

REPORT TO: SCRUTINY COMMITTEE – 9 DECEMBER 2020

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 318-2020

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny 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. Broadly, on the 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 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management's response to the audit report. The full reports are available to Elected Members on request.

5.0 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Pamela Redpath, Senior Manager – Internal Audit

DATE: 18 November 2020

i) INTERNAL AUDIT REPORT 2019/11

Client	Corporate Services
Subject	Universal Credit

Introduction

The Welfare Reform Act 2012 introduced a new welfare benefit called Universal Credit ('UC'), paid to support people of a working age with savings below £16,000 who are on a low income or unemployed. UC aims to encourage people to take responsibility for more elements of their household expenditure; prepare those who are unemployed for work; and supplements earnings for those who are in work. UC is administered by the Department for Work and Pensions ('DWP') and is intended to simplify the welfare system by replacing six 'legacy' benefits and tax credits with a single monthly payment. The six legacy benefits and tax credits are: Income-based Jobseeker's Allowance; Income-related Employment and Support Allowance; Income Support; Housing Benefit; Working Tax Credit; and Child Tax Credit.

UC was introduced in Dundee (for newly unemployed single claimants) in November 2015. The total number of people receiving UC in Dundee City as at July 2020 was circa 6,500, of which 3,500 were Council tenants (compared with circa 11,200 people receiving housing benefit in July 2020, of which 5,500 were Council tenants).

UC places the onus on the claimant to manage their finances and meet their obligations as they fall due. The default arrangement is that the full amount of UC due to claimants is paid directly by the DWP to the individual. This is a significant change in respect of any component which relates to housing costs which are now paid to individuals who are then responsible for paying their landlord. However, where requested by the claimant (for example following receipt of budgeting advice) or by a landlord making a request due to more than 8 weeks of arrears of rent or where the tenant is vulnerable, these rental payments can be made directly to the landlord. UC is paid monthly in arrears by default or twice monthly by request, although it can be up to five weeks before the first payment is received following application.

Across Scotland's social housing providers, including local authorities, there is evidence of increased rent arrears as a result of UC, caused by initial payment delays as well as tenants having to become accustomed to the change in receipt of benefits.

The Council receives email notification from the DWP when a tenant makes a claim for UC which has a housing cost element or indicates receipt or intention to claim a Council Tax Reduction ('CTR'). The Revenues Service within the Council administers Discretionary Housing Payments ('DHP') and Council Tax Reduction ('CTR') which may be applied for separately from UC or accepted as applied for as part of the UC application with relevant data being shared with the Council.

The Convention of Scottish Local Authorities ('COSLA') advises local authorities of updates relating to UC and representatives from the Council attend forums and conferences where knowledge and best practice guidance is shared.

Scope and Objectives

Review of the controls in place within the organisation to successfully manage and mitigate the impact of Universal Credit on Council tenants and services.

i) INTERNAL AUDIT REPORT 2019/11 (Cont'd)

Client	Corporate Services
Subject	Universal Credit
Conclusion	
<p><i>The principal conclusion drawn from this review is that whilst there is basically sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <ul style="list-style-type: none"> • The Council does not have a formal plan in place in relation to the continued implementation of UC and its potential impact on the Council going forward. It is noted that the continued implementation of UC is not in the Council's control but proactive measures should be taken to reduce the adverse impact on the Council (such as increasing rental arrears) as a result of continued implementation. A formal plan should be implemented by DCC in relation to the continued implementation of UC and this plan should be reviewed on a periodic basis and updated in light of latest UC guidance as received. In addition, to ensure that any potential areas of concern are identified, monitored and addressed accordingly, financial and non-financial management information in relation to UC and its impact on Council services and customers should be prepared and reported to a relevant Council Committee. This information could form part of a wider update report on Welfare Reform or included in existing service plan / performance / scorecard updates. • There is currently no review of user access for the Landlord Portal and Transfer Your File (both DWP systems). It is recommended that the Council ensure all DWP user access accounts are reviewed on an annual basis by the Systems Team as required by current DWP guidance. Line managers should also confirm to the Systems Team that DWP system access and privileges remain relevant and appropriate for the employees they are responsible for on a routine basis. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.</p>	

ii) INTERNAL AUDIT REPORT 2020/03

Client	Children and Families
Subject	Respite Services

Introduction

Respite care is the provision of temporary replacement care for children and young people who are being cared for at home by their parents or carers. This is in recognition of the child's need for support in addition to that of the main carer. One of the results is that their regular carers have a break from their caring responsibilities.

