

REPORT TO: SCRUTINY COMMITTEE – 7 DECEMBER 2022**REPORT ON: INTERNAL AUDIT REPORTS****REPORT BY: CHIEF INTERNAL AUDITOR****REPORT NO: 325-2022****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 the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

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

Cathie Wyllie, Chief Internal Auditor
David Vernon, Acting Senior Manager – Internal Audit

DATE: 10 November 2022

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i) INTERNAL AUDIT REPORT 2022/01

Client	Corporate Services – Customer Services and IT
Subject	Discretionary Housing Payments
Introduction	
<p>Discretionary Housing Payments (DHP) are extra payments that the Council can award for fixed periods of time. Funding for DHP has been devolved to the Scottish Government since 2017.</p> <p>In addition, the social sector size criteria (also known as Bedroom Tax) is fully mitigated within this funding.</p> <p>Where Housing Benefit or Universal Credit housing costs doesn't cover all eligible rent and there is difficulty paying the shortfall, a Discretionary Housing Payment can help.</p> <p>A DHP can help, for example, if someone:</p> <ul style="list-style-type: none"> • is affected by the size criteria in the Social Rented Sector or is seeking more suitable accommodation; • is affected by the benefit cap • is affected by Local Housing Allowance and / or the shared room rate to under 35s; • has higher living costs because they are sick or disabled. <p>The Bedroom Tax is fully mitigated however all other DHP payments are discretionary and there are no statutory rights to these payments. Each application will be treated strictly on its own merits. Applications for DHP can be made via the Council's online portal.</p> <p>The Benefit Delivery Team adopt a proactive approach to ensure as many families as possible are supported. However, there is a limited amount of money available to the Council to provide this help with a budget of £3.37m in 2022/23, including the Council's additional contribution of £200k.</p> <p>There are, on average, around 5,500 payments made each financial year.</p>	
Scope and Objectives	
Review of the arrangements for the assessment and award of Discretionary Housing Payments within the Council.	
Conclusion	
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control, there are some areas where it is viewed improvements can be made.</i></p> <p>The report has made 3 routine recommendations which are summarised as follows:</p> <ul style="list-style-type: none"> • Updating the guidance note for staff categorising the types and values of expenditure to consider as part of the assessment process and obtaining supporting evidence on a risk basis. • Formalising the quality assurance checks to be carried out on the award of DHP including all high value payments and a sample of other awards. • System notes should always be added to the Civica W2 system to explain decisions made to provide an audit trail each time. 	
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.	

iii) INTERNAL AUDIT REPORT 2022/03

Client	Neighbourhood Services - Environment
Subject	Additional Waste Bin Service

Introduction

The Council is responsible for the efficient and effective collection of refuse from households. The collection service for household waste and recycling within the city is aligned both to the Waste (Scotland) Regulations 2012 and the national Code of Practice associated with the Charter for Household Recycling in Scotland 2016.

Since the second half of 2021, as part of the wider zero waste ambitions and reflecting the Council's Waste and Recycling Strategy Action Plan, a policy has been introduced restricting households to one general waste bin. There are, however, some household circumstances in place which dictate additional waste streams and therefore, in these circumstances additional general waste capacity will be provided.

The criteria for receiving an additional general waste bin are:

- Six or more permanent residents in the household, or
- Two or more children in the household using disposable nappies, or
- A permanent resident has a medical condition that generates extra waste.

If a household falls into one of the categories described above and requires an additional general waste (grey) bin, they must make a permit application to the Council together with supporting evidence. Qualifying households will be issued with a permit sticker to be displayed on their additional bin.

Any additional general waste bins presented for collection every two weeks without a valid permit will not be emptied.

There were some 1,300 permits issued in 2021/22 and a total of 270 additional bins have been issued to date since the scheme was launched.

Scope and Objectives

Review of the processes for applying for and allocating additional general waste bin permits.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control, there are some areas where it is viewed improvements can be made.

