

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 21 January 2014

**BY:** Depute Chief Executive (Resources & People Services)

**SUBJECT:** Internal Audit Report – Scottish Welfare Fund

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## **1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on the Scottish Welfare Fund.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for the Scottish Welfare Fund.

## **3 BACKGROUND**

- 3.1 A review of the Scottish Welfare Fund was undertaken as part of the audit plan for 2013/14.
- 3.2 From 1 April 2013, the Scottish Welfare Fund replaced Crisis Loans and Social Fund Grants which had previously been administered by the DWP. The Scottish Welfare Fund is a discretionary scheme which is being delivered by Scottish Local Authorities initially on an interim basis.
- 3.3 The Scottish Welfare Fund has two types of grants:
- Crisis Grants – grants for short term living expenses if there is an emergency, or items if there is a disaster. The aim is to provide a safety net in an emergency, where there is an immediate threat to health and safety.
  - Community Care Grants – grants for items or expenses to enable independent living or continued independent living, preventing the need for institutional care. Community Care Grants can also be provided to assist families facing exceptional pressure.

3.4 The main objective of the audit was to ensure that the internal controls in place for administering the Scottish Welfare Fund were operating effectively.

3.5 The main findings from our audit work are outlined in the attached report.

#### **4 POLICY IMPLICATIONS**

4.1 None

#### **5 EQUALITIES IMPACT ASSESSMENT**

5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

#### **7 BACKGROUND PAPERS**

7.1 None

<b>AUTHOR'S NAME</b>	Mala Garden
<b>DESIGNATION</b>	Internal Audit Manager
<b>CONTACT INFO</b>	01620 827326
<b>DATE</b>	9 January 2014

## **EAST LOTHIAN COUNCIL – INTERNAL AUDIT SCOTTISH WELFARE FUND**

### **1. EXECUTIVE SUMMARY**

#### **1.1 Introduction**

As part of the Audit Plan for 2013/14, a review was undertaken of the arrangements in place for the administration of the Scottish Welfare Fund.

#### **1.2 Areas where Expected Controls were Met**

- The Council has appropriate arrangements in place for the administration of the Scottish Welfare Fund.
- Guidance is available to staff processing applications for both Community Care Grants and Crisis Grants.
- A clear audit trail exists for all Scottish Welfare Fund applications received, decisions made and grants awarded.
- Arrangements are in place for the issuing of cash payments and vouchers to applicants.
- For household items provided to applicants as part of Community Care Grant awards, appropriate ordering, approval, delivery and payment arrangements are in place.
- Where applicants are unhappy with the initial decision and request a review, the review is undertaken by a person independent of the initial decision maker as set out in the Guidance.

#### **1.3 Areas with Scope for Improvement**

- In some cases, there was insufficient information on file outlining how applicants' Crisis Grant awards had been calculated. *Risk – failure to adopt a consistent approach.*
- In some cases, decision letters sent out to applicants did not contain all the relevant information required by the Guidance. *Risk – failure to provide all relevant information to applicants.*
- The existing arrangements for the operation of the Scottish Welfare Fund petty cash imprest require review. *Risk – the approach adopted may be inefficient.*
- There was a lack of regular reconciliations between Scottish Welfare Fund payments recorded on the Capita System and the Council's General Ledger. *Risk – errors and irregularities may arise and remain undetected.*

#### **1.4 Summary**

Our review of the Scottish Welfare Fund has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

**Mala Garden**  
**Internal Audit Manager**

**January 2014**

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT  
SCOTTISH WELFARE FUND**

**ACTION PLAN**

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.3.1	Management should ensure that all applications are date stamped on receipt.	Medium	Service Manager Benefits	Agreed		January 2014
3.4.1	Management should ensure that the decision form contains all relevant information and explanations to demonstrate that eligibility requirements and conditions have been met by the applicant, prior to a grant being awarded.	Medium	Service Manager Benefits	Agreed		January 2014
3.5.1	Management should ensure that a consistent approach is taken to the calculation of all Crisis Grant awards made.  Decision makers should provide details on the 'recording your decision form' of how the grant award was calculated.	Medium	Service Manager Benefits	Agreed		January 2014

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3.5.1 (cont)	Management should explore the possibility of additional checks being undertaken, where Community Care Grant applications are received requesting a large number of household items.	Medium	Service Manager Benefits	Agreed		February 2014
3.6.1	Management should ensure that decision letters sent out to applicants contain all relevant information as required by the Guidance.	Medium	Service Manager Benefits	Agreed		January 2014
3.7.1	Where an initial decision is changed following a review, Management should ensure that that the revised decision is consistent with the Guidance issued.	Medium	Service Manager Benefits	Agreed		January 2014
3.8.1	The existing arrangements for the operation of the petty cash imprest require review.	Medium	Service Manager Benefits	Agreed		February 2014
	Management should explore the possibility of using the Council's Income Management System for the processing of all Scottish Welfare Fund cash payments.	Medium	Team Leader – Systems Development and Business Support	Agreed		January 2014

<b>PARA REF</b>	<b>RECOMMENDATION</b>	<b>GRADE</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED ACTION</b>	<b>RISK ACCEPTED/ MANAGED</b>	<b>AGREED DATE OF COMPLETION</b>
3.8.2	Appropriate arrangements should be put in place to ensure that regular reconciliations are undertaken between Scottish Welfare Fund payments on the Capita system and the Council's general ledger.	Medium	Service Manager Benefits	Agreed		January 2014
3.9.2	Management should ensure that all sums transferred to Allpay are reimbursed to the Council.	Medium	Service Manager Benefits	Agreed		March 2014

### **Grading of Recommendations**

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>High</b>	Recommendations which are fundamental to the system and upon which Management should take immediate action.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.