Local authorities are legally required under the Children (Scotland) Act 1995 to carry out an assessment of a child, or any other person in the child's family, to determine the needs of the child in so far as attributable to their disability or to that of the family member's disability. Services provided by local authorities should be designed to minimise the impact of the disability (whether it's their own or a family member's disability) on the child. An assessment can be requested by a parent under S23 of the Children (Scotland) Act 1995. A relevant professional can also request an assessment with the permission of the parent.

The Children and Families Service is responsible for children's respite services in the Council and social work professionals within the Service are responsible for carrying out the assessments and making recommendations on the basis of assessed need and the outcomes that require to be achieved. These recommendations are submitted to the Family Support Panel for consideration, review and approval and also, in a minority of cases where there is a risk of an external residential placement, the Residential Resource Management Group.

The complexity of the case, including whether the individual is already looked after away from home or an external residential placement is likely to be required if the support is not in place, along with associated costs determine what group should receive the recommendations. Members of these groups will decide on the type and level of respite service to be provided.

The Social Care (Self-Directed Support) (Scotland) Act 2013, which came into force on 1 April 2014, places a duty on local authority social work departments to offer people who are eligible for social care a range of choices over how they receive their support. There are 4 Self-Directed Support options, 1. Funding for respite taken as a direct payment, 2. Funding allocated to an organisation that the person chooses, 3. The person chooses to allow the Council to arrange and determine their services or 4. The person can choose a mix of these options. Self-Directed Support is currently used as a means of providing respite care for children with a disability.

The current respite service delivery model is mixed and involves the internal provision of services; a commissioned foster care short breaks service; and a care at home and enabling service procured from 2 main providers supplemented by spot-purchased respite services from a number of providers. The respite care available includes planned regular support in the home and in the community from a paid carer (including overnight); short stay in a children's' house or within foster care, paid help from friends, family and personal assistants employed by families; activity days and sitting services.

There are 140 families within Dundee that have received a S23 assessment and are in receipt of respite care. During 2019/20, expenditure relating to the provision of respite care was in the region of £2,426,056. The budget for 2020/21 is £2,322,885 with a projected outturn of £2,434,892.

Scope and Objectives

Review of the arrangements in place for assessing the respite care and support needs of children and subsequent planning, scheduling and delivery of the required service provision. In addition, on request from the Service, consideration was also given to proposals surrounding potential changes to service delivery. The procurement process was specifically excluded from the scope of this review.

ii) INTERNAL AUDIT REPORT 2020/03 (Cont'd)

Client	Children and Families
Subject	Respite Services

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- Whilst there were no areas for improvement identified in the sample of cases selected for review and no concerns highlighted, it is recommended that in order to assist the Council with being able to demonstrate ongoing fairness and consistency, eligibility criteria should be established and used in the decision-making process for respite care.
- Having considered the proposals surrounding potential changes to service delivery, Internal Audit concluded that whilst these are logical, further work is required to establish what is considered to be respite care, the total annual expenditure and, going forward, required budgets. In addition, the benefits, opportunities, costs, savings and staffing requirements, as well as exploring the potential for increased Third Sector involvement, required to provide future respite services, should be explored further. The design and development of a new Council web page to explain the range of respite services available under Self-Directed Support should assist in providing further information to key stakeholders.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Children and Families Service and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2020/04

Client	Corporate Services
Subject	Firmstep

Introduction

The Council's Channel Shift programme was approved by the Policy and Resources Committee in February 2016 with the primary aim of delivering an enhanced digital channel for stakeholders to access relevant services.

