

ITEM No ...3.....

REPORT TO: SCRUTINY AND AUDIT COMMITTEE – 04 FEBRUARY 2026
REPORT ON: INTERNAL AUDIT REPORTS
REPORT BY: CHIEF INTERNAL AUDITOR
REPORT NO: 25-2026

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny and Audit Committee a summary of the Internal Audit Reports finalised since the last Scrutiny and Audit Committee.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

- 4.1. The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. On completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.
- 4.2. In arriving at the overall assurance level for each audit, the assurance levels within the individual objectives do not always carry equal weighting. Findings from the audit are considered in total against the scope and risk levels to arrive at the overall assurance opinion.
- 4.3. Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above since the last Scrutiny meeting are provided at Appendix A. The full reports are available to Elected Members on request. Reporting in Appendix A covers:

Audit	Assurance level
Parking Meter Procurement	Advisory
Multi Agency Screening Hub (MASH) Intake Process	Substantial
Fleet Purchasing	Limited
MOSAIC Payments	Limited

- 4.4. Internal audit recommendations are categorised as either relating to the design of the control system (Design) or compliance with the operation of the controls (Operational).

5.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 CONSULTATIONS

The Council Leadership Team have been consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

07JANUARY 2026

(i) INTERNAL AUDIT REPORT 2024/21

Client	Corporate Services
Subject	Parking Meter Procurement

Executive Summary**Conclusion****Advisory Report**

The review found that while the procurement exercise generally followed the form required by statutory guidance, and some good practice was identified, processes were not fully adhered to in the early stages. This resulted in issues in the published tender which were not identified and addressed as the procurement moved forward. These ultimately undermined the integrity of the procurement outcome, leading to the collapse of the tender.

The review identified seven recommendations which, if implemented, would reduce the risk of similar process breakdowns. The findings show that robust checking and verification procedures are essential at key decision points to maintain public confidence in the Council's procurement activities.

Background

Dundee City Council advertised a tender opportunity to secure a 5-year contract for parking meter maintenance and upgrade services. The sourcing strategy was presented to the 22 April 2024 meeting of the Fair Work, Economic Growth, and Infrastructure Committee (Report 100-2024 refers). The Head of Sustainable Transport and Roads subsequently recommended to the 6 January 2025 meeting of the same committee that a tender received at a total cost of £410,900 be accepted (Report 7-2025 refers)

Following objections from an unsuccessful bidder the tender was collapsed, and it was decided that the service specification would be reviewed and the tender process restarted.

Management requested that Internal Audit review the process by which the procurement for parking meter maintenance and upgrade services was conducted, with the aim of determining whether this adhered to the Council's procurement procedures and the requirements of the tender specification.

Scope

Review of the procurement process for the tender with Project Number DCC/CD/111/24, to confirm that the procurement process followed was consistent with Council procurement procedures and the requirements of the published tender specification.

Objectives

This review was carried out with the aim of making determinations in relation to specific procurement risks and controls identified in consultation with Council Senior Management.

The review:

- Documented the process followed for the pre-tender market appraisal process and the conduct of the procurement exercise for parking meter maintenance and upgrade services.

- Evaluated the consistency of this process with the requirements of the Council's procurement policies and procedures, and other relevant guidance.
- Determined the root causes which resulted in the decision to collapse the tender.

Approach

The audit process undertaken consisted of:

- Acquisition of procurement process documentation, to determine the extent to which an audit trail of key decisions existed
- Documentation by walkthrough of the process followed in carrying out the procurement exercise, which included discussions with relevant staff
- Evaluation of the consistency of the process used with Council procedures and guidance
- Determination of an opinion on the compliance of the procurement exercise with statutory regulations and guidance

Procurement Framework and Guidance

The Council's procurement activities are guided by the Corporate Procurement Strategy 2024-27, The Procurement Journey (the main source of procurement best practice guidance for the Scottish public sector), and statutory guidance including the guidance accompanying the Procurement Reform (Scotland) Act 2014 and the Scottish Procurement Policy Handbook. This procurement for parking meters followed Route 3 in The Procurement Journey, as advised by the Procurement Category Officer, as it was above the GPA (The Agreement on Government Procurement of the World Trade Organisation) procurement threshold.

