INTERNAL AUDIT REPORT

Midlothian

Subject:	Housing and Council Tax Benefit Follow-up Review
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Objective of the Audit

The objective of the audit was to: review progress with implementing the agreed Management Action Plan following an Audit Scotland 'Performance Audit of Housing and Council Tax Benefit' undertaken in August 2011; gain assurance that the improved performance identified in the internal audit follow-up in April 2012 has been maintained; and that action has been taken to progress the areas where it was identified further improvements could be made.

Scope of the Audit

The audit focussed on:

- the adequacy of actions taken by management on any issues raised that have been flagged as closed on Covalent, the Council's performance monitoring software;
- the improved performance identified in the previous internal audit follow-up report has been maintained; and
- the adequacy of actions taken by management to address the shortfalls identified in the previous internal audit follow-up review.

Excluded from Scope

This is not a full audit of the housing and council tax benefits system, with any testing undertaken limited to confirm that actions have been closed as per the agreed action plan and that adequate improvements have been made to address the shortfalls identified in the previous internal audit follow-up.

Follow-Up Audit

As is standard practice for Internal Audit, we have not rated this review since it is a follow-up of a previous Audit. We have however raised a small number of recommendations where we have agreed with management that further improvements can be made.

Background

Audit Scotland Performance Audit

In August 2011, Audit Scotland, undertook a performance audit of housing and council tax benefit within Midlothian Council.

The audit noted that Midlothian Council performed poorly in terms of the number of days it took to process new claims and changes in circumstances for council tax and housing benefit. Also, the Council failed to secure sums available of £238K of subsidy as it had exceeded the DWP upper threshold for those overpayments classified as local authority error. It also highlighted that the service had not implemented adequate controls to address risks which were identified in a previous review completed by Audit Scotland in 2008.

The main risks identified to continuous improvement by Audit Scotland were as follows:

- lack of reporting and challenge at local management level, senior management level and by elected members where performance was not meeting target with some of the performance being reported as the worst in the UK (change in circumstances and new claim processing);
- unexplained differences between the way Midlothian Council calculates days to process new claims and change of circumstances with those provided by DWP;
- deficiencies in the internal quality checking routines over the accuracy of processing cases and the subsidy calculations; and
- inadequate levels of intervention reviews, a lack of analysis of over payments, a lack of monitoring of recovery of fraudulent over payments and administrative penalties and a lack of analysis of the different methods used to recover debt.

Improvement Plan

In response to the audit, the Chief Executive of Midlothian Council wrote to the Assistant Auditor General highlighting the difficulties that the Council had experienced through management re-structures and the implementation of new revenues and benefits software, and committed to an action plan to improve the Council's performance going forward.

The Head of Customer Services, Revenues Manager Operations and the Revenues Manager Security and Systems, with input from Internal Audit, developed an action plan to address the issues raised. Audit Scotland approved the action plan and management have monitored the progress with the actions on a monthly basis.

Internal Audit Follow-Up

Internal Audit carried out a follow-up audit of the Audit Scotland Performance Audit and this was reported to the Audit Committee in April 2012. The report identified that the management action plan had largely been followed and performance had improved considerably.

However: because a number of issues on Covalent (the Council's action tracking system) had only recently been closed; potential existed for future staffing shortfalls; some management actions owned by Revenues Security and Systems were rated by Internal Audit as work in progress; and some of the management actions had issues that needed resolved, it was agreed that Internal Audit would perform a further high level follow-up audit of this area to provide assurance that the improved performance has been maintained and that action had been taken to improve the shortfalls.

Summary of Audit Findings

Revenues Operations

Internal Audit found that the improvements noted since the last report have been maintained and the management action plan had been achieved satisfactorily.

However, in the course of the audit an issue was identified with the sample sizes for checking claims for processing. This is expanded in the Management Action Plan.

Revenues Security and Systems

While there has been improvement in a number of the actions, as explained fully in Appendix 2, Internal Audit identified some areas where further improvement is required. The actions are explained in the Management Action Plan in Appendix 1.

Audit Opinion

Because of the progress made in addressing the issues and the fact that we have not raised any high risk issues in this report it is proposed that additional follows-ups are not now required.

We will however to continue to monitor Housing and Council Benefits through routine audits as per the agreed audit cycle.

Appendix 1 - Management Action Plan arising from this follow-up audit
Appendix 2 - Internal Audit findings against each of the risks from the original Audit Scotland report

Revenues Operations

Accuracy

As noted above, Revenues Operations have satisfactorily completed all the agreed recommendations.

A new issue identified during this follow-up relates to the accuracy of checking. Of concern is that the percentage of the actual population of claims revenues officers are sampling is no longer above 5% of the total population as per the previous Audit Scotland report. This is largely due to the increase in Change of Circumstances being processed year-on-year and the sample size of the accuracy check not being increased to take account of this. Audit Scotland indicated from their report that a sample size ≥5% of the population total was good practice. At the time of the original Audit Scotland report almost 7% of the population was covered via checking; currently, 3.5% of the population is checked.

