



## REPORT TO SOCIAL WORK AND HOUSING COMMITTEE – 31 MARCH 2016

### INTERNAL AUDIT REPORTS

#### 1. Recommendation

**1.1 The Committee is requested to discuss and comment on the issues raised within this report and the attached appendix.**

#### 2. Discussion

2.1 This report advises the Committee of the results of a completed audit (paragraph 2.4), and of progress with implementing agreed recommendations (paragraph 2.5 and Appendix A).

2.2 Appropriate officers agreed the factual accuracy of the Internal Audit report prior to issue and action has been agreed to address the issues identified. Assurances have been sought from officers regarding the implementation of agreed recommendations.

2.3 The Head of Finance and the Monitoring Officer within Business Services have been consulted and any comments made have been incorporated into this report.

#### **2.4 Housing Rent Arrears Procedures (Internal Audit Report 1613 – January 2016)**

2.4.1 Income and expenditure in relation to a local authority's own direct provision of housing must be recorded separately within a Housing Revenue Account (HRA).

2.4.2 The money received from rents and other income is used to pay for the cost of managing and maintaining Council homes and to cover the interest on its housing debt, therefore the collection and management of rental income is an important and necessary function. The aim of Aberdeenshire Council's rent arrears policy is to minimise loss of rental income to the Council, firstly through preventative measures and then early intervention and support when rent arrears do occur.

2.4.3 The objective of this audit was to ensure that rent arrears procedures are robust and are being complied with. The scope of the audit covered current and former tenants with rent arrears. In order to establish this, the Services procedures and a sample of records relating to current and former tenant arrears were reviewed.

2.4.4 Appropriate documented procedures are in place although practice was found to differ in some instances. The Service has agreed to clarify, standardise and provide more details in the procedures and to remind staff of the need for compliance.

2.4.5 In general, the procedures are operating well with the required actions being taken timeously and being recorded in the Housing Rent System. The Service has agreed to remind staff to ensure that tenants are not under the care of Social Work before a court warning letter is sent, and that this check is recorded on the Northgate system. Recommendations to ensure that former tenant arrears are written off on a quarterly basis and debts outstanding for more than 5 years are written off in compliance with Financial Regulations have been agreed.

## **2.5 Progress with agreed recommendations**

2.5.1 Appendix A shows progress made by the Service with completing agreed recommendations contained in Internal Audit reports. Where recommendations have not been completed by their original due date, reasons are provided along with the grading applied to the recommendation in the original Internal Audit report. An explanation of the gradings used is shown at appendix B.

2.5.2 Where it has been confirmed that all actions contained in reports issued before April 2015 have been fully completed, these reports are no longer shown.

## **3. Equalities, Staffing and Financial Implications**

3.1 An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.

3.2 There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.

### **CHIEF INTERNAL AUDITOR**

Report prepared by David Hughes, Chief Internal Auditor.  
21 March 2016.

**APPENDIX A**

**POSITION WITH AGREED RECOMMENDATIONS AS AT 21 MARCH 2016**

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 29.02.16	Confirmed Implemented by Service	Not implemented by original due date	
1362	Building Maintenance Stores	March 2014	12	11	1	1	1 Important
<p>The overdue recommendation (<b>graded "important within audited area"</b>) was due to be implemented by the end of January 2016 and relates to the Service investigating the possibility of introducing random van stock checks. This was to be linked to the introduction of the system to replace the SAVE system. This has been delayed due to ICT issues and means that introduction of the recommendation will be delayed until December 2016.</p>							
1447	Change Fund	November 2014	6	5	0	0	0
1452	CareFirst System	October 2014	8	6	0	0	0
1538	Social Work Purchasing and Creditors	June 2015	24	22	0	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 29.02.16	Confirmed Implemented by Service	Not implemented by original due date	
1550	Housing Void Control	June 2015	4	4	3	1	1 Important
<p>The overdue recommendation (<b>graded "important within audited area"</b>) was due to be implemented by the end of December 2015 and relates to the Service ensuring that paperwork is filed consistently across all offices. The Service anticipates that the corporate file management system, Recordsmart / TRIM, will be introduced in the Service by December 2016 and that this will address the agreed recommendation.</p>							
1557	Substance Misuse Service	September 2015	14	14	14	0	0
1601	Housing Repairs – Year End Stocks	September 2015	7	2	2	0	0
1602	Rent Assessment Scheme	October 2015	7	3	3	0	0
1604	Older People – Residential Care	December 2015	27	13	12	1	1 Important
<p>As reported previously, the overdue recommendation (<b>graded "important within audited area"</b>) was due to be implemented by the end of December 2015 and relates to recovering overpayments to staff identified in the audit. HR&amp;OD has confirmed that two of the three identified overpayments have been recovered with the third in progress following provision of further requested information.</p>							
1610	Day Care Establishment Visits	December 2015	24	20	20	0	0
1624	Self Directed Support	January 2016	16	0	0	0	0

**APPENDIX B**

**Grading of Recommendations**

<b>GRADE</b>	<b>DEFINITION</b>
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level / within audited area</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