Compliance Assessment and Recommendations

In carrying out our assessment of compliance, we have considered the procurement process as consisting of four main phases, which reflect the progress of a tender exercise from initiation to award. These align with the principal phases described in The Procurement Journey, although we have separated the Tender Publication and Evaluation processes, for clarity.

		Action Priority			
		C	H	M	L
Pre-Tender Market Appraisal and Strategy Development	Advisory	-	1	1	-
Tender Publication and Management of Queries	Advisory	-	1	-	-
Evaluation Process	Advisory	-	2	-	-
Award Process	Advisory	-	1	1	-
TOTAL		-	5	2	-

Nature of Recommendations

Two of the seven recommendations relate to the operation of existing controls, and these both arose in the Pre-Tender Market Appraisal and Strategy Development stage of the Procurement exercise. The remaining five recommendations relate to the design of controls which take place in later stages.

Key Findings

We have documented the main events and key decisions of the procurement exercise. We confirmed that the Parking Meter procurement generally followed the procurement process stages required by the Procurement Regulations.

Throughout the review we made a number of observations regarding adherence to processes, recommended practice, and statutory guidance. However, not all of these contributed to the decision to collapse the tender. We have reported our findings and conclusions to management under the following categories:

- issues which directly led to the collapse of the tender;
- issues which represent non-compliance with processes or statutory requirements.
- other areas in which there is scope to strengthen processes.

Impact on risk register

The Corporate Finance and Sustainable Transport and Roads risk registers included, at time of audit, the following risks:

- CDRT006 Finance (inherent risk 5x5, residual risk 3x3)
- CSCF008 Compliance (inherent risk 5x5, residual risk 5x3)
- CSCF007 Procurement - General (inherent risk 5x5, residual risk 5x3)

Specific hazards documented within the Service assessments of these risks, which were considered in this advisory review are as follows:

- Poor decision making
- Failure to comply with procedures and statutory guidelines
- Reputational damage
- Potential legal challenge
- Financial loss through procurement collapse and re-tendering costs

The review identified that several of these risks materialised during the procurement process. The risk registers include various internal controls to mitigate these risks. Key controls include the centralised procurement function (rated as partially effective), while tender procedures following the Scottish Government Procurement Journey toolkit, use of qualified procurement staff, and management supervision and checking processes are all rated as fully effective.

The review findings suggest that some control effectiveness ratings may require reassessment. Despite tender procedures being rated as fully effective, multiple procedural breaches occurred. Similarly, management supervision and checking processes are rated fully effective but failed to identify compliance issues and documentation errors.

Risk owners should consider whether current effectiveness ratings accurately reflect the control environment, particularly for tender procedures and management checking processes, and assess whether residual risk scores remain appropriate given the vulnerabilities identified through this review.

(ii) INTERNAL AUDIT REPORT 2024/14

Client	Children and Families
Subject	Multi Agency Screening Hub (MASH) Intake Process

Executive Summary**Conclusion****Substantial Assurance**

Multi Agency Screening Hub (MASH) intake processes are generally sound, with most expected controls in place and operating satisfactorily. However, we observed that the service retains insufficient information to gain assurance over compliance with referral handling timescales set out in Inter-Agency agreements. We found that controls could be strengthened by standardising referral logs, monitoring the time taken to action referrals, and formalising the coordination between Children and Adult services. Further, reinstating management scrutiny over MASH activities could strengthen the controls over the process.

Background

The Children (Scotland) Act 1995 establishes a framework for the welfare and rights of children in Scotland, emphasizing parental responsibilities and the role of public authorities in child protection. Under the Act the local authorities are required to create plans for services that benefit children and to cooperate with other agencies to promote the welfare of children in need. Further, the Children and Young People (Scotland) Act 2014 introduced significant changes that impact on every aspect of children's services and on all stages of a child's life, from birth well into adulthood which guides the local authority's responsibility in 'Getting It Right for Every Child' (GIRFEC).