The primary reason for the increase is that the number of change of circumstances received electronically from DWP from the ATLAS system has increased significantly over the past two years since ATLAS started being used. As ATLAS does not yet have full automation many of these claims are being processed manually meaning there is a risk of human error. Although this team has a larger population of claims being processed, the number checked is the same as the other teams.

There is a risk the checking regime is not robust enough to identify errors which could potentially lead to loss of subsidy. Although the risk has been accepted by management, a recommendation made by Internal Audit to increase the number of checks has not been agreed. The Revenues Manager Operations believes there is insufficient resource to carry out the increased level of checking. Additionally, it is noted that there should be increased integration with ATLAS by late May, so that the risk of claims being processed incorrectly as a result of human error will only be temporary.

Revenues Security and Systems:

Sanctions

Sanction targets for 2012/13 have not been achieved and the figures have continued to fall over the past three years. There is little information recorded in Covalent as to what is being done to increase the number of sanctions the service administers.

Current and historic sanction performance:

	2010/11	2011/12	2012/13	2012/13 Target
Administrative Cautions Administered	4	3	0	5
Administrative Penalties Accepted	8	5	2	5
Cases referred to Procurator Fiscal	16	10	10	14
Total Sanctions	**28**	**18**	**12**	**24**

Analysis by Internal Audit has identified that when compared to similar sized councils Midlothian Council is below average in performance for Administrative Penalties and is significantly below average for Administrative Cautions. Comparisons with other councils do not appear to have been part of any previous review of this area.

There are currently three fraud officer posts and one fraud assistant. It is understood that one fraud officer has been on long term sickness and this has had a negative impact on performance. Additionally, another fraud officer did not have direct experience before starting in the post so required signficant training.

The Revenues Manager Security and Systems and Head of Customer Services have indicated that low numbers of sanctions in the year does not necessarily mean poor performance of the service and the figures could be interpreted as evidence that there has been little fraud that the investigators are able to identify in the year. However, as these performance indicators are externally reported to DWP and are one of the measures used to determine the effectiveness of the fraud service in targeting cases that have a likelihood of fraud, a management review would be worthwhile.

Medium Risk

Rec. No.	Recommendation	Priority	Manager	Target Date
1	Given that performance indicators for sanctions are low compared to other councils of similar size, a review should be undertaken by management to understand the reasoning behind this (e.g. staffing resource, case targeting, training etc.) Actions should be agreed with Head of Service to agree a way forward. Progress on the PIs should be updated via Covalent.	Medium	Revenues Manager Security and Systems	30/06/2013

Interventions:

Interventions and other visits are undertaken by visiting officers. 489 interventions have been completed by the visiting officers for 2012/13. Interventions and other types of visits do not have a target set in Covalent and the Covalent code for this, CR.RSS.25, is not included in the performance reports that go to the Head of Service. Also, interventions and other types of visits are not separately reported and instead they are reported together in a single figure.

As can be seen below, there have been more interventions this year compared to the prior year.

Number of interventions:
2007/08   200
2008/09   1,257
2009/10   372
2010/11   884
2011/12   133
2012/13   489

Given the case load is higher in 2013 than in 2011 when the Audit Scotland report was submitted, it is concerning that the number of interventions has decreased further from

2010/11. This indicates that insufficient assurance may be being provided and not enough cases with a likelihood of change are being targeted.

There is currently no performance indicator for interventions that result in a change of circumstance (the intervention efficiency). This is a key indicator for measuring the effectiveness of the service's criteria for targeting cases with a likelihood of change. This performance indicator previously was reported on at the time of the Audit Scotland report, but was removed around May 2012. Additionally, the service does not seem to have compared its level of interventions to other similar sized councils to gauge performance.

The service does now measure the effectiveness of visits in its preferred method of visiting. The results of the visits completed by the more economic method of post and telephone are compared with physical visits. The data is stored in a spreadsheet that is updated on a day to day basis by the visiting officers, and formula summarise the data into a report that is discussed at one to one meetings between the Revenues Manager Security and Systems and the Visiting Officers. The spreadsheet analysis measures the effectiveness of all visits, not just interventions. It may be worthwhile to separately measure the effectiveness of the different visit types to inform the decision of which method to be used to carry out the visit.

Some errors were noted in the formula of the interventions spreadsheet that made some of the results in the report inaccurate. Corrections have been submitted to the Revenues Manager Security and Systems.

Medium Risk

Rec. No.	Recommendation	Priority	Manager	Target Date
2	Interventions should be reported separately from other types of visits and targets should be agreed with management. Targets should be benchmarked with similar sized councils and this exercise should consider the Council's assurance needs. Interventions performance should be included in performance reports submitted to the Head of Service.	Medium	Revenues Manager Security and Systems	30/06/2013
3	The PI showing the % of interventions that result in a change of circumstance should be re-introduced. This PI should be used to inform and adjust if necessary the criteria for targeting interventions.	Medium	Revenues Manager Security and Systems	30/06/2013

Rec. No.	Recommendation	Priority	Manager	Target Date
4	Implement the formula corrections to the interventions and visits report. Consideration should be given to adjusting the analysis to separately measure the effectiveness of different visit types.	Medium	Revenues Manager Security and Systems	31/05/2013

Counter-Fraud

The Revenues Manager, Security and Systems carries out a monthly check as part of the one to one with fraud officers which includes:
- looking at open cases (how long they have been open and any resultant issues);
- checking a sample of 15% of open cases checking for accuracy and whether the record is being updated; and
- checking on a sample of closed cases for adequacy of processing.

