

# Internal Audit Update Report

Scrutiny & Audit Committee – 22 April 2014



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## Introduction

This report presents the progress of internal audit activity within the Council up to 24 March 2014. This report provides:

- an update on progress with the 2013/14 Internal Audit Plan;
- summary findings and recommendations of those reports issued since the last Scrutiny and Audit Committee meeting (full copies of the Internal Audit reports are available to members on request); and
- information relating to discussions with NHS Tayside's Internal Auditors in respect of the internal audit implications of health and social care integration.

## Audit Plan Progress Report

### 2013/14 Internal Audit Plan

Fourteen audits have been completed. The dates when reported to Committee are in brackets.

- 2012/13 Corporate Governance (June 2013)
- Year-end stock counts (August 2013)
- Self Directed Support (January 2014)
- LEADER (January 2014)
- European Fisheries Fund (January 2014)
- Collaborative and Joint Arrangements – Angus Care and Repair (January 2014)
- Budget Monitoring (March 2014)
- Income Management (March 2014)
- School Catering (March 2014)
- Carbon Reduction (March 2014)
- Corporate Governance – Interim (March 2014)
- High Value Placements
- Welfare Reform
- Landfill Tax

Summaries of the more material audit findings are provided in the Summary Findings of Internal Reports section of this report, starting on page 4.

Seven audits are in course:

- General Fund Capital Programme
- Payroll Key Controls
- Public Transport
- Statutory Duties
- HUBCO
- Workforce Planning
- IT Incident Management

One audit is currently undergoing internal review:

- Email Accounts

Four audits are at draft report stage

- Data Protection
- Protection of Vulnerable Groups (PVG)
- Creditors (non-PECOS ordering)
- Equalities

Briefs have been agreed for one further audit, Contract Register Compliance.

## Summary Findings of Internal Audit Reports

This section provides a summary of the more material findings of audit reports issued since the last meeting. It also provides information on the number of recommendations made within each report. Recommendations are ranked in relation to importance, with level 1 being the most material. Discharge of recommendations is followed up by Internal Audit and reported to this committee.

Members are asked to consider the following summaries and provide any commentary thereon.

### High Value Placements

Level 1	0	Level 2	0	Level 3	0
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Under the Social Work (Scotland) Act 1968, the Council has a duty to carry out a needs assessment of any adult if they appear to be in need of community care services. The Council also has a duty to assess the needs of any person with a disability. A care plan should detail how and when support will be provided to address assessed care needs. Support services may be provided directly by the Council or through a contract with another agency. The Council has a similar duty under the Children (Scotland) Act 1995.

There is an increasing demand for complex, high cost social care packages and there can be challenges as a result of the need to control spend and the need to ensure that vulnerable members of the community are provided with the correct level of support.

Controlling spend should, however, be about ensuring that resources are used as effectively as possible, rather than reducing support for people with a genuine assessed need.

The overall objective was to identify and evaluate the controls in place within the Council for high value social care provision.

The results of our audit demonstrate that the objectives have been met and no recommendations have been made.

### Welfare Reform

Level 1	0	Level 2	2	Level 3	2
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The Council has implemented a number of changes to its processes and procedures as a result of the work completed to implement the Government's Welfare Reform legislation. The main areas of change relate to the Scottish Welfare Fund (SWF) and Discretionary Housing Payments (DHP).

The Scottish Welfare Fund replaces the Discretionary Social Fund and comprises two elements, Crisis Grants (CG) and Community Care Grants (CCG). CGs are grants which are awarded when

someone is experiencing a crisis, disaster or emergency. CCGs are required to assist a person with the things they need to live independently in the community.

DHP allow the Council to make payments to individuals who require further financial assistance with their housing costs by topping up their Housing Benefit.

The objective of the audit was to confirm that there are adequate controls in place for the administration of those grants that are part of the SWF as well as the awarding of DHP.

No level 1 recommendations were made in this report. It is evident from the results of the audit that significant work has been completed by Revenues to develop and implement the systems and procedures required for the administration of SWF and DHP.

Four less material weaknesses were identified during the course of our audit work. These were identified as areas where existing procedures and documentation could be further enhanced for administration of SWF and DHP.

### Landfill Tax

Level 1	0	Level 2	2	Level 3	2
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Landfill Tax regulations came into effect on 1 October 1996. The tax is levied at two different rates, one for Active Waste (Biodegradable, e.g. wood, plastics, food, top, spoil, etc.) and one for Inactive Waste (Non-biodegradable. e.g. stone, sub-soil, etc.)

The tax is chargeable by weight. The standard rate for active waste is £72 per tonne and the rate for inactive waste is £2.50 per tonne for the 2013/14 financial year.

There is no Landfill Tax on Green Waste (shrubbery, flowers, plants, hedge clippings, etc.) going on-site for composting provided this material is processed to comply with the British Standards Institution Publicly Available Specification (PAS 100) quality standard for compost.

The Landfill Communities Fund (LCF) is a tax credit scheme which enables operators of landfill sites to contribute money to organisations enrolled with the Environmental Trust Scheme Regulatory Body (ENTRUST) as Environmental Bodies. The criteria for these environmental bodies is that the projects they work on create significant environmental benefits and improve the lives of communities living near landfill sites. Angus Environmental Trust is enrolled as an Environmental Body with ENTRUST.

Local Authorities can contribute up to 6.8% of their Landfill Tax liability to environmental bodies and reclaim 90% of this contribution as a tax credit.

The overall objective was to carry out a compliance review to ensure that the Council is complying with:

- all existing Landfill Tax regulations and guidance in relation to the receipt and recording of waste deposited at the Restenneth Landfill Site; and
- the submission of Landfill Tax returns to Her Majesty's Revenue and Customs (HMRC).

This audit continued the series of compliance reviews which have been completed annually since 2011.

The results of the audit have identified areas of good practice including:

- The first HMRC quarterly return of the year was confirmed as correct by Senior Management in the Corporate Improvement and Finance division of the Resources directorate. This ensures that Landfill Tax rates for the year are being correctly applied.

Two Level 1 recommendations resulted from our work. These recommendations are directly related to each other and are as follows:

- A procedure needs to be put in place to ensure that all tickets generated for new customers are updated in the Weighbridge Extra for Windows system as soon as possible after a manual ticket is generated.
- The invoice not issued to a commercial customer is raised as soon as possible to ensure that the Council can obtain payment for the disposal charge and Landfill Tax incurred.

Four less material recommendations were raised in our audit work. These related to the need for improvement of administrative procedures as well as consideration of policy in relation to those organisations which have outstanding payments due to the Council for disposals at the Restenneth site.



## Health & Social Care Integration – Internal Audit

A meeting has been held with NHS Tayside’s Chief Internal Auditor and Regional Audit Manager to discuss internal audit provision as it relates to health and social care integration.

It is clear that there will be a requirement for the body charged with responsibility for health and social care provision to have an internal audit function. However, the specific elements of how this is to be delivered between NHS and Local Authority auditors has yet to be fully agreed nationally.

The meeting was useful in discussing the importance of the clinical and care governance aspects of health and social care integration and how Internal Audit can provide assurance. It was agreed that further discussions will be held once formal guidance has been issued by the Scottish Government. We will continue to update Members on progress with this.