The Multi-Agency Screening Hub (MASH) is implemented as a "Front Door" arrangement, to effectively and safely manage the demand for referrals and assessments in safeguarding children and young people in the local population. The hub is designed to promote information-sharing and collaborative decision-making across multiple agencies, involving co-located staff from local authorities, health services, and the police.

The MASH environment enables practitioners to efficiently and swiftly collect and analyse information to assess risk. Through this multi-agency collaboration and coordination, professionals are in a stronger position to make accurate, appropriate, and proportionate decisions regarding child safety.

It's important that MASH takes timely, effective action on referrals in collaboration with Council Service areas and partner bodies. It functions as the initial screening process, where a decision-maker determines the next steps for the case. As a general guideline, urgent referrals are expected to be screened within a few hours, while non-urgent referrals should be completed within three days.

Scope

Review of the administrative processes to support the Multi-Agency Screening hub in taking timely, effective action on referrals in collaboration with Council Service areas and partner bodies.

Objectives

		Action Priority			
		C	H	M	L
The Council has established an administrative process that effectively supports taking timely, effective action on referrals.	Substantial Assurance	-	-	1	1
The process allows for coordination and effective communication between Children's and Adult's services	Comprehensive Assurance	-	-	-	1
Arrangements are in place which will assist in ensuring that a consistent approach to decision making is adopted	Substantial Assurance	-	-	1	-
Appropriate monitoring information is compiled and reported to provide assurance to management that these processes are working effectively, and to identify any trends or areas of unmanaged risk.	Substantial Assurance	-	-	-	-
TOTAL		-	-	2	2

Nature of Recommendations

Two (one medium and one low) recommendations made relate to issues identified with the design of existing controls and two (one medium and one low) recommendations on operation of existing controls, represent instances in which the control framework requires revision to adequately address risks.

Key Findings

We identified a number of areas of good practice:

- Although there is no formal training programme for staff on the MASH intake process, we observed that processes are in place to ensure staff gain and retain relevant knowledge and skills.
- There is a process to ensure adequate staff are available to monitor incoming referrals.
- The MASH intake process provides clear guidelines on handling referrals, including appropriate routes for escalation and communication with partners.

- Responsibility for individual referrals is clearly allocated, and referral information is stored in defined and accessible location.

We have identified the following areas for improvement:

- The MASH process is clearly and comprehensively documented; however, we observed that the Memorandum of Understanding (MOU) setting out the responsibilities of the participating agencies is not available to MASH Management.
- Referral logs are maintained to ensure all the referrals are recorded, attended and actions taken; However, the time taken to action referrals is not tracked and monitored.
- There is no formal process to handle referrals which involve families already known to Social Work as a single referral. However, the existing process provides opportunities for staff to coordinate with Adult Services, where appropriate.
- There are standard formats used to document the information collated on a referral, however these do not explicitly record which information sources have and have not been checked.
- Reporting to Committee includes statistics summarising volumes of referrals handled and outcomes, however the Steering Group, for monitoring the MASH performance is in the process of relaunching.

Impact on risk register

- DCC002 Effectiveness of Partnerships (inherent risk 5x3, residual risk 4x2)
- DCC009 Statutory & Legislative Compliance (inherent risk 5x4, residual risk 4x4, Target 5x2)
- CFCJ004 Harm (inherent risk 5x5, residual risk 5x3)

The internal controls identified against these risks in the Corporate and Service risk registers consist of:

- Good case recording.
- Information Sharing.
- Mandatory regular training for staff to ensure statutory responsibilities are understood.
- Potentially violent persons database.
- Regular supervision and quality assurance by line management.
- Staff are trained and supported in defensible assessment and decision making.
- Workforce professionally qualified for all roles which require it.

We have identified areas for improvement in relation to the maintenance of referral logs, documentation of MASH screening process and formalising the existing process to handle referrals related to families. Risk owners should consider whether risks remain accurately scored in the light of the findings of this review.

(iii) INTERNAL AUDIT REPORT 2024/19

Client	City Development
Subject	Fleet Purchasing

Executive Summary**Conclusion****Limited Assurance**

The purchasing workflows integrated into the Tranman system include the majority of controls expected of a purchasing system, including the purchasing controls which Executive Directors are required to implement by the Standing Orders and Financial Regulations. However, we found that the configuration of the system as it is presently implemented potentially permits some of these controls to be bypassed.