However, the following issues identified in the previous follow-up have not been implemented.

This includes:
- there are no policies or procedures on quality assurance (i.e. to include sample size / key areas to review to allow effective working / compliance with legislation and guidance); and
- there is little detail on the sheet saying what was checked – just a yellow highlight indicating it has been.

Additionally, there does not seem to be evidence of benchmarking the number of investigations against similar sized Councils e.g using DWP's reported statistics.

Medium Risk

Rec. No.	Recommendation	Priority	Manager	Target Date
5	Policies and procedures for quality assurance should be developed, increased detail should be included in sample reviews, and the performance for fraud investigations should be benchmarked against DWP reported statistics.	Medium	Revenues Manager Security and Systems	30/06/2013

Overpayments

Internal Audit carried out a walkthrough of the current process with the Overpayments Officer. Cases with fraudulent overpayments and administrative penalties are separately identified in the Overpayments Officer's workings and payment can be separately monitored in Open Revenues. Fraud Officers identify overpayments where there may be a fraudulent element and this is sent to the Overpayments Officer.

At the time of the audit, the number of cases undertaken by fraud officers that resulted in an overpayment was being reported, but the financial value of the overpayment debt arising out of the fraud officers' work was not reported. This PI previously was reported, but stopped being reported around March 2012.

During the audit this issue was resolved and now the financial value of the overpayment arising out of the fraud officers' work is again monitored on Covalent and included in performance reports.

Business Planning

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Audit Assessment
There is no evidence that, as part of the business planning cycle, the service reviews its previous year's performance with a view to identifying the specific areas that it needs to improve and articulating how it will do so.	Carry out a formal annual performance review of SPI and LPI data as part of business planning cycle. Arrange meeting to review performance for 2010/11 and identify actions to improve performance in the following year. (CSE.REV.EA.01). Action is noted as closed on Covalent 31/08/11	Annual Service Performance review meeting held on 24/08/11 which included a review of overall service SPI and LPI. Head of Customer Services Service, Revenues Manager Operations, and Revenues Manager Security and Systems attended this meeting. There were no formal minutes from this meeting but HK provided hand written notes where there was evidence of the following SPI / PI being discussed: • Benefit processing – (establishing an action plan to deal with Audit Scotland issues / purchasing a SHBE analysis, establishment of targets for overpayments etc). • Subsidy – notes indicate looking at errors / delays / reviewing interim subsidy / look at irrecoverable for year and write offs. Monitor more proactively claim and review subsidy audit output. • Fraud referrals – analyse historical referrals (use for sifting) / marketing campaign / analyse successful outcomes. • A note was also made around training – provide new plan (annually). A meeting was also set for 13/06/12 to review 2011/12 figures. Minutes are not typed up and action plans formally agreed and updated to Covalent. Not all PI listed and evidence of discussion e.g. administration cautions or penalties. **Partly Satisfactory**	The audit identified the following: • the Annual Service Performance review meeting held on 24/05/12 which included a review of overall service SPIs and LPIs; • there is evidence a fuller range of SPIs and LPIs were discussed at this meeting compared to the previous meeting; • actions were recorded and discussed to improve underperforming PIs; and • the 2013/14 Annual Performance Review is planned for 11/06/13.	**Satisfactory** There is evidence of a detailed review taking place and appropriate actions being agreed.
Performance indicators have not been set for 2011/12 for reconsiderations, interventions or sanctions at the time of our visit in June 2011.	Set targets for any LPIs which do not currently have targets assigned including reconsiderations, interventions and sanctions (CSE.RE.EA.02). Action noted as closed on Covalent 31/08/11	Targets are set for all three indicators. **Satisfactory**.	Targets are set for reconsiderations and sanctions. There is no longer a target for interventions. Interventions are no longer separately reported on (they are included in the visits total, and only the total number of visits are input into Covalent). Also, the intervention efficiency target has been withdrawn.	**Unsatisfactory**

