

Completed Audit Opinions

Audit: Risk Management**Introduction:**

The council has a statutory responsibility to have in place arrangements for managing risks (Accounts and Audit Regulations 2015). Risk Management is a key element of the council's governance and assurance framework and the updated risk management strategy was approved in January 2019. This sets out the council's risk management approach, outlines how the strategy will be implemented and identifies the relevant roles and responsibilities across the authority in relation to risk management. This audit is undertaken as part of the 2019/20 audit plan and will obtain assurance that the council's risk management framework is robust, is being implemented effectively and captures all significant risks.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational:</p> <p>O1: The council does not have a corporate approach to the identification and evaluation of risk.</p> <p>O2: Key elements of the council's risk management strategy are not being implemented.</p> <p>O3: Significant risks are not identified and therefore not effectively managed.</p>	Satisfactory	<p>The council's risk management strategy was approved by Executive Committee in January 2019 and provides a robust approach to the identification and evaluation of risk, which is proportionate to the size of the council.</p> <p>A corporate risk register is in place; and in line with the strategy, this is monitored by the Corporate Management Team and presented at each Audit and Governance Committee meeting. The risk register gives a comprehensive overview of the strategic risks facing the council. Responsibility for each risk has been assigned to an appropriate senior officer and mitigating controls have been identified. Through this audit, assurance was obtained that any high or medium scoring risks are supported with an action plan and/or are being closely monitored. Following the recent approval of the new council plan for the period 2020-2024, it is recommended that the risk register be reviewed in order to ensure that all risks to achieving the council's corporate priorities have been identified. Particularly in relation to the new council priorities e.g. sustainable environment and the delivery of the climate emergency action plan [R1].</p> <p>At a service level, there is a more informal approach to risk management. This is in-keeping with the tone of the strategy and risk awareness is demonstrated in various ways e.g.</p>	<p>R1</p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> July 2020</p> <p><u>Responsible Officer:</u> Corporate Management Team</p> <p><u>Recommendation details:</u> The corporate risk register should include all risks to achieving corporate priorities, in line with the new council plan. Particularly in relation to the new priorities for 2020-2024 e.g. sustainable environment and delivery of the climate emergency action plan.</p> <p><u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p>

	<ul style="list-style-type: none"> • Heads of Service 1-2-1 meetings with Operational Managers. • Corporate Governance Group meetings. • Projects requiring a completed risk register prior to acceptance at Programme Board. • Appropriate officer involvement in the management and/or sponsorship of key projects and transformation work. • Risk based approaches to service delivery. <p>Regular team meetings take place across the authority; their formality and level of risk management discussions does vary and in order to ensure a more consistent approach, it is recommended that 'risk management' is included as a standard agenda item for all team meetings to encourage discussion around existing and emerging operational risks [R2].</p> <p>Risk management is an area covered by the Serious and Organised Crime checklist; produced by the Home Office. This suggests that the council have in place a fraud risk register. Specific fraud risks, at an operational level, are not currently documented in a risk register and it is therefore recommended that this be developed in order to demonstrate the identification and effective management of fraud risks [R3].</p>	<p><u>R2</u></p> <p><u>Recommendation priority:</u> Low</p> <p><u>Implementation date:</u> December 2020</p> <p><u>Responsible Officer:</u> Head of Corporate Services</p> <p><u>Recommendation details:</u> 'Risk Management' should be included as a standard agenda item for all team meetings to encourage discussion around existing and emerging operational risks.</p> <p><u>Recommendation Accepted or Not Accepted by officer:-</u> Accepted</p> <p><u>R3</u></p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Implementation date:</u> October 2020</p> <p><u>Responsible Officer:</u> Counter Fraud Unit</p> <p><u>Recommendation details:</u> An operational fraud risk register should be developed; to include consideration of risks in relation to serious and organised crime.</p>
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Recommendation Accepted or Not Accepted by officer:- Accepted

Audit: Discretionary Housing Payments

Introduction:

This audit is completed as part of the 2019/2020 Internal Audit Plan. The Council has the power to award Discretionary Housing Payments (DHPs) to provide additional financial assistance towards housing costs where claimants are in receipt of Housing Benefit or Universal Credit. An annual funding allocation is provided by the Department of Work and Pensions, with £108,061.00 of funding paid for 2019/20. The Council is able to top up this funding from its own resources by up to an additional 150%.

