

# Governance, Risk and Best Value Committee

2.00pm, Wednesday 23 September 2015

## Internal Audit Quarterly Update Report: 1 April 2015 – 30 June 2015

Item number	7.3
Report number	
Executive/routine	
Wards	

### Executive summary

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Internal Audit has made reasonable progress in the first quarter of the audit year. This report provides details of the activity from 1 April 2015 – 30 June 2015.

### Links

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Coalition pledges	<a href="#">PO30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	

## Internal Audit Quarterly Update Report: 1 April 2015 – 30 June 2015

### Recommendations

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- 1.1 Committee is requested to note the progress of Internal Audit in issuing 10 internal audit reports during the quarter and to note the areas of higher priority findings for reviews issued in this quarter.

### Background

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- 2.1 Internal Audit is required to deliver an annual plan of work, which is scoped using a risk-based assessment of Council activities. Additional reviews are added to the plan where considered necessary to address any emerging risks and issues identified during the year, subject to approval from the relevant Committees.
- 2.2 Status of work and a summary of findings are presented to the Governance, Risk and Best Value Committee for consideration on a quarterly basis.

### Main report

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- 3.1 Internal Audit has made reasonable in the first quarter of the audit year with 10 reports being issued for the quarter.
- 3.2 The status of outstanding recommendations from reports issued prior to this period is discussed in the report 'Internal Audit follow-up arrangements: status report from 1 April 2105 to 30 June 2015.
- 3.3 Appendix 1 provides a summary of reports and the classification of findings in the period. A copy of all final reports is available to members.
- 3.4 Appendix 2 provides a summary of the High Risk findings and associated management actions.

### Measures of success

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- 4.1 The Action Plans of these reports, when implemented, will demonstrate that the Council continues to strengthen its control framework and overall approach to risk management.

## Financial impact

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5.1 None.

## Risk, policy, compliance and governance impact

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- 6.1 If Internal Audit recommendations are not implemented, the Council will be exposed to the risks set out in the relevant detailed Internal Audit reports. Internal Audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.
- 6.2 To mitigate the associated risks, the Committee should review the progress of Internal Audit and the higher classified findings, and consider if further clarification or immediate follow-up is required with responsible officers for specific items.

## Equalities impact

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7.1 No full ERIA is required.

## Sustainability impact

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8.1 None.

## Consultation and engagement

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9.1 None.

## Background reading/external references

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None.

## Richard Bailes

Chief Internal Audit and Risk Officer

## Links

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**Coalition pledges** PO30 - Continue to maintain a sound financial position including

long-term financial planning

**Council outcomes** CO25 - The Council has efficient and effective services that deliver on objectives

**Single Outcome Agreement**

**Appendices** Appendix 1 – Summary of Internal Audit report findings issued for period of 1 April 2015 – 30 June 2015.  
Appendix 2 – Summary of High Risk Findings and Management Actions for period of 1 April 2015 – 30 June 2015.

# Appendix 1

## Summary of Internal Audit reports issued for period 1 April 2015 – 30 June 2015

Title of Review	High Risk Findings	Medium Risk Findings	Low risk Findings
Personalisation and SDS – Stage 3 – HSC 1402	2	2	-
Welfare Reform – CG1412	1	3	-
Access Control for SEEMis – CF1406	-	4	-
Occupational Health/Sickness Absence – CG1415	-	3	2
Review of Management of HMO Licences – SFC1410*	-	2	4
Property Disposals – SFC1503	-	2	1
Swift Data Quality – HSC 1405	-	2	1
Impact of 2015/16 Savings Proposals – CW1401*	-	2	-
Complaints Handling Procedures – CG1402*	-	1	-
Online Customer Services – CG1416*	-	-	-

\* Note: These reports which relate to the 2014/15 audit plan were completed and issued sufficiently early in the quarter to have been incorporated within the 2014/15 annual opinion.

***City of Edinburgh Council***

**Internal Audit**

**Quarterly Summary of Critical/High Risk  
Findings and Management Actions**

**(1 April 2015 - 30 June 2015)**

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# Section 1 – Personalisation and SDS – Stage 3

HSC 1402

## Total number of findings

	Critical	High	Medium	Low
<b>Personalisation and SDS – Stage 3</b>	-	2	2	-

## Background

The Social Care (Self-directed Support) (Scotland) Act came into effect on 1 April 2014, building on the National (ten-year) Strategy for Self-directed Support, published in 2010. The overall aim of the strategy and legislation is to enable people to live as independently as possible, exercising as much choice and control as they wish over the way in which their care and support needs are met, in order to achieve the outcomes that are important to them.

