Glasgow City Council Internal Audit Section
Committee Summary
Corporate Review – Use of Agency Workers

Item 3(a)

20th March 2024

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the use of agency workers within the Council.

1.2 Agency workers are often engaged to assist with specific job roles where the Council is unable to meet the needs of the service using existing staff or cannot recruit officers with the needed skills/experience directly. However, the cost of agency worker services can be high and may not always represent best value.

1.3 The Council currently has access to three frameworks relating to temporary labour – two of these are Scottish Government frameworks and one is managed by Scotland Excel. The requirements of these frameworks are outlined in Buyers Guides issued by each body, with the latest versions coming into force during 2023. Council expenditure relating to agency staff from April 2022 to March 2023 totalled £16.1m.

1.4 The purpose of the audit was to gain assurance that there are sufficient and appropriate controls in place covering the use of agency workers across the Council. The scope of the audit included:

- Key processes, documented guidance, and training and support of staff.
- Assessment arrangements for determining a requirement for agency workers.
- Compliance with agreed procedures and frameworks.
- Documented roles and responsibilities and appropriate contract management arrangements.
- The arrangements for payment of agency fees.
- Recording of expenditure related to agency workers in the ledger.
- The arrangements for ensuring best value is achieved in agency engagements and decisions are made as a result of appropriate assessments, and
- Provision of suitable management information.

1.5 We selected a sample of service areas for review:

- Chief Executive's Department (CED)
  - Financial Inclusion
  - Licensing
- Education Services (ES)
  - Early Learning & Childcare
  - ES Improvement Services

- Financial Services (FS)
  - Catering and Facilities Management (C&FM) – Encore
  - C&FM – Facilities Management
- Neighbourhoods, Regeneration and Sustainability (NRS)
  - Property & Consultancy Services
  - Recycling, Streetscene and Waste Management
- Social Work Services (SWS)
  - Home Care Operations
  - Older People, Residential & Day Care

2 Audit Opinion

2.1 Based on the audit work carried out a limited level of assurance can be placed upon the control environment. The audit has identified scope for improvement in the existing arrangements and five recommendations which management should address.

3 Main Findings

3.1 Our audit testing found several areas where improvements should be made. A corporate guidance document titled Use of Agency Workers was created in 2017. However, the policy has not been reviewed or updated since this time, nor does it detail key elements relating to use of agency workers (such as the difference between emergency and non-emergency engagements and when these should be used).

3.2 The document also includes links to the CPU Connect page, where all agency frameworks and relevant buyers guides are held. However, we found at the time of the audit fieldwork that these still referred to the previous supplier frameworks. In addition, we noted that the guidance does not define the maximum period an agency worker can be employed. For example, we identified that an agency worker for one service has been employed by the Council for more than 12 years.

3.3 Due to the varying nature and volume of agency engagements between the different service areas, we acknowledge that the same practices cannot be applied corporately, and services require different approaches. However, we observed that documented procedures outlining the local arrangements for agency workers were not in place for the majority of service areas reviewed. For these service areas, it was clear there was also a lack of officer awareness in respect of roles & responsibilities for key elements of the agency engagement process.

3.4 There are three frameworks in place relating to temporary labour, two with Scottish Government and one with Scotland Excel. Sample testing of 36 agency engagements across the three frameworks identified several areas of non-compliance. These are recorded in detail within the Action Plan.

3.5 We identified that for the majority of the service areas the number of agency worker engagements are not recorded locally. Only three were able to provide formal records of the number of agency worker engagements ongoing and historic. For all remaining service areas, evidence was not retained to support the agency worker engagement process, such as approvals, periods of employment, or timesheets.

3.6 Agency suppliers are paid using the statement billing process, which allows the vendor to send consolidated invoices

covering multiple agency workers for payment. However, only two service areas in our sample conduct crosschecks between agency worker's timesheets and associated invoices to ensure correct charges have been applied. For all other service areas reviewed, no invoice checks are conducted.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	4
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.9 We would like to thank officers involved in this audit for their cooperation and assistance.