Firmstep were appointed through the Tayside Procurement Consortium (TPC) to deliver a Customer Service Platform (CSP) for Dundee, Angus and Perth & Kinross Councils, in the hope of creating future opportunities to collaborate and saving time and resources in the implementation and development of this platform. The main benefits associated with the Channel Shift programme included a new customer service user portal that would be simple and easy to use, encouraging an increase in online transactions with the Council and improving satisfaction rates. Other anticipated benefits included the realisation of savings as service users moved away from substantially more expensive traditional channels (face to face and telephone), faster service times and fewer queues for those remaining on traditional channels.

The Council's customer service user portal is MyDundee. MyDundee allows customers to access online services and is used to automatically populate forms with contact details, track the progress of service requests and gain trusted access to Council services requiring evidence of identity. The portal initially went live in 2017, with further services having been added in recent years. There are circa 100 services available via MyDundee with the most recent service additions being COVID-19 related e.g. "COVID19 Coronavirus Humanitarian Aid Application". There is an opportunity to add further services as required. The Council also uses Firmstep for a small number of internal business processes including the HR leavers process.

Data received from customers via the portal interfaces with a number of back office systems such as Northgate to validate account and customer details and, where appropriate, initiate service requests.

MyDundee currently processes approximately 28,000 service requests per year via the portal. This saves the Council between £54,000 and £108,000 per year compared to those requests being processed by telephone or face to face.

Scope and Objectives

Review of the data security, reliability and other customer service outcomes relating to the cloud based Firmstep platform utilised by the Council to drive and support channel shift.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- There are currently no Terms of Reference (TOR) in place for the Channel Shift Project Board (CSPB) and it is recommended that they are prepared and agreed. As a minimum the TORs should outline the objectives and responsibilities of the CSPB as well as how often it should meet and the number of members required to attend a meeting in order for a quorate to be achieved. The CSPB should then consider periodically whether it has achieved the objectives outlined in the TOR. In addition, there is no formal plan in place in relation to the continued implementation of the Firmstep platform and, in particular, there are no planned "go live" dates for projects identified as upcoming future work. It is recommended that the CSPB drafts and agrees a Service Project Plan, detailing service projects identified for future work as well as prioritisation timescales. Progress against the plan should then be monitored at CSPB meetings, with remedial actions agreed where required.

iii) INTERNAL AUDIT REPORT 2020/04 (Cont'd)

Client	Corporate Services
Subject	Firmstep

Conclusion (Cont'd)

- Cost-benefit analysis is not performed in relation to services which have been developed on the Firmstep platform. It is recommended that cost-benefit analysis is performed to estimate the overall savings to be made prior to the implementation of new services to the Firmstep platform, including any major service changes. Analysis should also be completed after a new service has been added to determine whether the expected benefits have been realised.
- There are no formal documented procedure notes or guidance in place detailing how MyDundee services are developed and implemented, including details of key activities and individuals involved in the process and it is recommended that these are developed.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

iv) INTERNAL AUDIT REPORT 2020/05

Client	Corporate
Subject	Leadership, Training and Development

Introduction

A review of the leadership, training and development arrangements in place within the Council was part of the planned internal audit work.

The Council recognises that its workforce, which accounts for approximately 67% of its overall net budget, is its most valuable asset. In September 2019, the Council launched its new Our People and Workforce Strategy (OPWS) 2019-2022 aiming to provide a coherent and consistent approach to ensuring that a skilled, flexible, high performing, motivated, and well managed workforce is developed to address the challenges faced by the organisation, including new digital technology and legislation. The importance of the Council and its workforce working together to respond to those challenges holistically, at the same time as making the best use of resources, is communicated throughout the Strategy. The Strategy also provides strategic direction for employees, helping them to become resilient so that they are capable of designing and delivering high quality services during these continuously challenging and changing times. The Strategy is also aligned with the City Plan and the Council Plan and with corporate strategies to ensure a consistent and integrated approach. The four key themes of Equality, Diversity and Fairness; Enhancing our Leadership; Managing our People and Developing our People as outlined in the Strategy remain the Council's focus.