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Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Audit Assessment
Reconsideration performance is not routinely monitored and reported.	Routinely monitor and report on reconsiderations in monthly performance meetings with head of service (CSE.RE.EA.03&19). Action noted as closed on Covalent 31/08/11	Reconsiderations are monitored monthly in detailed spreadsheets and reports are provided to Head of Service and discussed at monthly meetings. **Satisfactory**	As previously described.	**Satisfactory**
There is no evidence of any challenge where performance is not meeting target or of the remedial action agreed to improve performance.	Routinely circulate performance review reports to Group Leaders and revenues staff to supplement the data already available for use in feedback sessions. (CSE.REV.EA.04b). Action noted as closed on Covalent 31/10/11 Improve narrative on performance reports specifically including explanation and remedial action where off target for discussion with head of service at monthly meeting (CSE.REV.04a). Action noted as closed on Covalent 11/10/11	**Revenues Operations** produce a monthly report which is circulated to all relevant staff within Customer Services including the Head of Service. This report includes details on speed of processing new claims, change of circumstances, reconsideration performance and a number of other relevant PIs including a column where the manager can insert a comment explaining the current performance. Therefore, senior management have adequate opportunity to discuss performance and agree remedial action. The Revenues Manager Operations meets the Head of Service on a monthly basis. **Satisfactory** Revenues Manager, Security and Systems tracks performance on Covalent for interventions and sanctions and is reported to discuss this at team meetings / one to ones and with the Head of Customer Services. However, there is no evidence from Covalent on what is being done to improve performance as both the targets are low and performance against the targets is low for interventions, administrative penalties and administrative cautions. There is also no comparative information against other Councils to know if the performance is good or poor. Although there is a report run for the Head of Customer Services of key performance indicators for Revenues Security and Systems this is not as yet split into sections for relevant staff. This report is in the process of being adapted and will be circulated to Head of Customer Services and relevant staff within the section. **Work in Progress**	As previously described. Reports have now been adequately separated for different staff. There is a high level report 'Performance and Development' report that summarises all PIs for the HoS and there are separate Overpayments and Fraud Covalent reports to discuss with staff at one to one meetings. Sanction targets for 2012/13 are not going to be achieved. There is still no information recorded Covalent as to what is being done to improve sanction performance. Comparisons have not been made by the service against similar sized Councils. Analysis by Internal Audit has identified that for Administrative Cautions we are significantly below average when compared to similar sized councils and below average for administrative penalties. Interventions and visits no longer have targets and are not included in performance reports. The interventions efficiency PI has been withdrawn. Interventions are not separately reported.	**Satisfactory** **Unsatisfactory** Targets should be set for number of visits and interventions and should be separately reported. Their efficiency should also be reintroduced as a PI. The performance reporting of key indicators marked as underperforming in the Audit Scotland report such as Sanctions have not improved.

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Delivering outcomes

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
The service is not measuring its change of circumstances performance as guided by DWP and, as a result of the method it uses, it is overstating its performance.	Measure, capture and report on benefits statistical information (new claims and change of circumstances) in line with DWP guidance (CSE.REV.EA05) Action noted as closed on Covalent 09/08/11	Tested two quarters and Midlothian Council figures are either identical to DWP figures or there are minor variances. **Satisfactory**	Two quarters were tested. Midlothian Council PIs again were either identical to the DWP figures or had a minor difference (e.g. a difference of one day). The remaining occassional disparities are likely due to rounding differences, so are of no further concern.	**Satisfactory**
National performance figures were first published by DWP towards the end of 2009 but the Council has done nothing to try and understand the difference between those national figures and its own. It needs to do more to validate its performance and gain assurance on its speed of processing performance.	Test and implement SHBE analysis tool providing opportunity to analyse data and address anomalies prior to formal submission to DWP (CSE.REV.EA.06). Action noted as closed on Covalent 11/03/11	SHBE tool - Delays in selecting software and roll out. Issue has been closed on Covalent but software not yet fully embedded. Concluded that **satisfactory** as even although the software is not yet fully rolled out there is a match now between DWP figures and Midlothian Council figures.	The primary reason for the differences was at the time of the Audit Scotland review claims were counted from the day all necessary information was received, rather than the day the new claim or change of circumstance was initiated. This is not in line with DWP's methodology and resulted in the descrepancy between the DWP and Midlothian Council's figures. Once Midlothian Council adopted DWP's method in calculating the PI the quarterlly PIs are now either identical or have a minor difference as described above. Exception reports are run in Open Executive to check for inconsistencies. These are then submitted to group leaders to give them an opportunity to correct the potential error.	**Satisfactory** The SHBE analysis tool was not used to analyse the data and address the anomalies, as after the fix in the way days are counted for processing a claim was implemented the remaining difference was immaterial.
There is currently no reporting to senior officers and Members of DWP's published performance figures for the service and its relevant position when compared to other benefits services in Scotland and Great Britain.	Review and improve performance reports reporting to Elected Members and Chief Executive as part of quarterly performance framework. (CSE.REV.EA.07). Action noted as closed on Covalent 31/08/11	There is evidence that the key performance indicators on benefits are included in the reports that go to the Performance Review and Scrutiny Committee and that this committee includes Elected Members and senior managers from the Council. Regular updates are also provided by the Head of Customer Services to the Audit Committee. However the following was noted: The measure relating to change of circumstance do not reflect the actions that are being taken to improve upon performance which although improved is still below the national average; and the original report by Audit Scotland suggests comparison with other UK Councils but MC only compare against Scottish Councils.	The same key performance indicators previously described are reported to the Performance Review and Scrutiny Committee (PRSC). New claims performance is better than the Scottish average by 6 days and change of circumstances performance is worse the Scottish average by less than 1 day. This can be seen as a significant improvement from the previous reported figures. The narrative in the PRSC report notes the improved performance. The last letter received from Audit Scotland noting the improved performance referred solely to Scottish Councils. Therefore, it can be taken as correct to be comparing our performance against the Scottish average instead of the UK average.	**Satisfactory**