3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Corporate guidance is available to relevant parties and staff are supported in the process				
1	Whilst there is a corporate guidance document titled 'Use of Agency Workers' in place, this is not up-to-date or reflective of current working practices. The document is managed by Corporate Human Resources (CHR) and was created in 2017. However, it has not been reviewed or updated since this time, nor does it detail key elements relating to the use of agency workers. For example, the difference between emergency and non-emergency engagements and when these should be used. The document included links to the CPU Connect page, where all agency frameworks, and buyers guides are held. However, at the time of the audit fieldwork these still referred to the frameworks that superseded. Since the conclusion of the audit fieldwork, the links have been updated to reference the new frameworks that were introduced in 2023. There is currently no guidance in relation to the maximum period an agency worker can be employed. For example, we identified through sample testing that for one service there is an	CHR management should conduct a review of the use of agency worker process and update the current corporate guidance to ensure that it is up-to-date and reflective of current working practices. Management should also ensure that the document clearly outlines key requirements, to include the difference between emergency and non-emergency and determine a limit for the length of time an agency worker should be employed. Thereafter, the document should be appropriately approved, regularly reviewed and communicated to all relevant officers with a reminder of the importance of adhering to requirements outlined.	**High**	**Response:** Accepted. **Officer Responsible for Implementation:** HR Manager – Corporate & Procurement **Timescales for Implementation:** 31 July 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
	agency worker that has been employed by the Council for more than 12 years. Without adequate corporate guidance there is an increased risk that incorrect and inefficient processes are followed which could result in the Council failing to achieve best value from agency engagements.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented procedures in relation to the use of agency workers are in place and reflective of both the process in use and current best practice.				
2	We identified that services use different approaches in respect of recruiting agency workers. Due to the varying nature and volume of agency engagements between the different service areas, we acknowledge that the same practices cannot be applied corporately. However, the majority of service areas do not have documented procedures at an operational level. In our sample, only Home Care Operations, Older People Residential and Day Care Services, Recycling, Streetscene & Waste Management and C&FM could provide a copy of document procedures/guidance which covered their local arrangements. Whilst some areas provided guidance, these did not fully outline the roles & responsibilities of all officers involved in the process. For the service areas where no procedures could be provided, it was clear there was also a lack of officer awareness in respect of role & responsibilities for key elements of the agency engagement process. The absence of formalised documented procedures, in conjunction with the lack of officer awareness in relation to their roles and responsibilities, increases the risk that key controls are not being managed appropriately and of inconsistent practices.	Service management should conduct a review of local procedures in relation to agency engagements and ensure that these are adequately documented and outline the roles & responsibilities of all officers and service areas involved in the process. Management should also ensure that the procedures align with the updated corporate policy outlined in Recommendation 1. Thereafter, these should be appropriately approved, regularly reviewed and communicated to all relevant staff with a reminder of the importance of adhering to the requirements outlined.	**High**	**Response:** ES – Accepted. ES use agency sparingly and all decisions on their future use will be in line with the corporate policies and procedures in relation to the use of agency. Any future use will be approved through the Education Workforce Planning Board or Directorate. All Heads of Service will be reminded that this will be the authorisation route. NRS – Accepted. Will also be reviewed relative to revised corporate guidance. CED – Accepted. Subject to early engagement with Corporate HR on proposed approach for use of agency workers. FS – C&FM will conduct a review of local procedures in relation to agency engagements and ensure that these are adequately documented and outline the roles & responsibilities of all officers and service areas involved in the process.

No.	Observation and Risk	Recommendation	Priority	Management Response
				We will also align with the updated corporate guidance outlined in Recommendation 1. SWS – Accepted. Older People Residential and Day Care Services have designed and implemented an internal Agency Working Group, responsible for managing all aspect of agency requirements within the services, including an agreed Agency Framework, and associated process maps, policies and procedures. Accepted. Home Care Operations Internal Agency Process ensures all roles and responsibilities are adequately documented for our operational areas to ensure they are clear of the expectations and processes. **Officer Responsible for Implementation:** ES - Head of Resources NRS – Director CED – Licensing Manager FS – C&FM Operations Manager