The complexity of the process by which invoice information is recorded presents obstacles to gaining strong assurance over the coherence and integrity of the transaction audit trail. This complexity is heightened by the reliance on manual activities, including the manual entry of invoices and the manual matching of invoices to purchase orders, which increase the risk of error and inconsistency.

Background

Dundee City Council uses Civica Purchase to Pay systems for the majority of purchasing activity. However, in certain areas of the organisation alternative or special purpose systems are used to administer purchasing processes such as approval of orders and authorisation of invoices. Where these are in place, the level of integration with the Council's core financial systems varies.

The Fleet function uses the Civica Tranman (Tranman) system to administer purchasing activity, on the basis that this supports the high order volume and just in time procurement required to minimise stock holding and vehicle and plant downtime. An internal audit review carried out in 2021/22 made a number of recommendations with the aim of strengthening purchasing controls. These included:

- Establishing conventional purchasing controls over the ordering process within Fleet, including maintaining records of orders placed and their approval, establishing approval limits for ordering, and segregation of duties between ordering, receipting, and invoice approval.
- Reviewing purchasing processes to address delays in invoice processing.

Putting in place processes to facilitate reconciliation of purchasing records held within Tranman and financial information transferred to financial ledger system.

Management has reported that these have been implemented through the implementation of the Tranman ordering system, which should provide a direct interface with financial systems, and through the creation of a compliance officer post.

Management have requested that a review is carried out of the purchasing controls currently in place within Fleet, to determine their fitness for purpose and their adequacy in relation to the control processes which apply across the majority of Council functions.

Scope

Review processes which are specific to the Fleet function for placing and approving orders, receipting, and approval of payments.

Objectives

This review is carried out with the aim of making specific determinations in relation to financial and procurement risks and controls identified in consultation with Council Senior Management. The review will:

- Document the process which operates within the Fleet function, for those purchases which fall outside the scope of conventional purchases through Civica Purchasing.
- Evaluate the controls within that process, identify where these differ from controls which were recommended in the 2021/22 audit, or are applied to conventional purchasing activity.
- Conclude upon the extent to which these controls are adequate to support the discharge of relevant responsibilities set out within the Council’s Standing Orders and other financial guidelines.
- Examine records of purchases, through a sampling approach or otherwise, to determine the extent to which those controls are operating.

Approach

The audit procedures to be undertaken consist of:

- Identification and examination of relevant process and procedure documents, if these are in place.
- Formal walkthrough of the purchasing process in order to document its operation.
- Acquisition of listings of purchase transactions from relevant systems to identify specific transactions for audit testing.
- Examination of underlying records in relation to identified transactions.

		Action Priority			
		C	H	M	L
Evaluate the controls within that process, identify where these differ from controls which are applied to conventional purchasing activity.	Limited Assurance	-	2	2	1
TOTAL		-	2	2	1

Nature of Recommendations

Four of the five recommendations made relate to issues identified with the design of existing controls and represent instances in which the control framework requires revision to adequately address risks.

Key Findings

We identified a number of areas of good practice:

- The purchasing process designed into the Tranman system adheres to basic good practice in that it requires “three way matching” between the purchase order, invoice, and goods received note prior to the release of any payment.
- Where purchasing processes operate as intended, there are adequate controls to ensure payments are matched with an authorised Purchase Order prior to payment.

We have identified the following areas for improvement:

- The Standing Orders and Financial Regulations require segregation of duties for approval of purchases, but this is not enforced by the Fleet purchasing system as it is currently configured. While this is a part of the system functionality, some users are able to override this requirement through the use of system administrative permissions. We identified a small number of transactions where this had occurred, or we were unable to assess if it had occurred due to generic log-ins being used.
- Access to the system is not actively managed, and records of users and their permissions held by the Service were out of date. Carrying out periodic review of user access would provide greater assurance that purchasing controls are effective, and identify instances where users hold system administrative privileges unnecessarily.
- Individual users have the ability to delete orders entered into Tranman, provided those transactions have not been invoiced, resulting in gaps in the audit trail. Even though this practice has been discontinued, the user permissions for deletion has not been revoked. It is recommended that this practice is discontinued.
- There is no formal training program in place for staff on the use of the Tranman system. However, training is provided informally on-the-job and annual quality conversations are held to identify any specific training requirements of the staff. Management should assess the adequacy of existing knowledge of the staff and consider if any ongoing programme of training or refresher training is required.