The Strategy also highlights the need for workforce planning and the importance of succession planning and nurturing talent within the organisation. A major challenge faced by the Council is the need to address the current imbalance in the age profile of its workforce, with just over 5% of employees under 25 years old. The Council has invested considerably in the younger workforce and has created opportunities, work placements and training for graduates and apprentices, both in the Council and with its partners across Dundee and Tayside. The medium to long term financial strategies continue to show a reduction in Council funding and a significant reduction in employee numbers is forecast. Work is underway in many Council services to develop new flexible roles and dynamic workplace approaches using change methodologies, service design and workforce planning tools to improve outcomes for citizens.

The Council has developed a corporate portal on the intranet, My Learning Hub. The portal combines learning and development opportunities for staff to explore and support their learning, together with two of the Council's main training and leadership programmes, Leading Team Dundee and Digital Skills. The portal also includes a database, "MyLearn" for staff to record their training, learning and development history. In addition, there are leadership and management development programmes including undergraduate and post-graduate qualifications for supervisory staff and prospective leaders. One of the formal mechanisms in place within the Council for identifying and addressing staff development needs is via the Council's Employee Performance and Development Review (EP&DR) programme.

Scope and Objectives

High level review of the effectiveness of the Council's approach to providing staff with development opportunities which are proportionate, appropriate and of relevance to improving service delivery.

iv) INTERNAL AUDIT REPORT 2020/05 (Cont'd)

Client	Corporate
Subject	Leadership, Training and Development

Conclusion

The principal conclusion drawn from this review is that whilst there is basically sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- There is no consistent approach to delivering EP&DRs in the organisation and no central recording arrangements to confirm whether an EP&DR, or alternative arrangement to discuss development opportunities, has been undertaken. A mechanism should be introduced centrally for services to record when EP&DRs are undertaken, statistics from which can be used for corporate monitoring and reporting purposes.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

v) INTERNAL AUDIT REPORT 2020/06

Client	City Development
Subject	Employability Pathway

Introduction

Employability is a priority for the Council and wider Dundee Partnership. Discover Work is the new branding for the Dundee Partnership's approach to employability.

The Council, as Lead Partner, established a new partnership with Discover Work following an options appraisal considering how employability services should be managed and delivered in Dundee when the previous arrangements (under the Dundee Partnership Employability Core Group) ended on 31 March 2019.

Challenge Fund methodology was utilised by the Discover Work Partnership to secure the provision of employability services required to be delivered via the new Employability Pathway, formerly the Employability Pipeline. The Challenge Fund, which is financed by both the European Social Fund (ESF) and the Council, is an alternative to traditional procurement and is an open and competitive application process for disbursing funding. There is an option for Challenge Fund processes to include the supply / contribution of match funding by the Delivery Partners.

The new Employability Pathway, which runs from 1 October 2019 to 31 March 2023 and is based on the nationally recognised 5 stage Strategic Skills Pipeline Model, was established to support the citizens of Dundee progress towards, secure and sustain suitable work and / or assist those who are in unstable employment to improve their labour market situation. The 5 stages of the Employability Pathway are Engagement, Assessment, Action Planning & Referral; Personal Needs and Barrier Removal; Employability, Vocational & Accredited Training; Employer Engagement & Job Brokerage; and In Work & Aftercare Support.

The Discover Work Partnership identified specific priority groups that the Employability Pathway should target, including individuals who have been long-term unemployed; are aged 45+ (particularly men); have a physical and / or mental health condition; a disability; and / or, live in one of the most employment-deprived areas of Dundee. These target groups have informed the individual 'lots' within the Challenge Fund framework as requiring targeted support from the Employability Pathway.

The Discover Work Partnership is in the process of finalising its new Discover Work Strategy and Action Plan, which will outline how it intends to support local residents and employers. The Discover Work Partnership is overseen by the Fair Work and Enterprise Executive Board, which forms part of the Dundee Partnership Management Group.

Scope and Objectives

Review of the arrangements in place to manage and monitor delivery of the Employability Pathway through the new Challenge Fund Framework.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- At the time of the audit fieldwork quarterly claims were not being submitted by Council Service Delivery Partners and the Council as Lead Partner was paying Delivery Partners immediately following receipt of their claims. These working practices are not in line with the arrangements detailed in the Partnership Agreements and should be addressed accordingly.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

