalated to Matrix, either during contract meetings in which the Matrix Business Manager is present or raised directly via email to the Matrix Business Manager.</p> <p>The Operational Management Information (MI) pack details placements by period, however the report is inconsistent and inaccurate. For example, on page 1 of the QBR-Operations-1-21-2021 report, dated 21st January 2021, it states that there are 444 active placements. However, the detailed graph on page 12 shows a total of 428 placements. Subsequent investigation by Matrix identified that the graph on page 12 was incomplete due to a formatting issue. It was stated that the contract meetings rely on a live version of the tool, which feeds into the MI pack rather than the extracted version contained within the report, and therefore discussions are based on accurate and complete information. However, those not present in the meeting, or wishing to review the data following the meeting, would need to rely on the accuracy and completeness of the report.</p> <p>The Duration of Active Placements doughnut graph on page 11 is also unclear due to the presentation, which does not</p>	<p>If the data presented within the formal MI pack is inaccurate, incomplete or incoherent then the Council may not be able to act in an appropriate or timely manner to address issues.</p>	Low	<p>a) Matrix will continue to review the MI packs for inconsistencies prior to sharing with the Council.</p> <p>b) The Council will scrutinise MI data and raise any discrepancies with Matrix to be investigated and rectified.</p> <p>Responsible officer:</p> <p>a) Business Manager (Matrix) b) Procurement Business Partner, CSG</p> <p>Target date: 31 July 2021</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>order the length of service periods in any meaningful way. It is therefore difficult to comprehend, undermining the purpose of the visual representation of the data. Furthermore, the doughnut chart totals only 99%.</p> <p>Management confirmed that checks are already being undertaken; however, as issues were identified during the fieldwork these have been raised as part of this report.</p>			
6.	<p><u>Segregation of Duties</u></p> <p>A segregation of duties conflict is a situation in which a user can perform conflicting activities within a system. This can result in users being in a position to both execute and conceal errors or fraud in the normal course of their duties.</p> <p>From our discussions with management we understand that super user access rights allow for the ability to approve orders (for the procurement of agency staff) that were also created by that user. There is no control that mandates segregation of duties when approving orders for new agency staff. In addition, we understand that it is possible for members of staff to have access to multiple accounts and have seen during our fieldwork that one member of the Barnet HR department had multiple Matrix accounts.</p> <p>However, we have seen that only three users have “super user” level access to the Matrix system and in addition, input from a Matrix employee is required to set up all new agency staff in the system.</p>	<p>If users have conflicting or unauthorised access to Matrix, then there is an increased risk of errors and inappropriate or fraudulent activity. Without appropriate authorisation and checks in place to monitor user access changes, users may have the ability to view and change data within Matrix or approve orders created by themselves.</p> <p>If users have access to multiple accounts, then they may have the ability to both execute and conceal errors or fraudulent activity or circumvent segregation of duty.</p>	Low	<p>a) User access will be reviewed and, system changes will be applied to prevent or monitor self-approval.</p> <p>b) Periodic approval processes reports (e.g. monthly) will be provided by Matrix and reviewed by an appropriate individual (e.g. Procurement Business Partner)</p> <p>Responsible officer: Business Manager (Matrix)</p> <p>Target date: 31 July 2021</p>
7.	<p><u>Removal of Leavers from Matrix</u></p> <p>The timely removal of leavers is essential to ensure that staff that have left the Council have their access rights revoked promptly after their departure date to mitigate the risk of inappropriate access. This ensures that workers do not have</p>	<p>If staff who have left employment with the Council are not removed from Matrix in a timely manner, then they may continue to have access to privileged functions in</p>	Low	<p>As part of the ongoing Starters, Leavers and Movers (SLaM) project that is currently underway at the Council, we will review the frequency of this process and will look to remove Council leavers on a more timely</p>

Ref	Finding	Risks	Risk category	Agreed actions
	<p>access to operations such as the approval of timesheets after they have left employment.</p> <p>The risk of having agency staff users who have left remaining on the Matrix system is negligible as their ability to submit timesheets is removed (automatically by the system) when their placement ends.</p> <p>We understand that Council leavers do not have their access actively removed from the Matrix system after their departure date. There is a monthly control operating to remove inactive Matrix users whereby a listing of active users is produced and users who haven't logged in for over a year are flagged to the relevant service manager to check if they are still an active Council employee. If they are found to have left employment, they will have their access to Matrix removed. This control only removes users who have not logged into Matrix (a web-based application) for over a year meaning that the user may remain active on Matrix for a substantial period of time after their leave date.</p>	<p>Matrix such as approving timesheets.</p>		<p>basis following the end of their employment with the Council.</p> <p>Responsible officer: Assistant Director – HR and OD</p> <p>Target date: 31 July 2021</p>

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Risk rating	
Critical ●	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (e.g. mass strike actions); or Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High ●	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium ●	<p>A finding that could cause:</p> <ul style="list-style-type: none"> Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low ●	<p>A finding that could cause:</p> <ul style="list-style-type: none"> Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or Minor impact on the reputation of the organisation; or Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or Handled within normal day to day routines; or Minimal financial loss, minimal effect on project budget/cost.
Level of assurance	
Substantial ●	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</p>
Reasonable ●	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
Limited ●	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
No ●	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>

Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Total
	D	OE	D	OE	D	OE	D	OE	
Contract Management	-	-	1	-	1	1	-	1	4
Agency staff request process	-	-	-	1	-	-	-	-	1
Access to the Matrix CR Net System	-	-	-	-	-	-	2	-	2
Total	-	-	1	1	1	1	2	1	7

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area.