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Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
		Mostlly Satisfactory		
The services speed of processing performance is amongst the worst in Great Britain. It needs to improve, firstly to ensure that the service it provides to those customers claiming and receiving housing benefits is more effective and efficient, and secondly to reduce the financial loss the Council has incurred through administrative delays. A number of actions have been taken against this observation and consequently Midlothian Council performance has improved especially in relation to new claims processing speeds. All issues closed other than implementation of the action pan which is due to complete by end of April 2012. The actions are as follows:				
	fill vacant processing posts with experienced staff (CSE.REV.EA.08);	Reduction in 2 posts within Revenues with this resource being transferred to Call Centre with the aim of reducing the number of calls that are passed through to Revenues. These employees have yet to be appointed. There is also a concern that two experienced members of staff are leaving Revenues and need to be replaced. Due to the level of uncertainty in this area with legal and regulatory changes these staff will be replaced with staff on temporary contracts and there is uncertainty if there are suitable candidates to replace experienced members of staff. In addition the DWP also provide a subsidy which is being used to finance the employment of an agency staff member and there is some doubt as to how long this subsidy will continue. Staff have been doing some overtime work but this has been financed out of existing budgets. Although action was taken and the issue closed on Covalent it should be noted that this is a continuing risk which could impact on the time taken to process new claims and change in circumstances in the future. **Satisfactory completion, but a continued risk**	A risk identified in the previous audit report is that performance could fall again due to staffing shortfalls and difficulties in filling posts that are fixed-term with sufficiently experienced staff and that resource was reduced by having 2 revenue posts were relocated to the contact centre. This is again recognised as a concern for the following reasons as we have discussed previously: • there is one new member of staff employed to assist with the Scottish Welfare Fund. There are two revenues officer vacancies yet to be filled; • performance processing times may fall from April as people in crisis making use of the Scottish Welfare Fund will have priority; • four staff will be on Maternity leave in 2013/14; and • funding will run out for a fixed term post subsidised by the DWP in October 2013 unless other funding becomes available. Management are already aware of this risk. Finding suitably qualified staff willing to accept a fixed term contract is difficult. Permanent posts will not be awarded until the Council has full clarity on the role it will have once the Universal Credit Changes are in force. Relevant risks are recognised in Covalent code MC31.	**Satisfactory completion, but a continued risk** Performance may fall due to inadequate staffing levels and overtime may be necessary.
	Carry out a comprehensive review of new claims and change of circumstances processing (Operations Manager, Revenues to	There was evidence that management have undertaken a detailed review of current processes identifying strengths and weaknesses and have made recommendations for improvement which have been incorporated into an action plan.	As previously described.	**Satisfactory**

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
	lead the Group) (CSE.REV.EA.08b);	**Satisfactory**		
	Carry out a systems review to identify any opportunities to streamline processing and assist in minimising processing delay	Revenues Manager Security and Systems has indicated that this was undertaken with the assistance of CIVICA but no opportunities were identified for improvement and therefore the issues was closed on Covalent. **Satisfactory**	As previously described. Additionally, as part of CSE.REV.EA.08e inefficiencies in processes were identified and have been streamlined and improved to improve performance and reduce delays.	**Satisfactory**
	(CSE.REV.EA.08c); carry out benchmarking with high performing local authorities, particularly with those of similar characteristics (caseload, generic processing, systems). Review award winning councils for submission of IRRV awards (CSE.REV.EA.08d); and	Contact made with Dumfries and Galloway – this Council was selected because they were one of the top performing Councils and IRRV benefit team of the year. Evidence was seen as part of testing that measures have been adopted into Midlothian Council action plan from processes used within Dumfries and Galloway (review of all cases where there is significant delay in processing to determine reason and allow corrective action to be taken / acceptance of limited proofs with follow up and leaflets used). **Satisfactory**	As previously described.	**Satisfactory**
	Create and implement an action plan arising from actions Ea.8b, 8c and 8d (commencing after annual billing complete in February 2012) (CSE.RE.EA.08e).	Action plan in place with actions detailing time lines and responsibility for implementation. **Satisfactory**	The completed action plan was reviewed by Internal Audit and discussed with relevant staff. A number of further process improvements and training opportunities have been completed as part of this action. The following was noted: Action plan for Covalent Code EA.HCTB.08E does not appear to have been actively reported on. The action plan should have been put onto Covalent so progress against individual actions could have been monitored. Progresses against individual actions were not all documented clearly in the excel file and did not appear to be fully updated. Additionally, some actions were suspended without a comment (e.g. recommendations in relation to adjustment of forms). Although the reasons for the suspensions were reasonable, poor reporting of actions can result in plans not being completed or completed poorly. The action in Covalent was signed off before all	**Satisfactory** The action plan has been completed satisfactorily. However, the reporting of the Improvement Plan could have been better.

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
			actions in the plan were actually complete e.g. signed off early in May but actions in the plan were not actually completed until the end of June.	