The Personalisation programme is one of the Council's transformational change projects; and Internal Audit elected to take a three stage approach to the overall audit review of Personalisation:

- Stage 1 - This review covered the governance arrangements and project planning for the delivery of the objectives noted within the paper "A Whole Systems Approach". Issued May 2103.
- Stage 2 - This review covered the business processes which were affected by the Personalisation and Self Directed Support (SDS) programme. Issued February 2014.
- Stage 3 – This review looks at the design and operating effectiveness of controls which mitigate key risks in relation to 'Option 2' of SDS. Option 2 is where support is selected by the supported person, the making of arrangements for the provision of support is undertaken by the local authority on behalf of the supported person and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of that provision.

## Scope

The scope of the review was to assess the design and operational effectiveness of the Council's controls relating to the key risk areas in relation to 'Option 2' of SDS. The sub-processes examined were;

- Procedures;
- Contract management;
- Monitoring; and
- Management Information.

## Summary of High Risk Findings

### Roles and Responsibilities

At the time of the audit fieldwork, the roles and responsibilities of the 'Option 2' process had not been clearly defined. There was a lack of understanding of the roles within the process that the following teams are responsible for:

- Contracts and Commissioning Teams
- Sector Services
- Business Services

In addition, there is no overall owner of the 'Option 2' process.

### Effective Monitoring

In order to ensure satisfactory outcomes, it is essential that monitoring at the 'operational' level is effective between each of the different business process units within Health and Social Care. This is particularly prevalent in respect of 'Option 2' where the process spans over a number of areas including:

- Contracts and Commissioning Teams - Monitoring of Providers through contract visits;
- Sector Services - Monitoring of the needs and outcomes of the Supported Person, through Assessment and Assessment Reviews; and
- Business Services - Monitoring of electronic returns to identify 'underspends' of funds.

While it is acknowledged that there are a number of monitoring processes in place, the audit review has highlighted that there are key control areas within the monitoring process which have still to be fully determined including:

- Ensuring that the 'Provider' is meeting the requirements of the ISF Agreement; for example in ensuring that staff are fully trained and meeting PVG Scheme requirements;
- 'Personal Plans' agreed between the 'Provider and the Supported Person' are aligned to the needs and outcomes included within the 'Support Plan' agreed between the CEC Assessor and the 'Supported Person' and ensuring that the Care Manager approval is achieved within the 14 days noted within the agreement;
- That the 'Individual Service' will not commence until the criteria included within clause 25.3 of the agreement has been met; and
- Ensuring that 'Individual Services Funds' are appropriately managed by the 'Provider' on behalf of the 'Supported Person'.

### Recommendations and Agreed Management Action for High Risk Findings

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
<p><b>Roles &amp; responsibilities</b> Roles and responsibilities are clearly defined and communicated to all relevant staff and management in order that they can obtain an understanding of what is expected of them.</p>	<p>Responsibility for this action will sit with the person nominated as the 'Owner of the Option 2 process' in accordance with recommendation 2 below. The owner will be agreed at the Personalisation Programme Board meeting to be held on 4 June 2015.</p> <p>It is envisaged that the actions taken would include:</p> <ul style="list-style-type: none"> <li>• a workshop involving key staff from the Teams identified to agree a clear and coherent business process detailing specific roles and responsibilities.</li> <li>• the agreed process will be documented for approval via the Health and Social Care Performance Improvement Meeting.</li> <li>• the agreed process will be communicated to all staff through the existing Health and Social Care Procedures Process.</li> </ul> <p><b>Responsible Officer:</b> Contracts Manager</p>	<p>31 July 2015</p>	<p>Final roles and responsibilities within contracts, commissioning and business support services to be determined by future structure as affected by</p> <ul style="list-style-type: none"> <li>• H&amp;SC Infrastructure Review</li> <li>• Health and Social Care Integration</li> <li>• Council-wide Transformation agenda</li> </ul>