Timetable					
Terms of reference agreed: 8 th March 2021	Fieldwork commenced: 12 th March 2021	Fieldwork completed: 7 th May 2021	Draft report issued: 9 th June 2021	Management comments received: 14 th June 2021	Final report issued: 27 th July 2021

Appendix 3 – Identified controls

Area	Objectives	Risks	Identified Controls
Contract monitoring	<p>Contract monitoring is sufficiently robust to allow the Council to assess whether quality assurance processes are in place to ensure that:</p> <ul style="list-style-type: none"> • Agency staff numbers and costs are accurately reported by Matrix; • Length of service of agency staff can be assessed using the information provided by Matrix; and • All agency staff are subject to the relevant vetting for their post (including the required level of Disclosure and Barring Service (DBS) checks). 	<ul style="list-style-type: none"> • If contract monitoring processes are not clear, with defined performance indicators and embedded quality assurance, then the Council may not provide appropriate challenge and Matrix may not meet the standards for the system set out in the contract. • If the Council does not have an overview of the length of service of agency staff, there is a risk of financial loss to the Council where a permanent post would be more appropriate, or where agency staff gain additional employment rights through length of service. • If agency staff are not subject to the relevant vetting for their post, there is a risk that inappropriate appointments will be made, leading to financial loss, increased safeguarding risks and/or reputational damage for the Council. 	<ul style="list-style-type: none"> • Roles & responsibilities are set out in the RACI matrix. See finding 1. • Policy and process documents are maintained and shared via the Council's intranet. See finding 3. • Cost rate are predetermined within the contract held with Matrix and automatically applied based on appointed role. • Weekly timesheets are submitted by workers, and reviewed and approved by service managers. • Budget holders are responsible for monitoring costs occurred and raising any discrepancies with Matrix. • Monthly Operational and Financial MI packs are provided by Matrix to Procurement for review. See findings 4 & 5. • Matrix are responsible for performing and providing evidence of vetting via the Matrix system.
Agency staff request process	<p>A process is in place which allows service areas to request agency staff to meet business needs. This process is timely, access to it is restricted to appropriate users, it incorporates appropriate sign-off of requests by members of the</p>	<ul style="list-style-type: none"> • If access is not appropriately restricted and requests for agency staff are made or authorised by people who do not have authority over the relevant budget/cost code, unanticipated costs may be incurred, leading to financial loss for the Council. • If the process for requesting agency staff is not easy to use and time efficient, business need 	<ul style="list-style-type: none"> • Services areas obtain CMT member approval for a placement. • Orders are logged onto Matrix by the Recruitment Manager and approved by HR before being 'live' on the system. See finding 6. • HR/Recruitment Managers are responsible for confirming the pre-

Area	Objectives	Risks	Identified Controls
	<p>service area with the required delegated authority and it is easy to use.</p>	<p>resulting from vacancies may not be met and service quality may suffer.</p> <ul style="list-style-type: none"> • If officers circumvent the process and recruit temporary staff through other means as vacancies cannot be filled easily using Matrix or they are offered cheaper rates from other suppliers, this may reduce the value for money offered by the Matrix contract. • If billing is not timely, delivery units may not be able to accurately record and report costs relating to agency staff and will not be able to accurately forecast their budgets. 	<p>employment vetting is appropriate prior to placement. See finding 2.</p> <ul style="list-style-type: none"> • New users are set up on the Matrix system with user access based on role.
<p>Access to the Matrix CR Net System</p>	<ul style="list-style-type: none"> • Access to information held within the application is managed and restricted to authorised individuals only. • The number of high-risk users is kept to a minimum and their activities are periodically reviewed and monitored. • Levels of overtime and submission of timesheets are monitored by the relevant managers within the agency staff system. 	<p>If access is not:</p> <ul style="list-style-type: none"> • Validated prior to granting staff permission to view and make inappropriate changes to the data; • Granted in line with the approved security policy and procedures; • Granted only after appropriate checks have been performed; • Commensurate with their job role and/or no longer required to perform their job role; or • Promptly removed when user access is no longer required, <p>then individuals may gain access to unauthorised and/or sensitive information.</p> <ul style="list-style-type: none"> • If there is unsuitable monitoring of timesheet submission and levels of overtime within the agency staff system, unanticipated costs may be incurred, leading to financial loss for the Council. 	<ul style="list-style-type: none"> • Hiring managers will create an order for a new agency worker to be hired that will need to be approved by a member of HR. See finding 2. • Matrix will carry out pre-employment checks to certify that the agency worker has the correct documentation/accreditations to commence employment in their role. See finding 2. • The ability to submit timesheets is removed (automatically by the system) when an agency staff placement ends. • There is a monthly review of inactive users performed. A listing of active users is run and the users who haven't logged in for over a year will be raised to the relevant service manager to check if they are an active employee. Inactive employees will be removed from the system by Matrix. See Finding 7.

Area	Objectives	Risks	Identified Controls
			<ul style="list-style-type: none">• Timesheets, including overtime, are reviewed and approved by Service Managers through a Matrix workflow.

Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of *Agency Staff*, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Specifically we will not:

- Review the adequacy or appropriateness of commercial arrangements in place,
- Provide assurance on whether the contract represents value for money for the Council,
- Provide assurance over the Council's or agency's compliance with or compliance monitoring of IR35 requirements,
- Provide a full review of IT General Controls.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.