

Argyll and Bute Council
Internal Audit Report
November 2020
Final

Welfare Rights

Audit Opinion: Substantial

	High	Medium	Low	VFM
Number of Findings	0	2	1	0

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1. Executive Summary

Introduction

1. As part of the revised 2020/21 internal audit plan, approved by the Audit & Scrutiny Committee in September 2020, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Welfare Rights.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist. Appendix 1 to this report includes agreed actions to strengthen internal control however it is the responsibility of management to determine the extent of the internal control system appropriate to the Council.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Homeless Persons Advice and Assistance (Scotland) Regulations 2002, imposes a duty on the Council to provide welfare advice to homeless people and people at risk of homelessness. The Welfare Rights team work closely with colleagues in the Health and Social Care Partnership (HSCP) to identify people who require assistance, or more regular reassessments due to changes in circumstances.
5. Welfare Rights are responsible for providing advice to the public on all aspects of welfare benefits in order to support people to live independently and prevent homelessness. Welfare Rights set a target of identifying £2.5m per annum of benefits to applicants by ensuring they are maximising what they are entitled to claim. This is based on a key target from the Local Housing Strategy 2016 -2021 for £10m of income maximisation to be generated by Welfare Rights activity by 2020.
6. Welfare Rights also represent appellants at both first tier and upper tier tribunals as necessary. During 2018/19 there were 58 appeals where benefits awarded totalled £328,690 which included £112,570 of backdated benefits payments. The majority of tribunal hearings involve challenging decisions made by the DWP on benefits relating to health and disability. These include decisions on Personal Independence Payment and the Work Capability Assessments used in Universal Credit and Employment and Support Allowance.
7. The Council have a contract with Argyll and Bute Citizens Advice Bureau (ABCAB) to provide debt counselling and welfare rights advice to Argyll and Bute residents which came about as part of the Advice Services review which concluded in July 2019.

Scope

8. The scope of the audit was to assess compliance with statutory requirements and Council policy as outlined in the Terms of Reference agreed with the Governance and Risk manager on 11 September 2020.

Risks

9. The risks considered throughout the audit were:
- **Audit Risk 1:** Council officers are not supported by the provision of appropriate support, training and system documentation
 - **Audit Risk 2:** Advice services provided by external agencies are not consistent with agreed contractual conditions
 - **Audit Risk 3:** Appropriate performance monitoring arrangements are not in place
 - **Audit Risk 4:** Failure to comply with relevant legislation

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.

Recommendations

12. We have highlighted two medium priority recommendations and one low priority recommendations where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- quarterly audit conclusions should be formally recorded and reported
 - the ABCAB contract should be risk assessed and a quarterly balanced scorecard produced
 - results from customer surveys should be reported in Pyramid performance management system.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Council officers are supported by the provision of appropriate support, training	Audit Risk 1 Audit Risk 4	Substantial	Welfare Rights have a service plan that sets out the aims of the service. Initial assessments of client needs are carried out and recorded. Appropriate training is given to relevant personnel and

	and system documentation			information on any new legislation and guidance is readily available. Quarterly audits are carried out but their conclusions are not formally documented.
2	External contractor service delivery is monitored and reported in line with contractual arrangements	Audit Risk 2	Reasonable	The Council has contracted ABCAB to provide debt counselling and welfare rights advice. Performance monitoring is in line with contractual arrangements however the contract has not been risk assessed and quarterly balanced scorecards are not prepared.
3	Appropriate arrangements are in place for performance monitoring and reporting	Audit Risk 3	Substantial	Performance data is discussed at quarterly team meetings and a comprehensive annual report is published. Customer survey results should be recorded in the Pyramid performance monitoring system.

15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

Council officers are supported by the provision of appropriate support, training and system documentation

16. Welfare Rights have an operational service plan that sets out the aims of the service. The plan covers the following areas:

- implementation of the local housing strategy through the provision of Welfare Rights advice to support people to live independently and prevent homelessness
- develop and operate a triage system to allocate particularly vulnerable and vulnerable clients to Welfare Rights or to the partner provider
- providing assistance to make appeals, explaining tribunal procedure, case preparation and advocacy skills
- reporting on performance is based on data input to the case management system Civica

17. All records of clients assessed by Welfare Rights are maintained on Civica.

18. Client needs are initially assessed to ensure they are properly allocated to the relevant Welfare Rights area. These are kept as hard copy records.

19. Welfare Rights use the Council's established performance review and development process to identify training and development needs. Training records are maintained for all relevant officers including details of courses attended, date of course and training providers. They also have subscriptions to two online resource information services:

- Rightsnet - provides up to date social welfare law developments
- Housing Systems – provides information on combating poverty and sustaining tenancies

20. Any new legislation is discussed at quarterly team meetings and updated information is published in a Welfare Rights Newsletter which is available on the HUB to all Council staff.
21. Support and guidance is regularly provided to relevant Council officers on legislative and procedural issues relating to welfare benefits and specific welfare rights queries.
22. Welfare Rights provide briefings on welfare reform to community groups and attend a range of community and information events.
23. Quarterly audits are carried out to assess the consistency and quality of advice. These audits sample 15% of new cases since the previous audit. The audit conclusions are not formally recorded or reported upon.

Action Plan 1

24. Records are maintained on a shared drive and on Civica and are required to be kept for seven years. The shared drive and Civica have sufficient capacity to support this requirement. Access to these records is restricted to appropriate officers via logical access controls.