Accuracy

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
All cases to be checked are selected from the electronic workflow management system rather than the benefits IT system. Selecting cases from the latter would assist the identification and deterrence of internal fraud and provide better assurance on security.	With Group Leaders review selection process for identifying cases for checking, including suitable solutions which may be hybrid of two (CSE.REV.EA.09 and 10). Action noted as closed on Covalent 17/11/11	The risk was that staff could fail to update COMINO but still have processed a case and therefore by-pass the quality assurance. In order to combat this risk management now extract a sample of cases from Open Revenues as well as COMINO. **Satisfactory**	As previously described, group leaders still extract a sample of cases from Open Revenues as well as COMINO. A system bug impacted the operation of the core systems checking system (CPA) during 2012/13. Between June 2012 and 21 November 2012 the CPA checking module in the core system had to be switched off. In this interim checks were done through Comino and on all claims with a value greater than £1,200. Once the appropriate system patch was received from the supplier hybrid checking from the core system and workflow management system resumed.	**Satisfactory**
Cases are selected to ensure that all processing staff, and especially new staff, are included but there is no process in place to ensure that selection is also focused on higher risk cases, in order to improve performance and help minimise any losses.	With the Group Leaders, review selection process for identifying cases for checking, including using the Open Revenues module. Implement suitable solutions (which may be hybrid of two options) – CSE.REV.EA.09&10.	The cases that are selected from the Open Revenues system include high balance cases as well as a random element so that high risk cases are included in the sample. **Satisfactory**	As previously described	**Satisfactory**
External audit have identified errors as part of the 2010/11 subsidy claim checking. These relate to cases involving earned income and classification of overpayments. These types of errors should have been identified through the service's	Thoroughly review the error cases identified in the subsidy claim checking audit to identify any incorrect system classifications (carry out further sample check if necessary to support this). CSE.REV.EA.11a Action noted as closed on	Training was provided to relevant staff in December 2011 following a review of subsidy errors and existing guides re-issued. Monthly tracking of subsidy error level to monitor that within DWP exception tolerances. **Satisfactory**	Additional training has been completed as part of the improvement plan CSE.REV.EA.08e. Monthly tracking of subsidy error level is still in place.	**Satisfactory**

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Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
checking regime and would indicate that it is not as focused and effective as it could be.	Covalent 04/11/11 Implement any necessary system parameter changes / corrections to provide assurance that the subsidy classification is 100% accurate in future. Train staff on new procedures and monitor subsidy claim throughout the year.CSE.REV.EA.11b. Action noted as closed on Covalent 12/12/11	Revenues Manager Systems and Control indicated that the action was created ahead of receiving details from Audit Scotland of subsidy claim errors. On analysing these it was reported that none of the errors related to system parameters and therefore all errors were processing errors dealt with in the issue noted above. **Satisfactory**	As previously described.	**Satisfactory**

Interventions

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
Performance indicators have not been set for 2011/12 for interventions. Figures show that in 2008/09 when the Council completed over a thousand interventions it identified changes in 77% of these cases. Given that its caseload has increased, the number of interventions that it has completed is not sufficient to provide assurance that it is targeting all cases where there is a likelihood of change.	Set targets for any LPIs which do not currently have targets assigned (including interventions). CSE.REV.EA.02 Action noted as closed on Covalent 31/08/11 Review intervention target bearing in mind reduced resources and vacant post (review again when post filled). Ensure IV programme focuses on highest risk areas. CSE.REV.EA.12&15 Action noted as closed on Covalent 11/10/11	Targets have been set for interventions at 360 cases for the financial year. In 2008/09 the Council undertook over 1k and in two months in 2009/10 were reported to have undertaken 79. Currently for the year to date only 133 cases have been sampled (40% of target). This target and the numbers reviewed are low and there needs to be action taken to improve performance in this area. **Unsatisfactory**	Interventions and visits do not have targets set in Covalent. The Covalent code for this, CR.RSS.25 where the number of visits is recorded, is not included in the Covalent performance reports that go to the HoS. There have been more interventions this year compared to prior years, but the amount is still low compared to 2010/11 and 2008/09. This may indicate the service is providing insufficient assurance given the caseload is higher in 2013 compared to prior years. 2007/08 200 2008/09 1,257 2009/10 372 2010/11 884 2011/12 133 2012/13 489 There is no PI for interventions that result in a change of circumstance and Midlothian Council does not seem to have compared its level of visits to other similar sized councils to gauge performance.	**Unsatisfactory** Interventions and visits should be included separately in performance reports and targets should be set and agreed with management. There should be a PI showing the % of interventions that result in a change of circumstance. A comparison should be made with similar sized councils for the number of visits.

