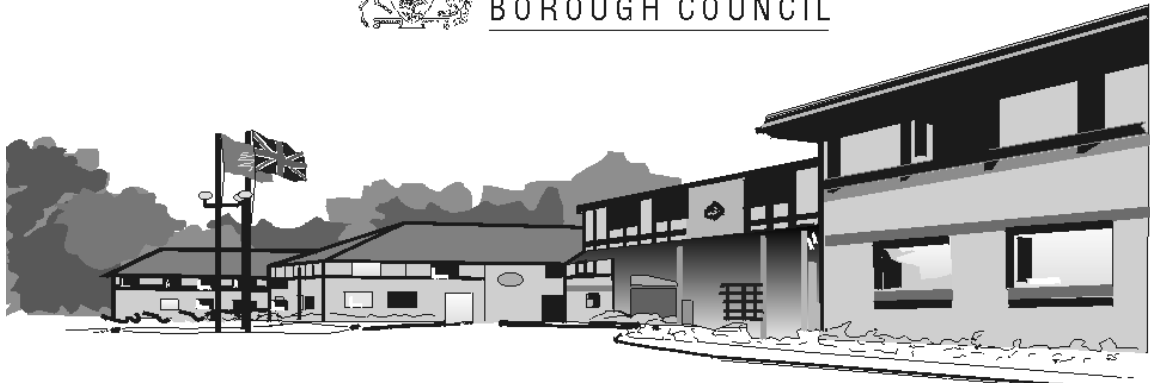




GEDLING
BOROUGH COUNCIL



INTERNAL AUDIT

Report

2004-2005

HOUSING BENEFITS

Key Financial System

Suresh Mistry

January 2005

GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT
KEY FINANCIAL SYSTEM AUDIT
HOUSING BENEFITS

C O N T E N T S

	PAGE
1. Introduction	1
2. Conduct of the Audit	2
3. Executive Summary	3
Implementation Plan	4

1. INTRODUCTION

- 1.1 An audit of Housing Benefits has been carried out in accordance with the 2004/05 Audit Plan. The audit concentrated on the established operational procedures of the Benefit system, record maintenance and security of the system.
- 1.2 The review identified and examined the current procedures, internal controls and system of processing Claims, the VF checks, applying the applicable benefit amounts, gathering essential documents, monitoring, completing the necessary data for DWP, government statistics and system security. Thereby evaluating their effectiveness in ensuring the control objectives stated below:
- Applications are promptly and correctly processed.
 - Benefits are properly due and correctly calculated
 - Cheque payments for rent allowances paid to claimants or landlords are controlled and recorded against claims.
 - Rent and Council tax rebates are credited promptly to correct charge payers/ tenants accounts.
 - All benefit transactions are correctly recorded in the authority's systems and accounts.
 - The grant claims submitted to recover costs and benefit payments are correctly compiled.
 - There are adequate backup arrangements to safeguard the benefit system data.
- 1.3 The Clerical Assistants for the 2 teams and their team leaders are responsible for processing claims applications, prioritising and allocating jobs. The benefit liaison officers and visiting officers are responsible for the visitation and fraud investigations and the customer services assist in some of the duties together with the one stop shop. Over all the Housing Benefit Manager and his officer are responsible for Housing benefits payment, verification and records.

2. CONDUCT OF AUDIT

- 2.1 The audit terms as referenced in the Matrix for Housing Benefit and compiled for this assignment together with reference to the current legislation, controls in place and review of future changes as advised by DWP and other bodies were followed.
- 2.2 Discussions were held with the Housing Benefit Manager and Officer and policy and development officer, to establish the system and procedures that are established in processing the applications and verification framework, calculation and input to the system.
- 2.3 System notes were made from discussions and the audit conducted for inclusion in the audit file.
- 2.4 Testing was undertaken on the key controls to assess compliance and provide assurance that they are operating effectively. The testing concentrated on completions and recording of claims, the verification framework checks, benefit payments and recording and reconciliation of transactions.
- 2.5 Substantive testing undertaken of sample claims for this year to ensure the validity of claim and that they were properly recorded in the system and all inputs properly authorised.
- 2.6 Previous Audit recommendations have been followed-up during the quarterly audit review process.
- 2.7 The assistance and co-operation from staff involved in this audit assignment is acknowledged and appreciated.

3. EXECUTIVE SUMMARY

- 3.1. The controls identified by this audit assignment in administering the housing benefit system, the verification framework compliance and the reconciliation with the control accounts and the fraud policy procedures are operating satisfactorily.
- 3.2. To ensure efficient and effective administration of benefits system fully compliant with DWP rules and policy, meeting the performance targets for claims review and detect fraud early by internal matching exercises and reconciling weekly with explanations of differences the system would be improved.
- 3.3. Audit has highlighted some control weaknesses that are considered to be of **Low to Medium** risk and included in this report together with the recommendations.

3.4 CONCLUSION

The procedures and systems in place for housing benefit are adequate and with internal matching exercises prevention of fraud could be enhanced. The implementation of recommendations identified in this report will serve to improve internal controls.

AUDIT ASSURANCE

As a result of the work undertaken during the audit, it is concluded that the system of administering Housing Benefit is well controlled and the majority of controls are sound and well applied

IMPLEMENTATION PLAN

HOUSING BENEFITS

REC (Risk)	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT COMMENT	IMPLEMENTATION DATE
4.2.3. Low	That all applications should be date stamped and this could be included in the verification checklist. This would provide adequate audit evidence for the calculation of BVPI78.	Housing Benefit Manager	Agreed	31/10/2005
4.3.4. Med	That internal data matching exercises are conducted on a regular basis to enable early investigation and prevent any fraud being perpetrated. This is in addition to any other matching reports obtained externally.	Housing Benefit Manager	With the new IBS system to go live in October 2005 will have to liaise with IT to determine program of data matching reports	End of December
4.3.6. Med	That to maintain an independent review of the claims and ensure the performance measure the necessary checks to be carried out must be increased to achieve the target of 10%	Housing Benefit Manager	Target of 10% not being achieved will undertake to increase with the new IBS system	Not able to stipulate
4.4.5. Low	That the cheque listing should be authorised for payment by the Manager in all instances, thereby ensuring supervisory controls are operating effectively.	Housing Benefit Manager	Agreed	3/10/2005
4.5.3 Med	That weekly reconciliations of benefits paid with other financial systems are kept up to date and signed. Any difference that results from the reconciliation is explained and that the reconciliations are reviewed by the Manager on an ad hoc basis	Housing Benefit Manager	Agreed Unsure of IBS reports for this exercise	After 24/10/2005