Impact on Risk Register

The (Service) risk register included, at time of audit, the following risks:

- CDRT006 Financial (inherent risk 5x5, residual risk 3x3)
- CSCF008 Compliance (inherent risk 5x5, residual risk 5x3)
- CSCF007 Procurement – General (inherent risk 5x5, residual risk 5x3)

The internal controls identified against these risks in the Corporate and Service risk registers consist of:

- "No Purchase Order, No Pay" policy
- Centralised procurement function.
- Segregation of duties
- General monitoring and reporting controls

- Procurement / Supplier controls

We have identified areas for improvement in relation to the access controls and segregation of duties in Fleet Purchasing process.

Risk owners should consider whether risks remain accurately scored in the light of the findings of this review

(iv) INTERNAL AUDIT REPORT 2024/18

Client	Children and Families Service
Subject	MOSAIC Payments

Executive Summary**Conclusion****Limited Assurance**

Processes for the administration of payments to Fostering Agencies are not well defined. The controls which are in place are not fully effective, and there are areas where controls which could mitigate errors leading to overpayment are absent. Gaps in control have the potential to lead to significant financial risk given the volume, frequency, and relatively high value of these payments.

We have raised a number of high priority recommendations and one critical recommendation, which are intended to reduce the likelihood of payment errors arising, enhance the ability of management to detect such errors, and to mitigate their potential financial value.

Management Response

The Service operates a system and associated processes involving multiple Social Work, Admin, Contracts, and Finance staff with roles at different stages. The complexity has been compounded by some staff leaving posts and new staff starting without clear transfer of responsibilities. While the MOSAIC system calculates payments automatically, this is based on the placement information entered and updated by staff. Currently, this information should be input by the case holding Social Worker with oversight from a Team Manager. However, other updates are input separately by Admin Officers and the system therefore lacks some cohesion.

Concerns about this initiated the management request for the audit and it is agreed that a simple, manageable process needs to be developed and implemented with operational, Finance and Contracts officers.

As an initial response to the findings of the review, Managers have issued instructions to teams reiterating that they must keep MOSAIC records up to date, and promptly note when a placement has ended, so payments do not continue to be made. The functionality of MOSAIC will be utilised to place a maximum duration on payment arrangements, after which further payments will require renewed authorisation.

Responsibility for administration of this and other MOSAIC payment processes are being transferred from Dundee Health and Social Care Partnership to Corporate Business Support Services, part of Dundee City Council Corporate Services, as part of a broader review of responsibility for clerical processes.

Background

MOSAIC is an electronic system used within the Children and Families Service and Dundee Health and Social Care Partnership. The system holds electronic case files relating to Children's and Community Justice Social Work. The functionality of MOSAIC includes provision for creation and authorisation of payments which are processed via an interface with the Council's main financial systems.

An internal exercise reviewing payments to providers of fostering, adoption and related activities has identified a number of instances in which payments have continued to be made to providers after provision of the service has ended. As a consequence, the Council has been required to engage with care providers to recover these overpayments.

This review has been added to the internal audit plan in-year, at the request of management, for the purpose of establishing the effectiveness of the control framework surrounding payments of this type.

The review was carried out in the context of work that had already commenced within the Children and Families Service to identify the causes of errors in payments for placements to providers of Fostering, Kinship Care, and Adoption services.

The Service investigation approach was based on investigation of payments generated by the system but excluded from the payment run submitted for processing, termed "rejections" or rejected payments, as opposed to being a broad-based review intended to identify erroneous payments in general.