Due to reported increased pressures on the DHP budget, the Executive Committee was asked to consider topping up this funding from its own resources with an additional £40,000.00 of council reserves. As part of the request, the RBM stated that “to ensure that we are making the best use of resources a review will be undertaken by Internal Audit to ensure that awards are being made consistently and only to those demonstrating a real need for financial support”. This audit will constitute ‘the review’.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational</p> <p>O1: Financial loss due to DHPs being paid to claimants who are ineligible. This would mean that the council would have to top up funding with their own resources and may not be able to help those most in need.</p>	<p>Unsatisfactory</p>	<p>The council's updated Discretionary Housing Payment (DHP) policy was approved by Executive Committee in March 2018 and has been subject to annual review. The policy reflects government guidance and provides financial assistance towards housing costs to claimants who are in receipt of housing benefit or universal credit.</p> <p>Key elements of the policy were reviewed against a sample of applications during the audit in order to ensure that DHPs are awarded in line with policy. Findings are summarised below:</p> <p><u>An application form should be completed.</u></p> <p>A comprehensive application form is available online and had been completed in all cases sampled. To support the application, 3 months of bank statements must be provided by the applicant. In 7 out of the 9 cases sampled, bank statements had not been provided. This information is essential in order to confirm the accuracy of the claimant data and mitigate potential fraud or overpayment of DHP. Of the 2</p>	<p><u>R1</u></p> <p><u>Recommendation priority:</u> High</p> <p><u>Recommendation Details:</u></p> <p>A checklist should be developed to support the collection and assessment of DHP information, to include:</p> <ol style="list-style-type: none"> 1) Obtaining 3 months of bank statements. 2) Using bank statements to verify amounts stated on the application form. 3) Obtaining tenancy agreements to

	<p>applications where bank statements had been provided, no further checks had been carried out to verify this information e.g. audit testing identified evidence of other accounts that had not been declared by the claimant on their application [R1].</p> <p><u>Applicants must engage with housing services.</u></p> <p>The audit confirmed that for the sample of DHPs tested, all applicants were in communication with Housing Services, with the majority being on the housing register.</p> <p><u>Applicants must demonstrate financial hardship or personal exceptional circumstances.</u></p> <p>As part of the application, a 'personal budget sheet' must be completed; the audit found that there is limited review and/or challenge of this information. For example; the level of expenditure on non-essential items (i.e. cigarettes, cable/satellite, alcohol, leisure) ranged from £50 to £350 per month. It is therefore recommended that as part of the annual policy review consideration should be given to the inclusion of these items [R2].</p> <p><u>Applicants must demonstrate steps taken to achieve financial independence.</u></p> <p>Personal budgeting support should be provided as part of the application process. Of the applications reviewed, there was no evidence of this having been provided. The provision of this support, whether internally or by partners, should be included within the recommended checklist [R1].</p> <p><u>Applicants must demonstrate attempts to move to more suitable accommodation where appropriate.</u></p> <p>6 of the applications reviewed as part of the audit sample had been approved for DHP. Of these 6 cases, 3 were under-occupying social housing. 2 of which were not actively bidding on more suitable accommodation. One of these applicants had been receiving DHP since 2011 (to date this equates to £15,881) [R1]. It is acknowledged that there are issues with the supply of certain types of housing (particularly one bedroomed properties) but verification should be completed at the</p>	<p>confirm rent liability.</p> <ol style="list-style-type: none"> 4) Obtaining supporting evidence for reported health issues. 5) Obtaining information on claimants housing status. 6) Details of conditions applied to the award (for any renewed application confirmation that conditions have been met). 7) Details of the exceptional circumstances where DHP is awarded in excess of 13 weeks. 8) The provision of personal budgeting support either internally or through partners. <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p><u>Managers response:</u> <i>It is noted that personal budgeting support had not been provided to claimants, despite clear instructions to assessing officers that this should take place.</i></p> <p><u>R2</u></p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u></p> <p>The inclusion of non-essential items should be considered as part of the</p>
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	<p>time of assessment/reassessment to ensure that more suitable accommodation had not been available.</p> <p><u>DHP should be awarded for a minimum period of 13 weeks and maximum period of 26 weeks (in cases of exceptional hardship). It is possible for an award to be renewed, amended or cancelled.</u></p> <p>The initial length of DHP awards approved were in line with council policy. The decision making processes should however demonstrate the exceptional circumstances for an award longer than 13 weeks. The approval process should also include setting conditions (i.e. where there is under-occupancy or clear evidence of the need to reduce expenditure). These conditions should be linked to any future claimant applications for DHP, however it is accepted that decisions must be in accordance with the ordinary principles of good decision making, i.e. administrative law, and each case must be decided on its own merits. [R1].</p> <p><u>The council should issue a decision letter within 14 days.</u></p> <p>All of the applications sampled had been issued with an appropriate decision letter. This should be sent to the applicant within 14 days of the claim and 6 of the 9 applications exceeded this time period; on average by a further 14 days. Consideration should therefore be given to the introduction of performance reporting in respect of the delivery of the scheme [R3].</p> <p>Of the approved applications sampled as part of this audit (6), testing identified that 2 had been overpaid (potentially totalling £3089) due to errors in the assessment process. This was as a result of rent liability having been entered incorrectly and not all income having been taken into account i.e. rent overstated and income understated, creating a larger shortfall. It is acknowledged that there have been resource issues in respect of processing DHPs during 2019/20. The production of procedural notes has been agreed with the Benefits Team Leader but further mitigating controls such as a senior verification check should be introduced [R4].</p>	<p>scheduled review of the DHP policy.</p> <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p>R3</p> <p><u>Recommendation priority:</u> Medium</p> <p><u>Recommendation Details:</u></p> <p>Consideration should be given to introducing performance reporting in respect of DHPs. This should be in consultation with the Lead Member for Finance and Asset Management.].</p> <p><u>Implementation date:</u> April 2020</p> <p><u>Responsible Officer:</u> Revenues & Benefits Manager</p> <p><u>Recommendation accepted/ not accepted:</u> Accepted</p> <p>Manager response: to offer context to the issues identified, the officer responsible for assessing DHPs was absent due to long term sickness and less experienced officers needed to be deployed instead which caused delays in the assessment process</p>
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		<p>The audit confirmed that there is budget monitoring in place which identifies potential shortfalls in finances for the scheme. In terms of accessibility of information, it is acknowledged that changes following the introduction of Universal Credit has resulted in data relating to tenancy agreements etc no longer being readily available.</p>	<p><u>R4</u> <u>Recommendation priority:</u> High <u>Recommendation Details:</u> An independent verification check should be carried out on a sample of DHP applications (10% of total applications received). This check should include a recalculation of the income and expenditure spreadsheet used by the assessors. <u>Implementation date:</u> April 2020 <u>Responsible Officer:</u> Revenues & Benefits Manager <u>Recommendation accepted/ not accepted:</u> Accepted</p>
<p>OUTSTANDING RECOMMENDATIONS Housing Benefits- DHP 2017-18 Recommendation: In line with the scheduled review of the Council's DHP policy, consideration should be given to the recovery of overpayments, monitoring functions and the establishment of contingency funds.</p>	<p>n/a</p>	<p>Recommendation- Partially Implemented: The Revenues and Benefits Manager explained that whilst discussions have been held with the Finance team as to the process for raising these overpayments (O/Ps) as Sundry Debtor Invoices, this is yet to be actioned. Each Council is able to agree its own policy for Discretionary Housing Payments, however the Department of Work and Pensions issue a Local Authority Good Practice Guide that states "we can only recover a DHP if it is considered that the payment has been made as a result of:</p> <ul style="list-style-type: none"> • a misrepresentation or failure to disclose a material fact by the claimant (either fraudulently or otherwise), or • an error made when the application was determined". <p>Given that the council has exceeded the budget for DHPs for 2019/20, it is important that O/Ps are actively and effectively collected where appropriate to further support additional DHPs, to ensure that those who</p>	

