

INTERNAL AUDIT REPORTS

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1. Purpose

1.1 This report provides a summary of Internal Audit Reports to Committee, in accordance with a resolution of the Contracts Committee.

2. Summary

2.1 The following Internal Audit Reports for the Human Resources Division have been received within the last quarter and are summarised in this paper:

- (a) Childcare Benefits
- (b) Staff Terms and Conditions

3. Background

3.1 At a meeting of the Contracts Committee of the Policy Committee on 20 November 1997, it was resolved that the following approach be adopted for dealing with the Internal Audit Reports to Members:

- (a) executive summaries will be circulated to relevant Chairs of Committees and Group Spokesperson;
- (b) the Treasurer be given direct access to the Policy or Reports Committee at any time, to report on areas of concern; and
- (c) summary reports be made on a quarterly basis to the relevant Strategic Committee.

4. Issues Arising

4.1 Childcare Benefits

An internal audit review was carried out to test the effectiveness of the system of controls in operation over Childcare Benefits. The audit sought to test controls which ensure that the following objectives were being achieved:

- (a) the integrity of the databases in use;
- (b) the security of the computer system is adequate, that information access rights are secure and that there are adequate back-up procedures for the database;
- (c) that all staff in receipt of childcare subsidy are entitled to it;
- (d) that correct payments are being paid to Childcare Vouchers Ltd; and
- (e) that proper disclosure of benefits-in-kind has been made to the Inland Revenue.

The audit concluded that the controls in operation with regard to the administration of childcare benefits are generally operating effectively. Seven recommendations were made designed to refine existing controls. Five of the recommendations have already been implemented and steps have been taken to implement the remaining two.

4.2 Staff Terms and Conditions

The implementation of the “single status agreement” is an ongoing process to establish a uniform set of terms and conditions for all Council employees. Changes to staff terms and conditions have been undertaken with protection provisions for those disadvantaged and a phasing-in of increases to salaries for those awarded increases.

The audit sought to test controls which ensure that the following objectives were being achieved:

- (a) the Council has established and documented the terms and conditions of its employees;
- (b) the salary paid is appropriate to the post under the new terms and conditions;
- (c) there are adequate controls in place to identify any changes to an individual employee’s terms and conditions;
- (d) employees contracted working hours are consistent with the new terms and conditions;
- (e) any childcare subsidy given is in accordance with terms and conditions; and
- (f) any additional benefits are paid in line with the terms and conditions.

The audit concluded that in general the controls governing the operation and application of staff terms and conditions were satisfactory. Six recommendations were made designed to refine existing controls and work has already commenced to ensure that these improvements are made.

5. **Implications**

5.1 Environmental

None.

5.2 Equalities

Both the childcare and single status initiatives represent positive equalities initiatives on the part of the Council and it is, therefore, important that the audits have concluded that controls and implementation are generally moving forward effectively.

5.3 Financial

Where improvements are identified by Audit these are strengthened in line with any recommendations from Audit.

5.4 Legal

The need for sound employment contractual documentation being supplied to employees stating changes in terms and conditions is understood and undertaken as appropriate.

5.5 Staff and Accommodation

None.

6. **Conclusions**

6.1 Two Internal Audit Reports for the Human Resources Division have been received in the last quarter. Where weaknesses were identified, recommendations to improve systems are being implemented. No major problems have been identified.