

ARGYLL & BUTE COUNCIL

INTERNAL AUDIT SECTION

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	CUSTOMER SERVICES
AUDIT DESCRIPTION	SYSTEM BASED AUDIT
AUDIT TITLE	UNIVERSAL CREDIT
AUDIT DATE	MARCH 2014

2013/2014



1. AUDIT SCOPE AND OBJECTIVES

This report has been prepared as a result of the Internal Audit review of Universal Credit within Customer Services, Revenue and Benefits as part of the 2013/2014 Internal Audit programme.

The main objective of the audit is to assess the preparedness of the Council for the implementation of Universal Credit. Five days were allocated to this Audit.

Expected Controls:

1. Plans exist with regards to the implementation of Universal Credit;
2. Resources have been identified.

2. RISKS IDENTIFIED

Welfare reform is classed as a red risk, mitigated to an amber risk within the Risk Register. The risk description is: "Implementation of Welfare Reform is not managed well resulting in increased poverty and deprivation or short term crisis"

Other identified risks include:

- Increased demand or costs for Council services;
- Financial crisis and hardship for individuals;
- Adverse impact on local economy;
- Adverse impact on communities;
- Potential widening of inequalities gap.

3. AUDIT OPINION

The level of assurance given for this report is substantial.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
Substantial	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Limited	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
Very Limited	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

4. MAIN FINDINGS

The following main findings were generated by the audit:

- A new system of calculating working age benefits is being introduced by the Government. Universal Credit will replace: Child Tax Credits, Housing Benefit, Income-related Employment and Support Allowance, Income-based Jobseekers Allowance, Income Support and Working Tax Credits.
- The introduction of Universal Credit will be on a phased basis between October 2013 and 2017. It is understood that Universal Credit will not be introduced in Argyll & Bute Council (The Council) until 2016 at the earliest.
- Argyll & Bute Council are in the process of establishing plans for the implementation of Universal Credit.
- Argyll & Bute Council are leading a Welfare Reform Working Group which is a multi-agency work group covering a number of services within the Council, the local Registered Social Landlords, the Department for Work and Pensions (DWP), the NHS

and the Citizens Advice Bureau. The Welfare Reform Working Group is a key group presiding over all welfare reform activity in the area.

- The Welfare Reform Working Group is currently working on proposals to implement improved services to help those locally with financial inclusion and digital inclusion issues in advance of Universal Credit.
- The Welfare Reform Working Group meetings help to provide support and identify resources for the implementation of Universal Credit.
- Resources for the implementation of Universal Credit will primarily come from the Benefits section of the Council and from the DWP's Job Centre Plus offices; however this has yet to be discussed in detail.
- Claimants moving to Argyll & Bute from another area of the UK which has introduced Universal Credit would continue to receive Universal Credit. The Council would be informed by the DWP of any such claimant. The Council would work in partnership with the DWP to ensure that the claimant is given full support with regards to their ongoing claim.

5. CONCLUSION

No recommendations arose from the audit work.