need additional financial support can be helped.
 Revised implementation date: April 2020

Audit: Complaints- lessons learnt

Introduction:

A summary of formal complaints is issued to Overview and Scrutiny Committee on an annual basis. The last report was 10 September 2019. The report provides statistics on the timeliness of handling complaints, how many were justified and what types of action were taken to remedy complaints. The report identified the following number of complaints:-

- Year 2016/17 – 111 (77 justified)
- Year 2017/18 – 157 (106 justified)
- Year 2018/19 – 192 (96 justified)

In quarter 1 & 2 of 2019/20 129 complaints have been received, of which 82 were partial or fully justified. With effect from quarter 1 of 2019/20, data is also being captured in relation of lessons learnt against each service. This audit will review a sample of complaints from services to gain assurance that all necessary leaning outcomes have been identified and implemented. This audit is completed as part of the 2019/2020 Internal Audit Plan.

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p>Operational: O1: Learning outcomes have not been identified or delivered leading to continued service delivery failure and potential escalation of complaint. Additional resources are used and there reputational risk is involved.</p>	<p>Satisfactory</p>	<p>Through a review of Overview and Scrutiny Committee minutes, assurance was obtained that a complaints report is provided on an annual basis. This needs to be reflected in the complaints policy which currently states reporting is on a 'six monthly basis' [R1] The complaints policy is set to be reviewed via an Overview and Scrutiny working group or workshop and is currently in the committee's pending items, likely to be scheduled for June 2020.</p> <p>The current complaints policy makes reference to the following:</p> <ol style="list-style-type: none"> 1) Where a complaint has been received, the council's response should include a decision on the council's agreement/disagreement to the complaint; action taken and remedy (in the form of apology, lessons learnt or financial remedy). 2) Any lessons learned from the complaints should also be reviewed to 	<p>R1 <u>Recommendation priority:</u> Medium <u>Implementation date:</u> end July 2020 <u>Responsible Officer:</u> Corporate Services Manager <u>Recommendation Details:</u> The complaints policy should reflect that the report process is annual. Furthermore, the annual reporting against the policy should demonstrate that the lessons learnt have been implemented.</p>

ensure that they have been implemented.