MOSAIC calculates payments automatically based on the placement information which is recorded in the system. The most prevalent source of error found in the Service Investigation, in terms of the number of errors and their financial value, was a failure to record placement end dates on a timely basis, meaning that MOSAIC continued to automatically generate payments for services which were no longer being provided. Investigation into these errors and engagement with fostering agencies revealed other errors arising from different issues.

The Service Investigation was ongoing at the point when audit work commenced and has continued throughout. At commencement of the audit, the Service investigation had provisionally identified:

- 43 payment arrangements with errors resulting in overpayment
- 14 payment arrangements with errors resulting in underpayment
- Overpayments to providers totalling £382,625
- Underpayments due to providers totalling £115,523

It has not been possible to quantify errors identified during the audit in a way that is comparable with these figures, as investigation is required beyond the data obtained for testing. Most of the errors identified during the audit related to unapplied discounts, which depend on the specifics of the provider contract and the length of the arrangement. Further work will be required to determine the extent of any error, and the relevant data has been provided to Service staff.

Scope

Review of the processes by which payments to third party providers for fostering, adoption and third sector spot purchased activities are arranged, approved, and monitored.

Data Set and Testing Population

We obtained data from MOSAIC for all Children’s services payment arrangements against which a payment had been raised in the last 24 months. As we were able to obtain reliable, structured data, audit testing was performed by analysis over the complete population of interest, as opposed to on a sample basis. The focus of our testing was payment arrangements relating to the following MOSAIC “Service Types”:

- Independent Fostering Agency
- Internal Fostering
- Kinship Carer
- Kinship Carer (Pre-approved)

This provided a population for testing of 500 service users, for whom payment arrangements of the above Service Types had been in place, and against which payments had been raised, in the 24 month period between 1 December 2022 and 1 December 2024.

Objectives

		Action Priority			
		C	H	M	L
There is a process for instigating regular payments to providers through the MOSAIC system, which is subject to adequate controls	No Assurance	1	4	-	-
Regular payments are brought to an end when the related service ceases	Limited Assurance	-	1	2	-
Monitoring and oversight arrangements are adequate to identify instances in which payments are raised for services which are no longer required	Limited Assurance	-	-	2	-
TOTAL		1	5	4	-

Nature of Recommendations

All but one of the recommendations raised relate to the design of controls, as opposed to their operation. To a large extent this reflects that the controls which presently exist are not fully effective at mitigating risk, with an absence of control in some areas. In particular, the absence of a systematic means of ensuring that placement end dates are promptly recorded, and payments stopped, gives rise to a Critical recommendation.

Key Findings

We considered that the existing arrangements in some areas represented good practice:

- MOSAIC holds details of provider contract rates centrally, such that these are automatically applied for new payment arrangements and updated for existing payment arrangements when they change.

- Transfer of information between MOSAIC and Civica Financials is semi-automated, and reconciliation controls are applied to ensure accuracy and completeness.

We have identified the following areas for improvement:

- The processes by which payment arrangements are created and approved within the MOSAIC system are undocumented. Although the process followed in practice includes a number of checks, authorisations, and approvals, the criteria to be applied by the individuals carrying out those checks are not clear. This gives rise to the risk that approval controls may not operate as intended as a result of confusion as to the responsibility for identifying particular errors.
- The lack of defined approval criteria means that these controls do not detect and correct instances in which the documented Individual Payment Agreement and other administrative information relevant to payment arrangements is not added to, or recorded within, MOSAIC. This limits opportunities for staff other than the Social Worker to identify errors by removing the ability to verify information entered into the MOSAIC system against source documentation.
- Individual Payment Agreements (IPAs) which set out the service to be provided by, and the rates to be paid to, providers are not routinely provided to the Contracts team for checking, resulting in arrangements being put in place at incorrect or out of date rates.
- Levels of financial approval authority in MOSAIC include some individuals whose responsibilities do not appear to align with this authority. These should be reviewed and considered in line with the existing Council approval limit guidance set out in the Short Guide to Payments and Purchasing once the relevant processes and approval responsibilities have been clarified.
- Payment arrangements can remain active for long periods of time, in some cases for the entire duration of an individual service user's childhood, however there are no controls which periodically verify whether payment arrangements should still be active. This can result in instances in which payments continue to be raised for placements which have ended.
- The process by which payment runs are instigated and approved is largely undocumented. The absence of payment process documentation means that key controls are not defined, with the result that there is limited assurance that checking processes have the intended effect or consistently take place.
- The most common issue giving rise to overpayments is a failure to update placement dates in the MOSAIC system when placements come to an end. Social Workers are responsible for ensuring this information is up to date, and opportunities for other staff performing administrative or finance functions to identify instances where this has not occurred are limited. There is a need to establish a suitable process and set of controls to identify these instances which is proportionate to the financial risk.
- The MOSAIC system has the capacity for configurable reports; however this is not in use for exception reporting. Some of the issues identified throughout the Service's investigation and internal audit testing could have been detected through regular review of automated exception reports.
- The payment calculation used by MOSAIC means that there is significant scope for error, particularly where workflows are instigated but not completed. MOSAIC is configured to calculate the difference between the total expected payment for a given placement since its start date, and the sum of payments already made. This has the result that in certain circumstances the system may automatically generate large, one-off "correcting"

