

# MEMORANDUM OF UNDERSTANDING

## The arrangements between DWP and Audit Scotland for improving the quality of administration of Housing Benefit in Scotland

### DWP Housing Delivery Division (HDD) / Audit Scotland

#### 1. Introduction

This Memorandum of Understanding has been agreed between DWP and Audit Scotland. Its purpose is to establish an efficient working relationship between the two parties and clarify roles and responsibilities. The document is subject to change and amendment as working practices and agreements develop between the two parties.

This document is not legally binding.

Nothing contained in this document shall replace or detract from the statutory duties of either party as contained in the Social Security Administration Act 1992 or the Public Finance and Accountability (Scotland) Act 2000 and the statutory duties of external auditors in the Local Government (Scotland) Act 1973.

#### 2. Roles and Responsibilities

##### ***DWP (HDD)***

Through its strategic objectives, the legislation it sets in respect of HB and the funding it provides to local authorities (LAs), DWP works to secure continuous improvement in Housing Benefit (HB) services delivered through LAs. LAs provide DWP with operational information including caseload, speed of processing new claims and changes of circumstances and counter-fraud data.

##### ***Audit Scotland***

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Accounts Commission and the Auditor General for Scotland. Together they ensure that the Scottish Government and public sector bodies (including LAs) in Scotland are held to account for the proper, efficient and effective use of public funds.

In 2008 the Accounts Commission assumed the Benefit Fraud Inspectorate's responsibility for reporting on HB services in Scotland. As Audit Scotland has no inspection function, this work is carried out as part of the HB audit.

The HB audit work is carried out in two phases. The first risk assessment phase consists of a rolling risk assessment of all HB services in Scotland. Risks to

the continuous improvement of services are identified and authorities are given the opportunity to address these risks themselves. Risk assessment reports and LAs' response to them are copied to the DWP for information. Second phase focused audits are only carried out if LAs are unable or unwilling to reduce these risks to an acceptable level.

When focused audits are carried out the Controller of Audit will prepare a report for the Accounts Commission which will report its findings in public and these reports will be copied to the Secretary of State for Work and Pensions to consider and act on if appropriate. This can include exercising powers of direction if warranted.

### **3. HDD/Audit Scotland - Quarterly Review Meetings**

The Quarterly Review meetings are attended by representatives from HDD and Audit Scotland.

Each party is responsible for notifying the other of the names and details of relevant contacts within their organisation, and shall keep the other informed of any changes.

Quarterly Review meetings are arranged to coincide with the availability of statistical information on HB and to inform Audit Scotland's selection of HB services for the next quarterly programme of risk assessments. These meetings will identify those LAs where there are concerns about their HB service.

### **4. Information exchanges**

Both parties agree to exchange relevant information on HB administration.

HDD will:

- update Audit Scotland with the position on the availability of HB data and published statistics
- advise Audit Scotland if DWP has any concerns about a LA's service
- provide an update, when relevant to Scottish LAs
- ensure that any HDD work at an authority is co-ordinated with Audit Scotland's audit work
- advise and keep Audit Scotland apprised of any HB engagement DWP has with Scottish LAs
- keep Audit Scotland informed of any other information which may be relevant to HB administration in Scotland

Audit Scotland will:

- advise HDD of any information it may have relevant to concerns about a LA's HB service and consider options for engagement, where appropriate
- provide HDD with details of its HB risk assessment audit programme quarterly

- copy its risk assessment reports, the LA's response and Audit Scotland's decision on the need for any further engagement to HDD
- consult with HDD should they consider it necessary to undertake a focused audit.

## **5. Reports from the Accounts Commission.**

Audit Scotland will consult with HDD when it considers a focused audit might be appropriate. However, the decision whether or not a focused audit is appropriate will be made by Audit Scotland.

When both the risk assessment phase and the focused audit phase of the audit have been completed, the Controller of Audit will prepare a report for the Accounts Commission.

The Accounts Commission will consider the Controller of Audit's report and will then report its findings. This report will be a public report and will be copied to the Secretary of State for Work and Pensions.

HDD will consult with Audit Scotland on any action the Secretary of State for Work and Pensions might take following consideration of a report on a Scottish LA's HB service, although the final decision on this will be the Secretary of State's.

## **6. Following up Accounts Commission reports**

HDD will:

- consider each report and provide Audit Scotland with a response which indicates whether DWP has an interest in following up the report
- liaise with Audit Scotland regarding LAs' improvement plans developed in response to published reports
- consult with Audit Scotland on the action the Secretary of State for Work and Pensions might take following consideration of a report on a LA's HB service, although the final decision on this will lie with the Secretary of State
- contact the LA direct if it feels the report is sufficiently critical to warrant separate DWP action. In this event, DWP will advise Audit Scotland accordingly to ensure that any Audit Scotland follow up work takes account of this action

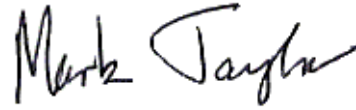
## **7. Joint Review of Memorandum of Understanding**

Some or all of the arrangements or procedures contained in this Memorandum of Understanding may be terminated by either party. However, both parties will use their best endeavours to give reasonable notice to the other of such termination.

The principles of this document will be reviewed and reconfirmed annually. The appendix will be reviewed and updated in line with current practices as agreed.

SIGNED FOR Department for Work and Pensions

SIGNED FOR Audit Scotland



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Title: Assistant Director

Date: 02/05/2018

Date: 23/5/2018

**Annex:****Abbreviations**

DWP	Department for Work and Pensions
HB	Housing Benefit
HDD	Housing Delivery Division
LA	Local authority

**Definitions**

Risk Assessment	The first phase of HB audit work - the scrutiny of a LA's HB service to identify and report the risks to the continuous improvement of that service.
Focused Audit	The second phase of HB audit work - the in-depth scrutiny of the risks identified in the first phase to identify and recommend the actions required by the authority to reduce these risks to an acceptable level.
Quarterly Review Meeting	A meeting between HDD and Audit Scotland to review HB services in Scotland, including any services giving cause for concern and to consider what action may be taken by HDD or Audit Scotland.