
EXECUTIVE SUMMARY

Context

The purpose of the audit review is to gain assurance that the key risks for the administration of Benefits have been identified and that proper controls are in place and are effective. Benefits is considered to be a fundamental system by External Audit and is therefore included in the Internal Audit Plan every year as part of the managed audit approach.

Harborough District Council (The Council) is responsible for the administration of Council Tax and Housing (Rent Allowance and Rent Rebate) Benefits. The level and type of benefit paid to applicants is dependent on their individual circumstances.

In 2008/09, the Council paid £3m in Council Tax Benefit and £7.5m in Housing Benefits. There are approximately 1,600 Council Tax Benefit claimants and 2,300 Housing Benefit claimants. The Academy System is used to administer benefits.

The delivery of a high quality benefit service will assist The Council in meeting its mission and priorities that have been detailed in the 2009/10 Business Plan and which have been agreed by Members in 2006 and then subject to annual review.

Overview

The Benefits Team has been through a period of transition over the last year. The Benefits Team is reliant on other Teams within the Council for the delivery of the service. The Revenues and Benefits Manager has put an improvement plan in place to address areas of concern, this improvement plan and planned actions have been taken into account throughout the audit review.

A number of positive areas were identified during the audit review.

Officers have access to relevant legislation, up to date HB circulars and have received training on relevant policies and procedures. There is a clear separation of duties between assessment and payment of benefits and investigation of fraud cases.

Benefits Claims, Appeals and Discretionary Housing Payments (DHPs), are administered promptly, have supporting evidence on file, and been assessed in line with Council policies. Overpayments have been correctly recorded and have had recovery action taken against them. Write offs have been authorised by an appropriate individual, as instructed in the Financial Procedure Rules.

Fraud investigations have been conducted independent of the assessment process and in line with Statutory and Council guidelines. The Council proactively looks to reduce overall fraud cases by taking in part in the National Fraud Initiative (NFI) and the Housing Benefit Matching Service (HBMS) and by utilising the Do Not Redirect postal service.

Reports and letters generated from the Academy System contain appropriate information including the date, client reference details, and a Rights and Duties document outlines the responsibilities of the claimant.

However, various areas of improvement were identified, including:

- Documented recovery action is not retained or available for overpayments and write offs. Subsequently debts have been written off without evidence of recovery action being taken.

- Returned and un-presented cheque reports are not generated promptly by the Finance Team to be actioned by the Benefits Team. Action to be taken on un-presented and returned cheques passed to Finance are not actioned promptly.
- Reconciliations are not being carried out between the Benefits System (Academy) and eFinancials on a monthly basis. In addition, payment run reconciliations could be carried out more efficiently.
- Local and National Indicators are not reported to members on a regular basis and supporting information for performance indicators is not retained. Benchmarking of performance with comparable authorities is not undertaken.
- There is no clear Business Continuity Plan for the Benefits Team, subsequently service continuity cannot be guaranteed in the event of disruption to the Council
- A clear record of items received by post and administered by different teams of the Council is not maintained.

These issues are addressed through the recommendations in the report. As a result of these findings, the overall assurance rating is given below.

As a number of risks have been identified and changes should be made, the assurance rating following this audit is

Marginal

Scope

The audit included an examination of the key controls to give assurance that:

- The Council complies with relevant legislation.
- All benefit claims and appeals are processed promptly, correctly and have supporting documentation.
- Overpayments are recovered promptly and have supporting documentation.
- Benefit fraud is prevented and where detected appropriate action is taken.
- Subsidy claims are calculated correctly, legitimate and submitted promptly.
- Performance in relation to Benefit administration is monitored and corrective action taken where necessary.
- Appropriate IT controls and back up arrangements are in place.
- Resource levels and administrative support for the processing of benefit claims and fraud cases are adequate.

The recommendations are listed on the action plan, followed by the detailed report.

Acknowledgements

The help and co-operation of the Revenues and Benefits Manager, the Senior Benefits Officer and the Benefit Fraud Investigator were much appreciated by the Auditors.