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
				The number of interventions achieved in the year may be insufficient for adequate assurance.
Currently the service does not know the number of ineffective visits and as such is not measuring any inefficiency in its preferred method of visiting.	Fully test visiting software module within Open Revenues and implement this and / or improve recording mechanisms allowing analysis of ineffective visits etc. CSE.REV.EA.13&14. Action noted as closed on Covalent 30/03/12	Revenues System and Control Manager reported that they had originally intended to use software available in Open Revenues module but that this was found not to be part of the package that they had purchased. Instead they have to develop their own monitoring process via spreadsheets. This is under development but not yet in place and is flagged as only 50% complete. Original implementation date was December 2011. Manager Security and Systems reported that this was now in place from 30/03/12 and will be used going forward. **Work in Progress**	The spreadsheet analysing the level of effective/ineffective visits was received. The spreadsheet allows visiting officers to fill in their progress on a day to day basis and formula will then calculate the effectiveness of the different type of visits. This analysis page from this spreadsheet is then used to assist one to ones between the Revenues Manager Security and Systems and the Visiting Officers.	**Mostly Satisfactory** Some errors were noted in the formula. Corrections have been submitted to the Revenues Manager Security and Systems.
The service completes its interventions by both visit and postal but does not compare the results of those cases visited to the results of the more economic method of postal interventions. Such analysis is essential when trying to achieve value for money.	Fully test visiting software module within Open Revenues and implement this and / or improve recording mechanisms allowing analysis of ineffective visits etc. CSE.REV.EA.13&14 Action noted as closed on Covalent 30/03/12	Revenues System and Control Manager reported that they had originally intended to use software available in Open Revenues module but that this was found not to be part of the package that they had purchased. Instead they have to develop their own monitoring process via spreadsheets. This is under development but not yet in place and is flagged as only 50% complete. Original implementation date was December 2011. Manager Security and Systems reported that this was now in place from 30/03/12 and will be used going forward. **Work in Progress**	The spreadsheet analysing the level of effective/ineffective visits was received. As described above, the visiting officer will fill in their progress in this spreadsheet on a day to day basis and formula will then calculate the effectiveness of the different type of visits (e.g. whether the visit was successful, partly successful, or unsuccessful and whether the visit was in person, by post, or telephone). This analysis page from this spreadsheet is then used to assist one to ones between the Revenues Manager Security and Systems and the Visiting Officers. The spreadsheet analysis measures the effectiveness of all visits, not just interventions.	**Mostly Satisfactory** Some errors were noted in the formula. Corrections have been submitted to the Revenues Manager Security and Systems. Additionally, It may be worthwhile to separately measure the effectiveness of the different visit types.
Of concern, as part of the organisational review, the interventions	Set targets for any LPIs which do not currently have targets assigned (including	Targets established but these are set low and are not being achieved in any event. Yet to see evidence of a thorough review.	The number of completed interventions for 2012/13 is 489.	**Unsatisfactory** Management

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
team has been reduced to two visiting officers with only one currently in post. For the first two months of 20/11/12 only 15 interventions have been completed compared to 79 for the same period last year. This area of work requires a thorough review to ensure that the service is effectively, efficiently and economically minimising errors in its caseload and reducing any potential financial loss.	interventions). CSE.REV.EA.02 Action noted as closed on Covalent 31/08/11 Review intervention target bearing in mind reduced resources and vacant post (review again when post filled). Ensure IV programme focuses on highest risk areas. CSE.REV.EA.12&15. Action noted as closed on Covalent 11/10/11	**Unsatisfactory**	Targets are currently not set for the number of visits and interventions and comparisons do not seem to have been made with similar sized councils for this area.	should set targets for visits and interventions and review levels of visits carried out by similar sized councils. Consideration should be given to the level of assurance being provided by current visiting levels as the caseload in 2013 is higher than 2011.

Overpayments

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
There is no routine analysis of overpayments raised to identify any necessary changes or additions to processes, procedures or training that could minimise official error.	Implement a programme of routine analysis of overpayments using data already collated. Use this to formulate training plans and take pro-active steps to reduce LA error (CSE.REV.EA.16) Action noted as closed on Covalent 19/12/11	Flagged as closed on covalent by Revenues Security and Systems with the following update recorded "Work being carried out regularly by Group Leaders, Revenues Manager Operations in relation to checking and subsidy allocation to reduce LA Error. This topic was also covered in training of all Revenues Staff who have been made aware of importance of correct dates and implications on subsidy". Analysis undertaken by the Overpayments officer of errors which have lead to overpayments and these are summarised by the Training Officer and discussed with team leaders to try and avoid these being repeated. Evidence of training and refresher course – with re-publication of guides on subsidy errors. Also staff allocated two screens to reduce input errors. Regular vetting of staff through quality assurance. Further work is to be undertaken on the analysis that the Overpayments Officer has provided and guides updated where appropriate.	The Overpayments Officer still carries out analysis on errors as described previously and this information is forwarded to the Group Leaders and Revenues Manager Operations. This information is then used by the Group Leaders to target training and issues that staff may have with certain types of claims. Guides and types of errors being reported were reviewed by Group Leaders and the Revenues Manager Operations. Guides were shown to be adequate, and the main reason for the errors was human error. Therefore, it's important this analysis continues so training can be given to individuals that need it.	**Satisfactory**

