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INTERNAL AUDIT REPORT



HOUSING BENEFITS AND COUNCIL TAX SUPPORT
2014-15

Issue Date:	27/04/2015	Issued to:	Simon Riley	Head of Finance and Commercial Services (S151 Officer)
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EXECUTIVE SUMMARY

1. Introduction

The Leicestershire Revenues & Benefits Partnership administers Housing Benefit and Council Tax Support for and on behalf of Harborough District Council using the Academy computer system. The partnership is hosted by Hinckley & Bosworth Borough Council and subject to internal audit by CW Audit Services (CWAS). The Welland Internal Audit Consortium has no authority to audit the activities of the partnership but has determined that reliance can be placed upon the assurance contained in CWAS reports in so far as that assurance relates to risks relevant to Harborough District Council. This is based upon Internal Audit's assessment, supported by written assurances from CWAS, that they operate in accordance with the Public Sector Internal Audit Standards.


This report summarises the assurance offered by a CWAS audit report issued in January 2015 in respect of the control framework for Housing Benefits and Council Tax Support during 2014/15.

2. Range of assurance and overall rating

CWAS carried out work to provide assurance in respect of the following key objectives:

- suitable, authorised policies and procedures are in place covering Benefits processing, overpayments and counter fraud, and staff are aware of these and that they need to comply with them;
- processes are in place to ensure all benefit claims are processed and payments made in accordance with regulations and relevant policies, and are legitimate and appropriate;
- all relevant records and accounts are accurately updated in a timely manner to record all benefits transactions (including reconciliations to feeder and other systems);
- all payments and associated output are timely, recorded securely and data protected against unauthorised access;
- overpayments of benefit are identified and accounted for in accordance with legislation/regulations, the organisation's policy, standing orders and financial regulations, and recovery (and where non-recoverable, write off) arrangements are efficient and effective;
- fraud investigation is in accordance with statute, professional guidelines and the organisation's Standing Orders, Financial Regulations and relevant policies; and
- processing times, accuracy, overpayment levels, fraud case outcomes and other key performance indicators are regularly monitored.

The audit opinion provided by CWAS was that the design and operation of controls offered "Significant Assurance" about the management of the risks to the achievement of the specified objectives. The assurance offered would equate to **sufficient assurance** in an audit undertaken by the Welland Internal Audit Consortium.

Internal Audit Assurance Opinion	Direction of Travel
Sufficient Assurance	

3. Summary of findings and conclusions

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CWAS reported that the audit did not highlight any weaknesses that would materially impact on the achievement of the system's key objectives. There were some low impact control weaknesses which, if addressed, would improve the overall performance of the system. These are summarised below:

Processing new claims

In one case out of a sample of 60 the application form was not completed satisfactorily. The claimant did not confirm whether they had any savings despite previously living off the proceeds of a house sale (see recommendation 1).

Audit testing identified a number of new claimants whose identification was not verified in accordance with the approved policy either by accepting evidence from previous claims or unapproved forms of identification (see recommendations 2 and 3).

Processing backdated claims

Audit testing of a sample of 15 claims highlighted the following errors:

- three cases that were incorrectly classified;
- two cases that were calculated incorrectly;
- two cases where the backdate request was not fully documented;
- four cases where the reason for authorising the backdate was not recorded on the Academy system; and
- one case where the notification letter sent to the claimant lacked clarity regarding the status of backdate request (see recommendation 4).

System access controls and parameters

Arrangements for removing system access when staff leave the Council are not fully effective. The systems administration team is not always notified of leavers, particularly agency staff, home workers, customer service and call centre staff (see recommendation 5).

System parameters are updated annually in line with the circular from the Department for Work and Pensions (DWP). They are input and independently checked by a senior officer and screen prints are retained. However, it is currently not possible to distinguish which screen prints relate to which member Council (see recommendation 6).

Overpayments

Testing identified one case where the overpayment invoice was not flagged for collection even though the claimant was no longer in receipt of housing benefit. In another case there was an error in the amount quoted in the notification letter sent to the claimant (see recommendation 7).