Complaints are currently reported through Firmstep, which captures the above information with the exception of demonstrating that lessons learnt have been implemented. Consideration therefore needs to be given to capturing this information for annual reporting purposes [R1].

There are known functionality issues within Firmstep, such as officers cannot review or re-open their closed complaint cases. A new customer records management system is being developed and will include complaints data. It is therefore recommended that these issues, together with learning outcomes data, are captured within this new system [R2].

A total of 15 complaints were reviewed during the audit and the agreement/ disagreement decision made was found to be appropriate in all cases. In one case, additional information requested from the complainant had not been received and this was closed as a disagreement decision. Consideration should be given to including a new decision category to adequately reflect the reporting of such cases [R2].

10 of the complaints reviewed were 'justified' and the noted lessons learnt were found to have been fairly stated. There was documentary and/or verbal evidence to support the implementation of these learning outcomes for the majority of the complaints. There was only 1 case where the audit identified an additional lesson learnt action; this related to using a customer preferred contact list in housing.

During the review of the complaints it was identified that not all of the auto acknowledgements sent out in relation to the online 'Report It' forms contain a response time frame. This is necessary in order to set customer response expectations and potentially limit the receipt of a formal complaint [R3].

Recommendation accepted or not accepted by client: Accepted

R2

Recommendation priority: Low

Implementation date: end September 2020

Responsible Officer: Corporate Services Manager

Recommendation Details:

In respect of the new CRM system, the programme of works in relation to complaints should include:

- 1) End to end collection of complaint data including evidence of lessons learnt.
- 2) Access to closed complaints in order to review and add additional information.
- 3) A new decision category to be set up in relation to complaints that cannot be finalised.

Recommendation accepted or not accepted by client: Accepted

R3

Recommendation priority: Low

Implementation date: end September 2020

Responsible Officer: Corporate Services Manager

			<p><u>Recommendation Details:</u></p> <p>A review of online forms to be undertaken to identify auto acknowledgements that have no response time. Response times to be agreed with managers (giving consideration to customer care standards and legislative requirements) prior to being included within the auto acknowledgement.</p> <p><u>Recommendation accepted or not accepted by client: Accepted</u></p>
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CORPORATE IMPROVEMENT WORK

Xerox Printers

Recharges for One Legal were not proportionate to the invoices being receipted. Key issues identified:

- invoice printer impressions were not verified
- printer impressions used in the recharge were duplicated for duplex prints and the one legal printer was reporting colour print impressions although it was a black and white printer.

Website review

A risk register to support the project initiation form for the website review was completed using internal audits corporate improvement days.

Revenues & Benefits risk assessment

Completion of the health and safety risk assessment for the Revenues and Benefits section.

Recommendations Rating

Priority:		Definition:
1	High	A fundamental weakness in the system that puts the Authority at risk. This might include non-compliance with legislation or council policy, or may result in major risk of loss or damage to council assets, information or reputation. Requires action as a matter of urgency; to be addressed within a 3-6 month timeframe wherever possible or within an extended time frame as agreed with Internal Audit if the recommendation requires extensive resources or time.
2	Medium	Observations refer mainly to issues that have an important effect on the system of internal control but do not require immediate action. Legislation or policy are unlikely to be breached as a consequence of these issues, although could cause limited loss of assets, information or adverse publicity or embarrassment. Internal audit suggest improvement to system design to minimise risk and/or improve efficiency of service. To be resolved within a 6-9 month timescale.
3	Low	Observations refer to issues that would if corrected, improve internal control in general and ensure good practice, but are not vital to the overall system of internal control. A desirable improvement to the system, to be introduced within a 9-12 month period.

Level of control

Level of control:	Definition:	Guidance:
Good	Significant assurance- There is a sound system of control, and the controls are being consistently applied. Limited scope for improving existing arrangements. Significant action unlikely to be required.	No audit recommendations or no more than 3 low priority (3) recommendations.
Satisfactory	Reasonable assurance- There is a sound system of control, and the controls are generally being consistently applied. However, there are some minor weaknesses in control, and/or evidence of non-compliance.	No more than 2 medium priority (2) recommendations, possibly with some low (3) recommendations.
Limited	Limited assurance- Lapses in the framework of control in a number of areas, and/or evidence of significant non-compliance.	Between 1 and 3 high priority (1) and possibly several other priority recommendations OR 3 or more medium (2) recommendations.
Unsatisfactory	Inadequate assurance- The system of control is weak, and/or there is evidence of significant non-compliance, which exposes the council to the risk of significant error or unauthorised activity.	4 or more Priority 1s OR 6 or more medium priority (2) recommendations.