The three main areas commented upon in the report which are routine recommendations are:

- A review process should be formalised and introduced later this year for each of the three qualifying categories to ensure that all permits issued are still valid.
- Supporting evidence has to be provided with each application. Although there is an email reminder sent before the initial three-week evidence deadline there is no reminder generated if no email address has been provided. An evidence reminder should be automatically generated by the system where no email address has been provided and attempts made to contact the applicant to obtain any outstanding information.
- Develop 'replacement permit ordering and change of circumstances' forms online (similar to the current Garden Waste Permits portal).

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2021/23

Client	Corporate / Neighbourhood Services
Subject	Business Continuity Planning

Introduction

Internal Audit Report 2014/28 recommended that improvements be made to service level business continuity (BC) plans. Follow-up audits 2016/09 and 2020/07 have since been completed. Given the significant disruption caused by the COVID-19 pandemic the latest follow-up report identified that implementation of actions had been delayed due to the Council's focus on recovery from the pandemic. Furthermore, the report highlighted that the Council's ability to continue operations despite the pandemic indicated that key business continuity challenges had been tested and demonstrated strong resilience arrangements in place.

Given these significant changes to working practices, the internal audit follow-up report 2020/07 has recommended that all Services review and revise their BC Plans in light of the pandemic. While this was scheduled to be completed by March 2022, further variants of COVID-19 and additional restrictions throughout 2021 have delayed some Services from undertaking this task.

Additionally, the approach to BC Planning has also changed as the resultant risk profile has evolved due to COVID-19. Previously, plans would be outlined in a single document however different approaches are now being taken. For example, a Service's response to significant disruption may be captured in activity specific risk assessments. Previously a significant risk for most services was the loss of a building where essential activities are undertaken but the pandemic has demonstrated that this may no longer be a key risk as the ability to work remotely has been implemented in a number of Service areas. Conversely however, the risk associated with reliance on remote technologies has increased as the majority of the Council's employees continue to work from home. The Council's decision to relocate its IT infrastructure servers and data storage to Brightsolid has reduced this risk in relation to the overall stability and reliability of the Council's IT infrastructure. This is referred to in Internal Audit Report 2020/24 on Data Centre reported to the September 2021 Scrutiny Committee.

During the 2 years since the start of the COVID-19 pandemic, the Council had been able to find ways to continue to deliver its services. The establishment of an Incident Management Team which met regularly throughout the pandemic and co-ordinated the approach to delivering services together with the establishment of a COVID-19 Recovery risk register to support the Recovery Plan were good examples of Business Continuity in action at a corporate level.

Council services have also worked together to administer a series of COVID-19 business grants, whilst at the same time taking steps to mitigate the risk of fraud and error. The Council also put in arrangements to be able to continue to make benefit payments and payments to suppliers timeously.

As the pandemic has affected different Services to varying extents, some areas have progressed business continuity plans and associated activities further than others.

Scope and Objectives

Review of service-level BC plans to ensure they have been updated in the context of Covid-19 and reflect, where appropriate, lessons learned locally and nationally. The audit focussed on service areas where progress and changes have been made to date, namely Neighbourhood Services (NS); Sustainable Transport and Roads (STR); and Chief Executive's Service (CES)

iii) INTERNAL AUDIT REPORT 2021/23 (cont'd)

Client	Corporate / Neighbourhood Services
Subject	Business Continuity Planning
Conclusion	
<p><i>The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.</i></p> <p>The main areas commented upon in the report are as follows:</p> <p>Improvements to BC Plans:</p> <ul style="list-style-type: none"> Although the STR and CES BC plans have been updated since the pandemic and reflect pandemic learnings, they both have areas for improvement. Once the BC plan template has been updated to include all essential areas, the STR and CES BC plans should ensure they contain all the elements from the plan template. <p>Consistency of Approach</p> <ul style="list-style-type: none"> The template being used by NS is inconsistent with the template which CES has used. Furthermore, some key elements expected within a BC plan are not included within this template such as critical services. The template should be updated to include all key elements and then be issued for all Services to enable a cohesive approach. The plans for the other services have not yet been updated and that they require to be reviewed and updated with the key elements identified in the recommendation using the single plan template. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services, Executive Director of City Development and Head of Chief Executive's Service and appropriate action agreed to address the matters raised.</p>	