



York Financial Assistance Scheme

City of York Council

Internal Audit Report 2016/17

Business Unit: Customer & Corporate Services
Responsible Officer: Assistant Director, Customer Services and Digital
Service Manager: Head of Customer, Resident and Exchequer Services
Date Issued: 24/2/2017
Status: Final
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	P1	P2	P3
Actions	0	0	2
Overall Audit Opinion	Substantial Assurance		



Summary and Overall Conclusions

Introduction

The York Financial Assistance Scheme (YFAS) is run by the Council to provide urgent financial assistance to residents following an emergency or to support vulnerable adults in either moving into or remaining in the area.

The Scheme has a budget of £459,950 for the 2016/17 financial year and so far this year has received nearly 800 applications, of which around half have been successful. Department of Work and Pensions funding finished at the end of the 2014/15 financial year and the Scheme is now solely funded by the Council.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- The Scheme was accessed by those who genuinely need help and opportunities for ineligible or fraudulent claims are minimised;
- The budget was managed to ensure that applicants receive the same service irrespective of when they apply in the financial year;
- Vouchers were issued in line with documented procedures.

The audit included a review of actions raised in the 2015/16 audit to ensure that they had been implemented or were being implemented.

Key Findings

Overall, the processes in place for ensuring the effective operation and management of YFAS are working well.

The numbers of applicants receiving too many awards in breach of the Scheme's rules is very low and has decreased since the revised Scheme was implemented in 2015/16. Furthermore, the budget was found to be managed effectively, with key officers and Members kept informed of the performance of the Scheme. Although future budget reductions and use of the reserves for other Financial Inclusion Steering Group initiatives may impact on the Scheme's ability to provide the same service throughout the year in the medium- to long-term, funding for YFAS is a decision for Members and as such no finding has been raised.

The main issue raised relates to the making of continuations to awards. It was found that several of the applicants who appeared to have received too many awards had actually had extensions granted to their original awards. Discussion with the assessor found that there is no clear guidance on making continuations, which raises the possibility of certain controls within the system being circumvented.

The second issue relates to the unmarked YFAS locker and key, which was raised as an issue in the previous audit. Testing found that the locker log was not always completed and the key was still stored in an easily accessible drawer.

Overall Conclusions

The arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Continuations to YFAS Awards

Issue/Control Weakness

There is no clear process or guidance for making or authorising continuations to awards.

Risk

Applicants receive an excessive amount of money under the YFAS Scheme.

Findings

Testing of 5 applicants who had apparently received more awards than allowed under the Scheme’s criteria found that 4 had actually received continuations to previous awards. The assessor explained that a continuation can be granted if an applicant applies for another award immediately after the term of a previous award ends (for example, at the end of 14 days daily living expenses) and that this new application is for the same reason as the previous award. In that case, the continuation is treated as part of the first award, rather than as a separate award, and as such does not count towards the limits on the number of awards an applicant can receive in a 12-month period set out in the Scheme’s criteria.

It was found that one of the applicants tested had received three continuations to their original emergency payment over a period of eight weeks. This meant that in total they received over £500 of emergency funds, which would have required a manager’s approval if it had been applied for all at once. As the applicant was granted continuations, the manager’s approval was not sought and the applicant was still eligible for another emergency grant within 12 months.

Further discussion with the assessor established that there are no set decision-making processes or guidance notes for deciding whether or not a continuation should be granted to an applicant or when a manager’s approval should be sought. Although the number of applicants receiving continuations appears to be low, it is possible for controls within the system to be circumvented.

Agreed Action 1.1

YFAS processing notes will be updated with guidance on making continuations to awards. Assessors will be expected to seek a manager’s approval if a continuation will take an applicant over the £500 (Emergency) or £1500 (Community) award limits. An email will be sent out to the team which processes YFAS applications to advise them of the changes.

Priority	3
Responsible Officer	Benefits Assessor
Timescale	01/03/17

2 YFAS Locker and Key

Issue/Control Weakness

The YFAS locker log is not completed correctly and the key is kept in an easily accessible location.

Risk

Vouchers that are kept in the unmarked YFAS locker are stolen or lost.

Findings

Currently, the locker log is not being completed correctly; only 50 out of 74 awards put in the locker in November and December 2016 were recorded as being taken out and given to the applicant. Furthermore, the locker log does not give enough detail to explain what is being put in and taken out. There is no reconciliation of its contents carried out at the beginning and end of each day, so it is not possible to know exactly what has gone in and out.

Moreover, with the key being left in an unlocked drawer over night in an accessible location, there is the possibility of theft from the locker after office hours when fewer staff members are working. This issue was identified in the previous audit.

Agreed Action 2.1

The sheets completed when awards are placed in or removed from the locker will be amended to confirm details of what is in the locker. A reconciliation check will now take place at 5pm each day to reconcile the contents of the locker with the input/removal sheets. A reconciliation sheet will be completed by a manager to confirm this. At 5pm each day the YFAS locker key will be placed in the safe room for overnight and weekend storage. The key will be retrieved from the safe room at the start of the working day.

Priority

3

Responsible Officer

Customer Service
Contact Team
Manager

Timescale

01/03/17

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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