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
			<p>Individual Service Fund Procedure is being developed by Business Services and input is required from Contracts Team. On completion, this will be communicated to all staff in H&amp;SC.</p> <p>Current target October 2015.</p>
<p><b>Roles &amp; responsibilities - continued</b> An 'Owner' of the 'Option 2' process should be appointed.</p>	<p>The Contracts Manager has agreed to undertake this role. The Personalisation Programme Board will be asked to agree this proposal at the meeting to be held on 4 June 2015.</p> <p><b>Responsible Officer:</b> Strategic Commissioning Manager</p>	30 June 2015	Closed
<p><b>Effective Monitoring</b> The monitoring requirements of the 'Option 2' process require to be fully ascertained for each of the service areas.</p> <p>A mechanism be introduced to ensure that a co-ordinated approach is developed between each of the services areas to ensure that the monitoring requirements of the 'Option 2' process (both through the SDS legislation and the Individual Services Fund Agreements) are</p>	<p>Operational monitoring takes place through the social work review process. Any issues identified in relation to the standard of care or financial probity are referred back to Business Services and/or the Contract and Commissioning Teams as appropriate.</p> <p>Probity issues or concerns identified by the Contracts, Commissioning and/or Business Services Teams would be referred to the relevant Head of Service and an agreement on how these</p>	31 July 2015	<p>Effective Monitoring will be the joint responsibility of Business Services Manager and Contracts with the Business Services as the lead:</p> <ul style="list-style-type: none"> <li>• Contracts will be responsible for</li> </ul>

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
met.	<p>concerns were to be managed, including communication to operational staff agreed and documented</p> <p>Existing procedures will be amended to explicitly include the appropriateness and operation of the SDS option in place and include controls to ensure:</p> <ul style="list-style-type: none"> <li>• Providers are meeting the requirements of the ISF agreement.</li> <li>• Personal plans agreed between the provider and Supported Person reflect the needs and outcomes agreed through the assessment process.</li> <li>• Care manager agreement to the Personal Plan is made within the 14 day time limit.</li> <li>• The Individual Service Fund does not commence until the criteria within clause 25.3 of the agreement has been met.</li> <li>• Individual Service Funds are appropriately managed by the Provider on behalf of the Supported Person'.</li> </ul> <p><b>Responsible Officer:</b> Business Services Manager</p>		<p>monitoring the quality of services provided</p> <ul style="list-style-type: none"> <li>➤ Providers are meeting the requirements of the ISF agreement</li> <li>➤ Personal plans agreed between the provider and supported person reflect the needs and outcomes agreed through the assessment process</li> <li>➤ Care manager agreement to the Personal Plan is made within the 14 day time limit</li> </ul> <ul style="list-style-type: none"> <li>• Business Services will be responsible for monitoring financial returns</li> <li>➤ The ISF does not commence</li> </ul>

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
			<p>until the criteria within clause 25.3 of agreement has been met</p> <ul style="list-style-type: none"> <li>➤ ISF are appropriately managed by the provider on behalf of the supported person</li> <li>➤ Sector Manager has agreed that the personal plan and risk assessment should be in place prior to payment commencement</li> </ul> <p>Current target December 2015</p>

Status of actions due will be validated by Internal Audit as part of the follow-up review process.

# Section 2 – Welfare Reform

CG1412

## Total number of findings

	Critical	High	Medium	Low
<b>Total</b>	-	1	-	-

## Background

The UK Welfare Reform Act 2012 was enacted to make provision for Universal Credit and Personal Independence Payments, the function of registrations services, child support maintenance and the use of job centres. It also intended to establish the Social Mobility and Child Poverty Commission and amend the Child Poverty Act 2010.

Since the introduction of the Act, City of Edinburgh Council (CEC) has been working towards introducing changes in the way financial support is offered to those identified as being eligible.

In May 2014 The Corporate Policy and Strategy Committee approved a strategic framework document for Welfare Reform entitled Delivering Social Security in Edinburgh

The Scottish Government has provided funding for discretionary housing payments to compensate qualifying individuals who are facing over occupancy rent charges, CEC have also been given funding to make emergency payments through the Scottish Welfare Fund. This is split into the Crisis Care and Community Care grant payments. Crisis care involving one off cash and voucher payments for essentials like food and fuel. The second element of the fund is for providing those individuals leaving institutions with basic white goods when setting up their own home.

## Scope

The scope was to review the extent to which the following objectives were being met;

- Controls and procedures are in place to ensure the Council is working towards compliance with the Public Records (Scotland) Act 2011;
- Each Service Area has a nominated responsible officer; and
- Service Areas have clarity over their responsibilities in relation to the RMP and compliance with the PRSA.