No.	Observation and Risk	Recommendation	Priority	Management Response
				SWS – Head of Service, Older People Residential & Day Care and Head of Care Service, Home Care Operations **Timescales for Implementation:** ES – Upon update of corporate guidance. NRS – 31 May 2024 CED – 31 October 2024 FS – 30 June 2024 SWS – 31 July 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Appropriate frameworks are in place, being adhered to by adhered to by staff and adequate contract management arrangement are in operation.				
3	The two Scottish Government procurement frameworks consist of a ranking system, requiring the hiring manager to go to the number one ranked supplier in the first instance, then second and so forth, until an agency worker has been obtained. The Scotland Excel framework relates to social care. There is no ranking system in operation, however officers are required to utilise the named contracted suppliers outlined within the framework. Through sample testing of 36 agency engagements (26 relating to Scottish Government frameworks and 10 relating to the Scotland Excel framework), we found several areas of non-compliance. <u>Scottish Government Frameworks</u> • Ten engagements were found to be conducted in compliance the framework. The supplier ranked one was used. • Five engagements used an agency within the framework, however not the ranked one supplier. Evidence was not provided to show that the ranking requirements were followed. • Eleven engagements were conducted with non-framework suppliers.	Service management should put arrangements in place to ensure that officers adhere to the respective framework in place and where applicable, follow the correct ranking order when recruiting an agency worker. Management should also ensure adherence to the framework is adequately monitored on an ongoing basis. Thereafter, management in conjunction with CPU, should liaise with all relevant agency providers as part of the contract management arrangements in place to ensure all identified issues are addressed and appropriately managed.	**High**	**Response:** ES - Accepted This is dependent on the highest-ranking agency being able to supply a candidate of a suitable nature. The positions within ES for which agency has been used in the past are more of a specialist nature related to specific pieces of work and we need to ensure that the ranking system delivers the most appropriate and qualified candidate. NRS – Accepted. CED – Accepted. Subject to early engagement with Corporate HR and CPU on proposed approach for use of agency workers and understanding of CPU frameworks. FS – Accepted. Communications issued to management on framework changes. Senior Management will issue a reminder of arrangements in place to ensure that managers adhere to the respective framework in place and where applicable, follow the correct ranking order when recruiting an agency worker.

No.	Observation and Risk	Recommendation	Priority	Management Response
	Scotland Excel Framework • All ten agency engagements selected were found to be conducted in line with framework and an appropriate supplier selected. However, for one service area (Older People, Residential & Day Care), we were unable to confirm if all engagements were conducted by an authorised officer as limited evidence was produced by the service. For the instances where the framework arrangements were not properly followed, we were advised by relevant officers that in most cases this was due to issues with the performance of some of staff provided. We were informed that the issues have been discussed with the supplier, however no records could be provided to show that these issues have been raised with the CPU. Failure to adhere to framework requirements, or to engage with framework suppliers, increases the risk of the Council failing to achieve best value from agency engagements.			C&FM management will ensure adherence to the framework is adequately monitored. SWS – Accepted. Older People Residential and Day Care Services have designed and implemented an internal Agency Working Group, responsible for managing all aspect of agency requirements within the services, including an agreed Agency Framework, and associated process maps, policies and procedures. **Officer Responsible for Implementation:** ES – Head of Resources NRS – Client Procurement Officer CED – Licensing Manager FS – C&FM Operations Manager SWS – Head of Service, Older People Residential & Day Care **Timescales for Implementation:**

No.	Observation and Risk	Recommendation	Priority	Management Response
				ES – Will be used for all future engagements. NRS – 31 May 2024 CED – 31 October 2024 FS – 30 June 2024 SWS – 31 July 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to adequately record all agency staff engagements and a full audit trail is maintained.				
4	For the majority of services, the number of agency worker engagements are not recorded locally. Only three service areas (Financial Inclusion, Property & Consultancy Services and Home Care Operations) maintained records of the number of agency worker engagements. For Licensing and both Education Services areas, the number of agency worker engagements conducted were minimal, therefore the information was produced upon request, however we noted these are not formally recorded. For all other service areas, no evidence could be supplied to support the agency workers engagement process, to include approvals, period of employment, and the timesheet approval process. Failure to retain records of agency engagements increases the risk of unauthorised recruitment, and errors not being detected in a timely manner. In addition, the absence of an agency engagement audit trail restricts the level of scrutiny which can be applied by management. It also increases the risk that the Council may not be fully complying with rules relating to temporary workers.	Service Management should ensure that there are adequate arrangements in place to record and maintain all relevant documentation relating to agency engagements. Thereafter, management should undertake periodic checks to ensure compliance with the agreed arrangements.	**Medium**	**Response:** ES - Accepted. Documentation for approval will be kept by the relevant boards. NRS – Accepted. CED – Accepted. The outcome of this recommendation will be dependent on both recommendations 1 and 2 being fulfilled. FS– Accepted. C&FM Management will ensure that there are adequate arrangements in place to record and maintain all relevant documentation relating to agency engagements and send copy of communications and documents issued. SWS – Accepted. Older People Residential and Day Care Services have designed and implemented an internal Agency Working Group, responsible for managing all aspect of agency requirements within the services, including an agreed Agency Framework, and associated process maps, policies and procedures.