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Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
		Satisfactory – guides still need to be up dated on the basis of analysis of common errors.		
In its Counter Fraud and Corruption Policy the Council commits to recovering fraudulent overpayments. However, it does not monitor the recovery of fraud overpayments and administrative penalties to ensure they are rigorously recovered and that benefit fraud is deterred.	Review overpayment recovery procedures and put in place mechanism to ensure more rigorous pursuit of fraudulent overpayments in accordance with Counter Fraud and Corruption Policy (CSE.REV.EA.17a). Review procedures and put in place a mechanism to ensure that more rigorous pursuit of Administrative Penalties (CSE.REV.EA.17b). Action noted as closed on Covalent 31/01/12	Going forward collections on fraudulent overpayments and administrative penalties will be monitored as they are all to be raised through the open revenue system. However there are historic cases which are sitting in the Rent Account which have not yet been identified as fraudulent cases and therefore are not being tracked. **Work in progress**	Internal Audit carried out a walkthrough of the current process with the Overpayments Officer. Cases with fraudulent overpayments and administrative penalties are separately identified in the Overpayments Officer's workings and payment can be separately monitored in Open Revenues. Fraud Officers identify overpayments where there may be a fraudulent element and this is sent to the Overpayments Officer. At the time of the audit the number of cases undertaken by fraud officers that resulted in an overpayment was being reported, but the financial value of the overpayment debt arising out of the fraud officers' work was not reported. This PI previously was reported, but stopped being reported around March 2012. During the audit this issue was resolved and now the financial value of the overpayments arising out of the fraud officers' work is again monitored on Covalent and included in performance reports.	**Satisfactory –** issues were resolved over the course of the audit
Management information is not available to measure and compare the effectiveness of the different options it uses to recover its debt. In particular the service has currently no mechanism in place to measuring the success of the HB overpayment recovery officer.	As part of the review of overpayment recovery process implement a solution with ability to measure and compare the effectiveness of different options used to recover debt (CSE.RE.EA.18). Action noted as closed on Covalent 24/02/12	Weekly and monthly reporting is now undertaken with the addition of a performance indicator on the amount collected by the Overpayments Recovery officer. This directly measures the amount she has collected due to her own efforts and is reviewed at one to one sections with the Revenues Manager Security and Systems. Note that the Revenues Manager, Security and Systems, clarified with Audit Scotland that this was what was required by their recommendation. **Satisfactory**	As previously described.	**Satisfactory**

Appeals and Reconsiderations

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
Without routine measurement and monitoring of reconsiderations the Council has limited assurance that those customers making such requests are provided with an effective and efficient service.	Set targets for any LPI which do not currently have targets assigned for 2011/12 (including reconsiderations). CSE.REV.EA.02 Action noted as closed on Covalent 31/08/11 Routinely monitor and report on reconsiderations in monthly performance meetings (CSE.REV.EA.03&19) Action noted as closed on Covalent 31/08/11	Target set for reconsiderations and results included within monthly reporting pack to H Kelly, **Satisfactory**	As previously described.	**Satisfactory**

Counter Fraud

Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
There is no quality checking regime in place to ensure timely progress of investigations and compliance with legislation and guidance.	Implement comprehensive quality checking regime to ensure timely progress of fraud investigations and compliance with legislation and guidance. Include benchmarking of best practice elsewhere in considerations. Use resultant information to proactively target training and improve productivity in future (20). (CSE.REV.EA.20) Action noted as closed on Covalent 30/11/11	The Revenues Manager, Security and Systems has introduced a monthly check as part of the one to one with fraud officers which includes: • Looking at open cases (how long they have been open and any resultant issues) • 10% of open cases checking for accuracy and whether the record is being updated • Checking on a sample of closed cases for adequacy of processing. <u>Issues</u> Team plan PI does not include a PI on compliance with quality assurance framework over fraud investigations. No policies or procedures on quality assurance procedures (i.e. to include sample size / key areas to review to effective working / compliance with the law etc). Not seen evidence of benchmarking. **Unsatisfactory**	Monthly Checking and one to ones with fraud officers is still in place. The checking procedures are similar to the previous follow-up, except there is now a 15% check on open cases and a sample of closed cases are also reviewed. <u>Issues – similar to the previous audit</u> No policies or procedures on quality assurance procedures (i.e. to include sample size / key areas to review to effective working / compliance with the law etc). Also, there is little detail on the sheet saying what was checked – just a yellow highlight indicating it has been. This could be improved. There is no evidence of benchmarking number of investigations against similar sized Councils e.g using DWP's reported statistics.	**Unsatisfactory**
	Carry out a review of sifting process for fraud referrals	Risk score now added based on the level of detail provided in an allegation and the likelihood of recovery.	The risk scoring has been updated since the previous audit. This is based on the fraud teams	**Satisfactory**

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Risk to Continuous Improvement	Actions taken to mitigate risk	Previous Follow Up	Current Follow Up	Assessment
	in order to ensure highest risk cases are prioritised (CSE.REV.EA.21a). Action noted as closed on Covalent 19/12/11	**Satisfactory**	experience and Revenues Manager Security and Systems reviewing successful investigations in the year to better assess the risk. This shows the team is demonstrating continued improvement.	
	Implement procedure to ensure ineffective investigation cases are closed promptly freeing up time to concentrate on more effective investigations. Sample checks will be introduced to ensure procedures are adhered to (CSE.REV.EA.21b).	Included in sample review undertaken by Revenues, Security and Systems Manager and discussions with fraud officer as part of monthly one to one. Issues No written procedure over this process. **Partly Satisfactory**	As previously described. Issues No written procedure over this process.	**Partly Satisfactory**