## Summary of High Risk Findings

### Welfare reform delivery plan

The Welfare Reform delivery plan has been created, approved and issued but the plan contains design weaknesses:

- The proposed approach is based on the existing structures and may not provide the customer centric or friendly pathway for delivering the amended welfare services that the Council are seeking to achieve; and
- It does not facilitate efficient working between service provision teams and risks teams working in silos rather than in an integrated manner.

It also lacks

- Designation of ownership, responsible officers and implementation dates;
- Programmes of communication; and
- Timetables for review and updating.

## Recommendations and Agreed Management Action for High Risk Findings

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
<p>For the desired outcome to be reached, the impact on CEC and Claimants needs to be fully understood. Customer journey mapping should be carried out and the results should inform any required process redesign.</p> <p>Following this development and roll out, procedures will be required to developed which should include;</p> <ul style="list-style-type: none"> <li>• A communication plan;</li> </ul>	<p><b><u>Customer Journey mapping;</u></b></p> <p>A Corporate cross council operational team have, and are continuing to meet regularly and work collaboratively with DWP, RSLs, Partners providers and private landlords. This is to ensure consistency from all Council areas; emerging issues are discussed and follow customer journeys through the process. The team will have direct escalation processes in place. This work stream commenced in December 2014 and has sub groups focussed on the following areas:</p>		

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
<ul style="list-style-type: none"> <li>• Definition of Roles and Responsibilities; and</li> <li>• Timetable.</li> </ul>	<ul style="list-style-type: none"> <li>• Communications;</li> <li>• Learning and Development;</li> <li>• Job Shadowing; and</li> <li>• Delivery Partnership Agreement.</li> </ul> <p>To determine Customer Journeys job shadowing activity between DWP staff and Council staff has taken place to ensure an understanding of roles and approach to the customer, and the impact cross organisation activity has on these individuals.</p> <p>Changes to service delivery – specifically for Universal Credit (UC) will be monitored to assess the impact per area of the city and allow a demographic picture of hardship and the UC customer journey to be tracked, with customers being supported from the very outset of the journey.</p> <p><b><u>Communications</u></b></p> <p>A communication plan will be developed to share the work of the joint group mentioned above across the city groups representing all citizens.</p> <p>The welfare reform team will control communications through various methods such as:</p> <ul style="list-style-type: none"> <li>• A weekly city wide bulletin issued through the SHAW group;</li> <li>• Inside Letting Publications to private sector landlords; and</li> <li>• Advice agencies and voluntary sectors</li> </ul>	<p>30 June 2015</p> <p>Ongoing</p> <p>First report due for 30 September 2015</p>	<p>Closed</p> <p>Monitoring has now commenced.</p> <p>The communication plan has now been developed.</p>

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
	<p>communication sharing</p> <p>All agencies engaging with CEC have been asked to raise emerging risks and issues with the Council's Welfare Reform Team to ensure appropriate escalation within DWP and the sharing of information amongst all representative groups, as well as publication for customers seeking support via the Council Website. A full plan reflective of the coming year will be produced.</p> <p><b><u>Roles and Responsibilities</u></b></p> <p>The Council has entered into a Delivery Partnership Agreement with effect 9 March 2015. It has been approached from a customer centric stance. The operational activity will be delivered from the Customer Hub at 249 High Street.</p> <p>The centralisation of these roles will fulfil the following responsibilities:</p> <ul style="list-style-type: none"> <li>• consistent customer approaches;</li> <li>• data gathering on actual resource implications for delivery of this support;</li> <li>• single points of contact ;</li> <li>• MI gathering to influence the future shape of Welfare Reform work; and</li> <li>• Recording of emerging issues for citizens, resulting mitigation and supportive measures taken.</li> </ul> <p>Elected Members have been offered e-learning</p>	Ongoing	Closed

Recommendations	Agreed Management Action	Target Date	Status of Actions Due
	<p>training, which will commence shortly, covering;</p> <ul style="list-style-type: none"> <li>• General Welfare Reform;</li> <li>• Universal Credit specifics;. and</li> <li>• As well as this, they will be offered classroom type training using the same package as used across the city.</li> </ul> <p>The corporate Welfare Reform Team will collate management information and data to share with DWP and partners to measure the impact of the transition and roll out.</p> <p><b>Responsible Officers:</b> Welfare reform manager</p>		