External contractor service delivery is monitored and reported in line with contractual arrangements

25. The Council has a three year contract with ABCAB to provide debt counselling and welfare rights advice with a particular focus on prevention and intervention to residents in Argyll and Bute. The contract commenced on 1 July 2019 and can be extended for a period of up to 12 months.
26. There is a contract specification that details the description of service to be provided by ABCAB. A review of the specification found it to be comprehensive with it establishing:
 - type and volume of service to be provided
 - availability and accessibility of service
 - quarterly key performance indicators (KPIs).
27. The contract is managed using the Council's established contract management arrangements and has an assigned contract manager who is responsible for ensuring contract compliance including ensuring any issues arising from contract monitoring are dealt with promptly and in accordance with the contract terms and conditions. ABCAB is required to co-operate with the monitoring activity under the Council's standard terms and conditions.
28. As part of the audit we reviewed the monitoring arrangements to ensure compliance with the specification which sets out a requirement for:
 - ongoing review of usage levels (contracted hours)
 - ABCAB to provide quarterly KPIs
 - quarterly management meetings between the Council and ABCAB
 - a quarterly balanced scorecard
 - a customer survey should be regularly carried out including key performance measures relating to client satisfaction.
29. ABCAB have regularly reported on usage levels (contracted hours) as required. The total contracted hours purchased under the contract by the Council in 2019/20 was 1,728 hours. ABCAB achieved 90.2% of this target with the shortfall being due to sickness absence of the main ABCAB Money Advisor and a need to adapt ABCAB systems to allow them to continue functioning during the COVID lockdown.

30. It is anticipated the shortfall in hours will be recovered in 2020/21 as there is an expected increased demand for Welfare Rights & Money Advice services as a result of COVID. The increased demand will be managed by ABCAB through an increase in qualified and trained volunteer advisors. The contracted hours will be monitored by the Council on a quarterly basis.
31. Contract management procedures state that all contracts, where appropriate, should have a suite of KPI's which reflect the requirements of the contract. The specification requires ABCAB to provide quarterly KPIs which determine whether they are meeting specified outcomes. We confirmed that the KPIs are being supplied quarterly and that they evidence outcomes being met.
32. The specification requires the contract and ABCAB to be managed using a balanced scorecard with four review meetings per year. We confirmed that quarterly meetings have taken place since the beginning of the contract. Contract monitoring meeting notes are detailed and generally cover all relevant areas however there is no evidence of a balanced scorecard being completed.

Action Plan 2

33. The specification also requires the contract to be assigned a risk category which determines the required level of contract management. The category should be in the form high, medium or low. There is no evidence that a risk assessment has been carried out to determine the risk rating to assign to the contract.

Action Plan 2

34. An annual contract review has been carried out by the contract manager as required by the specification.

Appropriate arrangements are in place for performance monitoring and reporting

35. Performance data is discussed at quarterly team management meetings. Targets have been set for both income and customer satisfaction surveys though it was noted that performance derived from customer satisfaction surveys is not reported in the Pyramid performance management system.

Action Plan 3

36. The performance measure '*Advice and assistance from Welfare Rights is provided to clients to ensure they maximise their income*' is reported within the Council's performance management system. The target is set at £2.5m per annum and actual performance for 2019/20 was £2.9m.
37. In 2019/20 100% customer satisfaction was recorded via client feedback surveys against a target of 80%. (139 surveys completed). The survey measures how customers found out about the service, delivery, overall satisfaction with service and if they would recommend the service. The survey confirmed that 84% found the service 'excellent' and 16% found it 'good'.
38. Welfare Rights use the Council complaints process to handle complaints. There are currently no records of a complaint having been made in relation to the service.
39. Welfare Rights produce an annual report which covers:
 - annual income by area generated as a result of Welfare Rights intervention

- number of referrals
- number of appeals and number of successful appeals
- data on fuel poverty
- customer satisfaction survey results.

40. Welfare Rights are members of Rights Advice Scotland which is a forum for local authorities Welfare Rights officers to share best practice. The forum meets quarterly and also provides training and briefings on relevant topics.

Appendix 1 – Action Plan

	No	Finding	Risk	Agreed Action	Responsibility / Due Date
Medium	1	Quarterly Audits Quarterly audits are carried out to assess the consistency and quality of advice. The audit conclusions are not formally recorded or reported.	Opportunities to improve service delivery may not be adequately identified and acted upon.	The outcome of the quarterly audits will be recorded and included in the report to L&R management team	Senior Welfare Rights Officer 31 March 2021
Medium	2	Balanced Scorecard The specification requires ABCAB's contract to be risk assessed to determine the appropriate level of contract monitoring and for it to be managed using a quarterly balanced scorecard There is no evidence that either of these are in place.	Contracts may not be subject to appropriate and robust contract monitoring.	Liaison with Procurement in regard to both risk assessment process and use of the balanced scorecard and implement in terms of the contract monitoring	Trading Standards Manager 31 March 2021

Low	3	Customer Satisfaction surveys Performance from customer satisfaction is not reported in the Pyramid performance management system	Monitoring activity may not identify where service performance is not meeting expectations.	Outcomes from customer satisfaction surveys will be reported in Pyramid and at Legal Regulatory Departmental Team Meetings going forward.	Trading Standards Manager 31 March 2021
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In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.
VFM	An observation which does not highlight an issue relating to internal controls but represents a possible opportunity for the council to achieve better value for money (VFM).

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.