Kitesh Patel
Senior Auditor

Tom Driver
Assistant Auditor

ACTION PLAN

It is recommended that...	Section number	Priority	Officer Responsible	Agreed Action and completion date
The Head of Financial Services in conjunction with the Revenues and Benefits Manager ensures that documented recovery action is taken for all overpayments and that evidence of recovery action taken on write offs is retained.	01.07.01	1 - High	H of Fin Services	New pro-forma introduced for all write offs. Evidence will be included with each write off and passed to R&B Manager for consideration. Recommendation implemented.
The Head of Financial Services in conjunction with the Revenues and Benefits Manager ensures any changes made to a claimants file are recorded on the Academy System by using the 'claim notes' function and that changes have supporting documentation on file.	02.02.01	3 - Low	H of Fin Services	Customer Services as well as Revenues and Benefits staff have been advised to ensure they record; 1) Customer enquiries are recorded on the notepad 2) Claim amendments are recorded on the notepad Customer Services as part of the VF training have been reminded to record customer discussions on the Academy notepad Recommendation implemented.
The Head of Finance in conjunction with the Revenues and Benefits Manager is to update the Spreadsheet for recording Post to include: <ul style="list-style-type: none"> • Total number of items (envelopes) initially received from the Corporate Administration Team • Description of item of post received • Date post returned to claimant • Total number of items (envelopes) passed to the Corporate Administration Team to send back to the Claimant. Items passed between the Corporate Administration Team and the Benefits Team should be agreed by both teams before being progressed.	02.05.01	2 - Medium	H of Change	Corporate Administration to open the post within the secure post room, record the post onto the spreadsheet using categorisation of type of mail provided by Revenues and Benefits. Revenues and Benefits staff will then be requested to collect from the secure post room and sign for it. Outgoing post will need to be recorded by the Revenues and Benefits Team. The action to get the system up and running should be a joint one between Revs and Bens and Corporate Admin. Implementation date: 01/08/2010
The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that a minimum of 4% of claims and changes are checked on a daily basis. The checking spreadsheet should be passed to the Revenues and Benefits Manager for review to ensure that: <ul style="list-style-type: none"> • Checks have been undertaken • Appropriate individuals have undertaken checks • Checks have been undertaken promptly and correctly 	03.02.01	1 - High	H of Fin Services	Benefits Control Officer undertakes management check of work undertaken by benefit decision maker. This is all recorded onto a spreadsheet. Revenues and Benefits Manager assists with management checks and these are recorded in above. Subsidy hotspots 10% check has been undertaken for months October 2009 and January 2010. These are also recorded onto a spreadsheet. Recommendation implemented.
The Head of Financial Services should give consideration to decide whether the payment run reconciliation could be carried out more efficiently by utilising electronic reports available from the Academy and E-Financials System.	04.03.01	3 - Low	H of Fin Services	The Head of Financial Services will consider the potential options for this process Implementation Date: 01/08/2010
The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that:	05.01.01	2 - Medium	H of Fin Services	From May 2010 a monthly performance report will be produced and sent to Head of Financial Services and Portfolio

It is recommended that...	Section number	Priority	Officer Responsible	Agreed Action and completion date
<ul style="list-style-type: none"> • Appropriate performance indicator information is provided to Members and Officers on a periodic basis. • Performance information reported on the TEN performance Management system includes reasons for variations in performance. 				<p>Member for Finance</p> <p>Information is entered on TEN on a monthly basis and is monitored internally with regard to variations on performance</p> <p>Implementation Date: 01/08/2010</p>
<p>The Head of Financial Services gives consideration for the Benefits Team to have their own cheque run numbers to allow the easier identification of unrepresented cheques.</p>	05.06.01	3 – Low	H of Fin Services	<p>When the new cheque printing process begins, a separate cheque number range will be allocated to Benefits cheques Note that there are now only around 20 cheques per week as 85% of claimants now receive payments by BACS</p> <p>Implementation Date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that DHP applications are subject to review and recommendation by a panel of appropriate officers before a decision is made on DHP applications and payment made.</p>	05.09.01	3 - Low	H of Fin Services	<p>The Head of Financial Services is happy with the current process, which involves three separate individuals.</p> <p>No implementation date as recommendation has not been agreed.</p>
<p>The Head of Financial Services develops a consistent procedure for dealing with pulled, returned, and unrepresented cheques. Consideration should be given to:</p> <ul style="list-style-type: none"> • Having a central record of pulled cheques that should be maintained by Corporate Administration Team, which includes all the requests sent by Benefits to pull a cheque from the payment run and the instruction from Benefits for action to be taken on a cheque. • The Benefits Team should consider maintaining an electronic record of all requests to pull a cheque, dates and detail of action to be taken by the Corporate Administration Team 	05.10.01	1 - High	H of Fin Services	<p>There is now a reducing number of cheque payments; all new applicants are only offered alternative methods of payment if they can prove they cannot receive a BACS payment.</p> <p>Will consider introducing a formal procedure once the new cheque printing process is embedded.</p> <p>Implementation date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that :</p> <ul style="list-style-type: none"> • An unrepresented cheque report is passed to the Benefits Team on a monthly basis. • The Benefits Team should then send documented instructions to the Finance Team of the action to be taken on unrepresented cheques. • Instructions received from the Benefits Team to be promptly actioned by the Finance Team. 	05.11.01	1 - High	H of Fin Services	<p>Agreed as per recommendation</p> <p>Implementation date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to consider reporting performance to Members on a monthly basis on the TEN Performance</p>	07.02.01	2 - Medium	H of Fin Services	<p>See 05.01.01 above This will be included in same report</p> <p>Implementation Date: 01/08/2010</p>