No.	Observation and Risk	Recommendation	Priority	Management Response
				Processes are currently being established to ensure adequate arrangements are in place to record and maintain documents locally. **Officer Responsible for Implementation:** ES - Head of Resources NRS – Director CED – Licensing Manager FS – C&FM Operations Manager SWS – Head of Service, Older People Residential & Day Care **Timescales for Implementation:** ES – Immediate for all future engagements. NRS – 31 May 2024 CED – 31 October 2024 FS – 30 June 2024 SWS – 31 July 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Suitable arrangements are in place to process and monitor payments made to agency suppliers.				
5	Agency suppliers are paid using the statement billing process, which allows the vendor to send consolidated invoices covering multiple agency workers for payment. Invoices along with a breakdown of charges are sent directly by agency suppliers to the Council's Accounts Payable department for payment. When doing so an officer from the relevant service area is copied into the email. However, only Financial Inclusion and Home Care Operations conduct crosschecks between agency workers timesheets and associated invoices to ensure the correct charges have been applied. In Licensing, the invoice is received by an officer responsible for approving agency worker's timesheets. However, no formal crosschecks are performed to verify charges have been applied correctly. For all other service areas reviewed, we observed that no formal invoice checks are conducted. It was observed during the fieldwork, that the lack of documented procedures, as outlined in recommendation 2, contributed to officers being unaware of the agency invoice process, and who at a service level is responsible for	Service management should review and update their current arrangements in relation to agency worker payments and ensure that appropriate scrutiny and crosschecking of invoices is adopted. Thereafter, these arrangements should be documented and included as part of their local procedures outlined in Recommendation 2.	**High**	**Response:** ES – Accepted. Due to the low number of agency arrangements in place this is picked up through the budget monitoring process for the area which the agency person is coded to. Engaging officers sign off the timesheets for the person. The authorising officer will let the finance team know if the worker is still being engaged and if there are any changes in the hours being purchased. NRS – Accepted. Management will review the current arrangements in relation to agency worker payments to ensure scrutiny and cross checking built into the process. CED – Accepted. In many cases invoice and payment checks have already been carried out following the fieldwork of the audit. The monitoring arrangements moving forward will be dependent on the outcome of recommendations 1 and 2.

No.	Observation and Risk	Recommendation	Priority	Management Response
	checking the accuracy of the agency supplier charges. The current arrangements increase the risk that charging errors or discrepancies are not detected or actioned in a timely manner.			FS – Accepted. C&FM Management will review and update current arrangements in relation to agency worker payments and ensure that appropriate scrutiny and crosschecking of invoices is adopted. SWS – Accepted. Older People Residential and Day Care Services have designed and implemented an internal Agency Working Group, responsible for managing all aspect of agency requirements within the services, including an agreed Agency Framework, and associated process maps, policies and procedures. Processes are currently being established to ensure adequate arrangements are in place with SWS Finance. **Officer Responsible for Implementation:** ES - Head of Resources NRS - Director of Finance & Transformation CED – Licensing Manager

No.	Observation and Risk	Recommendation	Priority	Management Response
				FS – C&FM Operations Manager SWS – Head of Service, Older People Residential & Day Care **Timescales for Implementation:** ES – Immediate for all future engagements. NRS – 30 April 2024 CED – Partially complete based on Management Response, other parts of the recommendation - 31 October 2024 FS – 30 June 2024 SWS – 31 July 2024