

PLYMOUTH CITY COUNCIL

Subject: Internal Audit Interim Follow-Up Report
Committee: Audit and Governance Committee
Date: 30 July 2018
Cabinet Member: Councillor Lowry
CMT Member: Andrew Hardingham (Strategic Director
Transformation & Change)
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Ref: Your ref. AUD/BD
Key Decision: No
Part: I

Purpose of the report:

At the Audit and Governance Committee on 31 May 2018 members were presented with the 2017/18 Internal Audit Annual report which provided a summary of the work undertaken by Devon Audit Partnership during 2017/18 along with an audit opinion on the adequacy of internal control.

Members discussed the report and requested a detailed report to a future meeting updating the Committee on the “improvements required” areas highlighted. To provide the assurance that Members required, Devon Audit Partnership have undertaken follow up audit reviews, wherever possible, or discussed progress with relevant officers and the results from this process are contained in this report

Corporate Plan

The internal audit service assists the Council in delivering robust standards of public accountability and probity in the use of public funds and has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council’s statutory obligations.

Our work supports delivery of the values and priorities set out in Corporate Plan by ensuring that resources are used wisely and service areas understand and deliver quality public services which meet customer and community needs and keep people safe.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

None.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

The Audit and Governance Committee:

- Note the findings within the report.

Alternative options considered and rejected:

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2015.

Published work / information:

Internal Audit – Annual Report 2017/18 (May 2018)

Background papers:

None

Sign off:

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Originating SMT Member Andrew Hardingham, Strategic Director Transformation & Change													
Has the Cabinet Member(s) agreed the contents of the report? No													

1.0 Introduction

- 1.1 At the May 2018 Audit and Governance Committee, members were provided with the Annual Internal Audit report for the Council. Appendix I of that report provided a summary of the audits undertaken during 2017/18 and where a “high” or “good” standard of audit opinion has been provided we confirmed that, overall, sound controls were in place to mitigate exposure to risks identified; an opinion of “improvement required” was provided where issues had been identified during the audit process that required attention. As part of the audit process, management are required to respond to our findings to confirm what actions they will take to address the issues.
- 1.2 We reported that housing benefit overpayment debt had increased and that although this is a national issue, an action plan had been put in place which should deliver improvements. Members asked that we provide an update on progress with implementation of that action plan.
- 1.3 Another area identified by Members as being of particular interest is Legal Care Proceedings (Children) which was also reported with an assurance opinion of “improvement required.
- 1.4 Our follow-up work has commenced but is not yet complete. The final outcomes will be reported to Audit and Governance Committee in October but this interim report provides Members with an update from our work to date.

2.0 Housing Benefit Overpayments Interim Summary

- 2.1 The process for promptly identifying housing benefit overpayments (HBOP) has improved following the introduction in October 2017 of the DWP’s Verify Earnings & Pensions Service (VEP); the replacement for the Real Time Information Service (RTI). The VEP continues to use HMRC data to alert LAs of relevant changes in a claimant’s circumstances, but this data is now being made available on a daily basis as opposed to monthly under the RTI enabling potential overpayments to be identified at an earlier stage.
- 2.2 Performance reports highlight a notable improvement in the number of cases with a recovery hold in place pending further investigation. When DAP reviewed HBOP in June 2017 there were over 1500 accounts on hold; one year on sees that number reduced by 85%.
- 2.3 Whilst HBOP’s can be recovered from ongoing housing benefit entitlement, when a claimant’s benefit ends it can prove difficult to continue recovery. In April 2018 the DWP introduced a Housing Benefit Debt Service where debtors no longer in receipt of housing benefit are data-matched against HMRC records with a view to providing the LA with employment details. The department are now able to use the information provided to recover from earnings in cases where debtors fail to agree or maintain a repayment arrangement.
- 2.4 By 2020 it is expected that much of the housing benefit caseload would have migrated to the DWP’s Universal Credit. Where recovery is being made from ongoing housing benefit there is a risk that it will be difficult to continue recovering when Universal Credit is in payment as a LA debt is just 14th in the recovery priority list behind debts such as utilities. However, given that there is a significant emphasis on helping Universal Credit claimants into work it is anticipated that the Housing Benefit Debt Service will continue to provide information which will assist recovery from those successful in obtaining employment.

3.0 Legal Care Proceedings Interim Summary

- 3.1 The 2017/18 review of Care Proceedings related solely to Plymouth City Council and in the course of that work we met with managers from both legal and social care teams and concluded that the teams work closely together to identify and verify those cases where the threshold for proceedings has been met.
- 3.2 Keeping children and young people protected is a key priority within the Corporate Plan and the recommendations made in our original report serve to strengthen further the quality and timeliness of case work to ensure that children and young people are safeguarded.
- 3.3 Initial findings demonstrate that positive actions have been taken in response to our recommendations including:
- Awareness raising;
 - Development of a new monitoring tool;
 - Improvements to record keeping;
 - Ensuring all necessary information is made available in a timely manner to the Legal Team prior to legal planning meetings.
- 3.4 The volume of casework for both legal and social care teams continues to be challenging but as confirmed in the recent Ofsted report, senior leaders are committed to improving outcomes for children and have taken action to review staffing structures. Additional funding has been provided to setup two new social care teams, however these teams are not yet fully recruited or being deployed in the exact roles for which they are intended. It is however anticipated that by December 2018 both teams will be fully resourced and deployed as intended with the additional capacity enabling any outstanding recommendations to be addressed.