Quality assurance

Quality assurance measures are not routinely reported to the Partnership Board. DWP guidance advises that at least 4% of assessment work should be reviewed for quality assurance purposes to ensure that claims are processed accurately and consistently. At the end of October 2014, due to competing workload demands, quality reviews had not been undertaken for 11 consecutive weeks meaning only 2.8% of cases had been checked. It is understood that the partnership is confident that the 4% target will be achieved by the year end (see recommendations 8 and 9).

4. Audit recommendations

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Whilst the partnership's managers are responsible for implementing recommendations, the Council has an interest in confirming that agreed actions to improve controls have been completed. The Consortium will, therefore, monitor delivery of all recommendations in the CWAS report that are relevant to the Council.

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ACTION PLAN

No.	CWAS recommendation	Management Comments	Category	Officer Responsible	Due date
1	Processing new claims Applications should not be processed unless all relevant sections of the form have been completed satisfactorily.	Agreed	Medium	Head of Partnership (Revenues & Benefits)	24 January 2015
2	Processing new claims Consideration should be given to reviewing the Verification Policy to set out the circumstances in which identification is not required.	Will review existing policy regarding VF where claimant has claimed before.	Medium	Head of Partnership (Revenues & Benefits)	30 April 2015
3	Processing new claims Assessors should be reminded of the requirement to comply with the Partnership's Verification Policy	Agreed	Low	Head of Partnership (Revenues & Benefits)	24 January 2015
4	Processing backdated claims Benefits assessors should be reminded of the correct procedures in respect of backdated claims and any training needs identified and delivered.	Agreed	Medium	Head of Partnership (Revenues & Benefits)	24 January 2015
5	System access controls Processes for removing access controls for staff that have left the employment of the Council should be reviewed and complied with, and confirmation should be obtained to demonstrate that access to Citrix has been disabled.	Will request that HR copy the email to the partnership for all leavers	Medium	Head of Partnership (Revenues & Benefits)	24 January 2015
6	System parameters The welfare benefit parameter screen prints should clearly state the name of the Council to which they refer.	Agreed	Medium	Head of Partnership (Revenues & Benefits)	28 February 2015
7	Overpayments Benefit assessors should be reminded on the need to ensure that claims are correctly flagged where a debt needs to be recovered and that all correspondence sent to claimants is checked for accuracy.	Agreed	Medium	Head of Partnership (Revenues & Benefits)	24 January 2015
8	Quality assurance Undertake timely reviews of assessment work to ensure that quality assurance targets are consistently met throughout the year.	Agreed but resources will be allocated to support audit on subsidy work books and the intention is that we will meet the 4%	Medium	Head of Partnership (Revenues & Benefits)	30 January 2015

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No.	CWAS recommendation	Management Comments	Category	Officer Responsible	Due date
		target at year end			
9	Quality assurance Consideration should be given to reporting progress against the quality assurance target (4%) and the rate of errors identified to the Partnership Board.	Will consider this when reviewing the performance reports	Low	Head of Partnership (Revenues & Benefits)	30 April 2015

GLOSSARY

The auditor’s opinion

The auditor’s opinion for the assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean.

Level	Design of Control Framework	Compliance with Controls
SUBSTANTIAL	There is a robust framework of controls making it likely that service objectives will be delivered.	Controls are applied continuously and consistently with only infrequent minor lapses.
SUFFICIENT	The control framework includes key controls that promote the delivery of service objectives.	Controls are applied but there are lapses and/or inconsistencies.
LIMITED	There is a risk that objectives will not be achieved due to the absence of key internal controls.	There have been significant and extensive breakdowns in the application of key controls.
NO	There is an absence of basic controls which results in inability to deliver service objectives.	The fundamental controls are not being operated or complied with.

Category of recommendation

The auditor categorises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Category	Impact & Timescale
HIGH	Management action is imperative to ensure that the objectives for the area under review are met. Recommendation to be implemented immediately with explanation to the Governance & Audit Committee should timeframe extend beyond three months.
MEDIUM	Management action is required to avoid significant risks to the achievement of objectives. Recommendation should be implemented as soon as possible with explanation to the Governance & Audit Committee should timeframe extend beyond six months
LOW	Management action will enhance controls or improve operational efficiency. Recommendation should be implemented within six months but the Governance & Audit Committee will be advised where the client specifies that a longer delivery time is necessary and / or justified.

Limitations to the scope of the audit

The auditor’s work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error, loss or fraud does not exist.