It is recommended that...	Section number	Priority	Officer Responsible	Agreed Action and completion date
<p>Management System to show:</p> <ul style="list-style-type: none"> • Level and age of debt • Level of arrears • Amounts collected • Amount outstanding 				
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to deliver appropriate counterfraud training to all staff involved in the administration of Benefit claims and providing advice to Benefit claimants.</p>	08.02.01	2 - Medium	H of Fin Services	<p>Customer Service staff have recently received Fraud Awareness Training</p> <p>New change of circumstance form introduced as well as a Fraud Awareness leaflet promoting this.</p> <p>In 2010/11 Benefits staff will receive further awareness training. Please note staff in benefits as part of VF etc will report any suspicions through a fraud referral on the Academy system</p> <p>Recommendation implemented.</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that; a single record of:</p> <ul style="list-style-type: none"> • Fraud referrals • Investigations • Sanctions <p>Is established and used by all relevant staff; and that the single central record is subject to clear and documented management review to ensure appropriate progress is made on investigations.</p>	08.04.01	2 - Medium	H of Fin Services	<p>All fraud referrals are now entered directly onto the Academy application to include cases closed during 2009/10.</p> <p>Staff in benefits raise referrals directly through the Academy application.</p> <p>Management reports are run monthly to monitor performance.</p> <p>All cases requiring appropriate authorisation for sanctions/prosecution are authorised by the Revenues and Benefits Manager.</p> <p>Recommendation implemented.</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure all fraud performance indicator information is input onto the TEN Performance Management System promptly on a monthly basis by responsible Officers.</p>	08.07.01	2 - Medium	H of Fin Services	<p>These are now entered onto TEN on a monthly basis</p> <p>See 05.01.01</p> <p>Recommendation implemented.</p>
<p>The Head of Financial Services in conjunction with the Benefit Fraud Investigator produces a risk assessment model that will be used to assess all fraud investigations to enable prioritisation of investigations to take place.</p>	08.08.01	3 - Low	H of Fin Services	<p>Will consider risk assessment but there is no issue with regard to case management at present</p> <p>Implementation date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to ensure that all staff that administer benefit claims have completed, signed and dated an annual declaration of interest form.</p>	09.02.01	3 - Low	H of Fin Services	<p>An annual declaration form is issued to relevant staff on an annual basis.</p> <p>A revised 'Code of Conduct' form is to be introduced but needs to be considered by HR together with consultation with Union prior to its implementation</p> <p>Recommendation implemented.</p>

It is recommended that...	Section number	Priority	Officer Responsible	Agreed Action and completion date
<p>The Head of Customer Services to ensure that:</p> <p>1) All staff are informed of the arrangements for reporting dangerous individuals and addresses</p> <p>2) Individuals on the Customer Caution Register are subject to periodic review to ensure that the register remains up to date</p>	09.05.01	2 – Medium	Head of Customer Services	<p>Agreed as per recommendation</p> <p>Implementation date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits to:</p> <p>1) Ensure that reconciliations are carried out on a monthly basis on balances on the Academy System and amounts paid and presented on the E-Financials System</p> <p>2) Ensure that reconciliations, where possible, are carried out electronically</p> <p>3) Arrears outstanding on the Academy System and on the E-Financials System are subject to monthly consolidation and review.</p>	11.02.01	2 - Medium	H of Fin Services	<p>From May 2010, a new monthly reconciliation process will be implemented to encompass amounts paid, debt raised and recovered.</p> <p>Implementation Date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to consider reviewing amounts received from the annual Subsidy Claim to identify whether or not:</p> <ul style="list-style-type: none"> • Amounts received are accurate • Are comparable with amounts received in previous years • Are comparable with amounts received by comparable authorities 	11.03.01	2 - Medium	H of Fin Services	<p>This has been considered, although as the caseload volume is varying considerably at the moment it is unlikely that comparing figures – either in previous years or with other Councils - would add value. Checking of the accuracy of actual is performed on a regular basis.</p> <p>Recommendation Implemented.</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to compare performance of the Benefits and Fraud Team with comparable organisations to identify where performance and working practices could be improved or shared.</p>	13.03.01	3 - Low	H of Fin Services	<p>Will benchmark against other similar sized authorities and will be based on the number of Fraud Investigation Officers</p> <p>This will be completed on annual basis.</p> <p>Implementation date: 01/04/2011</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager ensure that local and national performance indicators in relation to benefit administration, fraud investigation and arrears recovery are subject to clear, documented review before being reported to Members and Officers and that supporting documentation in relation to performance indicators is retained.</p>	13.04.01	2 - Medium	H of Fin Services	<p>See 05.01.01 above</p> <p>This will be included in same report</p> <p>Implementation Date: 01/08/2010</p>
<p>The Head of Financial Services in conjunction with the Revenues and Benefits Manager to create a Business Continuity Plan within the Financial</p>	14.03.01	2 - Medium	H of Fin Services	<p>The Head of Financial Services stated that the current Business Continuity Plan contains sufficient detail on making benefit payments in the event of service</p>

It is recommended that...	Section number	Priority	Officer Responsible	Agreed Action and completion date
Services Business Continuity Plan and which details; <ul style="list-style-type: none"> • Risks that the Benefit Service faces • Action that the Benefit Team will take in the event of service disruption to ensure service continuity • Resources needed to ensure service business continuity arrangements remain effective 				disruption. No implementation date as recommendation has not been agreed.