

REPORT TO: SCRUTINY COMMITTEE – 12 FEBRUARY 2020

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 55-2020

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: 22 January 2020

i) INTERNAL AUDIT REPORT 2018/15

Client	Corporate Services
Subject	DWP Appointeeships

Introduction

The law in Scotland generally presumes that adults (over 16 years) are legally capable of making decisions for themselves and managing their own affairs. That presumption can only be overturned where there is evidence that the person's capacity is impaired in relation to the matter being considered.

The Adults with Incapacity (Scotland) Act 2000 (the Act) provides the main framework for regulating intervention in the property, financial affairs and personal welfare of adults who have been assessed as having impaired capacity, whilst recognising that the individual may be capable of making some decisions and taking some actions but not others. The framework, which is underpinned by core principles, enables interventions to be tailored to each individual. Specific financial intervention measures covered by the Act that relate to local authorities, include the Office of the Public Guardian in Scotland's Access to Funds and Intervention Orders.

The Act co-exists with other interventions relating to the affairs of an adult. Specifically in relation to financial affairs, those interventions include where an individual or organisation (including a local authority) has applied to, and been solely appointed by, the DWP to receive benefits on behalf of the claimant. Under a DWP Appointeeship, the appointee is responsible for making and maintaining any benefit claims as well as spending the benefit, paid directly to them, on a day to day basis in the best interests of the claimant e.g. to pay their utility and other household bills.

The Council's Corporate Services is currently actively managing in the region of 240 DWP Appointeeships for individuals residing in the community, Council residential homes and nursing / residential homes in the private and voluntary sectors in Dundee.

DWP Appointeeships was previously reviewed in 2015 as part of a wider audit on Managing Client Finances (Internal Audit Report No. 2013/23). At that point in time, the Finance Section of the Council's former Social Work Department was responsible for their administration.

Scope and Objectives

Review of the arrangements in place within the Council for the management of DWP benefits for clients who are deemed incapable of managing their own affairs.

Conclusion

The results of the audit highlighted that there have been operational improvements in the management of DWP Appointeeships since the previous audit was carried out.

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- In order to ensure that accurate information is held in respect of each individual client's finances and reduce the risk of the Council potentially having to fund client expenses, staff within Council Advice Services should be reminded they are required to input procurement card transactions to the CIVICA Purchasing System immediately following every purchase and match those transactions to the corresponding bank entries as soon as they are alerted to do so. In order to confirm that the value of procurement card transactions agree to the amount requested by the bank, a full reconciliation of the Purchase Card Balance Sheet Suspense Code should be carried out on a monthly basis in line with the Council's Reconciliation Framework.

i) INTERNAL AUDIT REPORT 2018/15 (Cont'd)

Client	Corporate Services
Subject	DWP Appointeeships

Conclusion (Cont'd)

- To demonstrate that the Council has a complete and accurate record of each client's income and expenditure, an appropriate level of allowance is being paid to the client, the client's income is maximised, outgoings are minimised and in overall terms the clients' finances are being managed in their best interests, Council Advice Services should ensure that both the Budget Forms and FIIM Forms are completed for every Appointeeship client and reviewed / updated annually in line with procedure. An exercise should be carried out to assess whether or not Appointeeship is the most suitable financial intervention for current clients who have significant funds and checks should be carried out to establish whether or not the levels of savings held affect their benefits. Whilst it is acknowledged that each client's individual circumstances would have to be taken into account, steps should be taken to ensure that, where possible, all outstanding debts due to the Council are immediately repaid.
- Action should be taken as soon as possible to settle the affairs of the deceased Appointeeship clients currently held by the Council. Where the next of kin and / or their location cannot be established, advice should be sought from Democratic and Legal Services surrounding the various reasonable steps that could be taken to help identify / locate them and a log should be maintained as supporting evidence of all steps taken. In cases where next of kin still cannot be identified and / or located, and it can be evidenced that all possible measures have been exhausted, arrangements should then be made to pass the clients affairs to the Crown. Clarity should be sought regarding where responsibility, for the final decision to pass clients affairs to the Crown, should rest.

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.

ii) INTERNAL AUDIT REPORT 2018/18

Client	Corporate
Subject	Integrated Impact Assessments

Introduction

The Equality Act 2010 placed a general duty on public authorities to pay due regard to the need to: eliminate discrimination; advance equality; and, foster good relations across a range of protected characteristics. The Council has developed an integrated way to assess reports for the following policy implications prior to submission to Committee: Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk.

The aim of the Integrated Impact Assessment (IIA), which should be completed by Heads of Service, is to highlight the economic, social and environmental impacts of proposals being put forward to Committee for consideration. Carrying out an IIA will not prevent the Council from having to make difficult decisions, often required as a result of the ongoing resource constraints, but help ensure that the decisions it does make are on the basis of a full understanding of related impacts. The IIA also helps facilitate the formal identification and subsequent consideration of appropriate mitigating actions.

By bringing together these separate policy implications into one assessment, the Council is able to:

- Demonstrate that report authors have formally considered all likely impacts of their report and provided details on any mitigating action required to overcome negative impacts.
- Enhance consideration of legal requirements prior to the report being submitted to Committee, raise staff awareness of these issues, and ultimately meet its legal duties when considering new proposals and policies.
- Enable Elected Members to review and interrogate the impacts of proposals prior to and during Committee.

Scope and Objectives

Review to ensure the new Integrated Impact Assessments process and associated staff guidance is being complied with throughout the Council.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- There is an IIA User Guide in place within the Council which comprises instructions on the technical process of how to use the tool through the use of screen shots. However, the User Guide, requires to be reviewed and revised in order to provide clarity over when to complete an IIA as well as the process to be followed when doing so. In addition, the standard wording utilised in the Policy Implications section of committee reports should be revised to make it clear to stakeholders whether an IIA has been completed or not.
- The IIA toolkit was developed to facilitate the assessment of 4 separate policy implications, Equality & Diversity, Fairness & Poverty, Environment and Corporate Risk, in one intranet-based document. While the system is user friendly, making use of a series of tick box questions as well as text boxes for report authors to provide an explanation of the rationale behind their decision making, there is sometimes limited written input / commentary provided. A review of the IIA toolkit should be carried out with a view to ensuring that report authors fully understand the level of information they are required to provide.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Executive and appropriate action agreed to address the matters raised.