payments. Limiting the scope of the automated payment calculation may provide a means to mitigate the potential size of individual payment errors.

- The Contract Monitoring Process captures information about placement end dates, however there is no mechanism to feed this back to Social Workers or Social Work Admin. Introducing a process to review any placement identified as ended in the course of contract monitoring would mitigate the potential duration for which automated payments can continue for placements which have ended.
- Changes in role mean that, for the period under review, contract monitoring meetings were not well attended by Social Work representatives. This means that a potential avenue by which payment issues could be fed back to social workers was not in place.
- Placements are subject to regular monitoring in fulfilment of the Council's statutory obligations towards children in the Care system, however these are generally not designed to identify potential payment error. Including some basic checks as part of these reviews which confirm that key information recorded in MOSAIC is complete and current would provide an additional opportunity to identify errors.
- The Social Work management structure includes a committee named the Resource Management Group, whose remit appears to include oversight of payment arrangements. However, this group does not currently receive the necessary information to fulfil this function. Reviewing the group's purpose and putting in place arrangements to provide better quality management information would enhance oversight.

Impact on risk register

The Service risk register included, at time of audit, the following risks:

- DCC001 Financial Sustainability (inherent risk 5x4, residual risk 5x5)
- DCC013 (inherent risk 4x5, residual risk 4x3), CFCJ015 (inherent risk 5x5, residual risk 4x2) Fraud & Corruption
- CFCJ002 Funding (inherent risk 5x5, residual risk 4x3)
- CFCJ007 Partnerships / External Providers (inherent risk 5x5, residual risk 3x3)

As this review is primarily concerned with a payment process, the principal risks arising from its findings are risks to financial resources. This is reflected in the findings of the Service's own investigations which identified a significant volume of overpayments.

A secondary risk arises from the fact that these processes concern payment for services which are provided by agencies and providers with which the Council has ongoing relationships. Poorly managed processes for ensuring accurate and timely payments are made carries a risk of harm to these relationships, impacting upon the Council's ability to meet its obligations to individuals in the care system.

Risk owners should consider the implementation of the controls recommended throughout this report from the perspective of ensuring that both the financial risk and the potential for adverse outcomes in the event of non-payment is tolerable assuming the normal operation of controls. This provides a framework within which to assess whether the commitment of resources such as staff time is proportionate to the level of risk which would otherwise arise.

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Definitions of Levels of Assurance

Comprehensive Assurance	The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.
Substantial Assurance	Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk.
Limited Assurance	Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk.
No Assurance	Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and / or the implementation of established controls, resulting in areas of unmanaged risk.

Definitions of Action Priorities

Critical	Very High-risk exposure to potentially major negative impact on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required.
High	High risk exposure to potentially significant negative impact on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required.
Medium	Moderate risk exposure to potentially medium negative impact on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale.
Low	Low risk exposure to potentially minor negative impact on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control, or areas without risk exposure but which are inefficient, or inconsistent with best practice. Attention is required within a reasonable timescale.

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