



**GEDLING**  
BOROUGH COUNCIL



# INTERNAL AUDIT

# *Report*

2005-2006

**Housing Benefits**

Bentley Jennison

Internal Audit and Risk Management

April 2006

**GEDLING BOROUGH COUNCIL**

**INTERNAL AUDIT REPORT**

**RISK BASED AUDIT**

**HOUSING BENEFITS**

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<b>Debrief meeting:</b>	6 April 2006	<b>Auditors:</b>	Chris Williams, Partner
<b>Draft report issued:</b>	19 June 2006		Mike Riley, Client Manager
			Sam McNulty, Auditor
<b>Responses received:</b>	3 July 2006		
<b>Final report issued:</b>	<b>4 July 2006</b>	<b>Client sponsor:</b>	Mark Kimberley, Head of Finance

## **1. INTRODUCTION**

- 1.1 An audit of Housing Benefits was undertaken as part of the approved internal audit periodic plan for 2005/06.
- 1.2 The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. The following limitations to the scope of the audit were agreed when planning the audit:
- The review will not determine the accuracy of housing benefit claims.
  - We will not seek to identify fraud.

## **2. CONDUCT OF AUDIT**

- 2.1 The audit considered the organisation's objectives for the area under review and the risks to the achievement of those objectives.
- 2.2 In determining the audit approach, we took into account;
- the assessed risk of the auditable area;
  - any material changes in systems or the control environment;
  - the outcome of any other form of assurance review, either internal or external.
- 2.3 A systematic risk based audit was carried out so that every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
- 2.4 The conduct of this audit complied with the standards set out in GIAS.
- 2.5 The assistance and co-operation of all staff involved in this audit assignment is acknowledged and appreciated.

### 3. EXECUTIVE SUMMARY

3.1 Based on the evidence obtained, we have concluded that the design of the system of control, if complied with, is sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives for the system.

3.2 Based on the evidence obtained from our testing, we have concluded that the application of established controls is adequate. However from an overall control aspect there would appear to be weaknesses surrounding the following areas:

- Procedure notes are not yet up to date following the implementation of IBS;
- The appeals policy has not been documented from an internal perspective;
- Debt recovery of benefit overpayments has not been applied consistently throughout the year;
- Problems with Valid have led to applications not being scanned and passed for assessment on the day of receipt;
- The reconciliation of cheque payments produced to the number and value of cheques produced is not signed and dated as completed or reviewed by an independent officer;
- Interventions have not been completed in line with targets;
- Adequate reports to monitor the performance of benefits staff are not generated directly from IBS;
- Limited exception reports are generated from IBS;
- Assessments are not checked in line with standard practices;
- There is no feed in place between the finance system and IBS;
- Supporting documentation is not filed for the reconciliation of IBS to the Housing Rents system. This reconciliation is not signed as completed or as reviewed by an independent officer.

### AUDIT ASSURANCE.

Taking into account the above issues identified, in our opinion the control framework for the area under review, as currently laid down and operated, provides **adequate assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

## IMPLEMENTATION PLAN

<b>REC (Risk)</b>	<b>RECOMMENDATION</b>	<b>RESPONSIBLE OFFICER</b>	<b>MANAGEMENT COMMENT</b>	<b>IMPLEMENTATION DATE</b>
<b>4.2.1</b>  <b>Low</b>	The Policy & Development Officer should continue to develop the housing benefit procedure notes and ensure that these are kept up to date following any changes in working practices.	Susan Buchanan	This is being done. We are looking at trying to purchase an electronic manual.	Ongoing
<b>4.2.2</b>  <b>Low</b>	The benefit appeals procedures contained within the booklet should be formalised as a Corporate policy to ensure that the correct processes are followed when an appeal is made.	Steve Yallop	Formal procedural notes will be written	31 December 2006
<b>4.2.3</b>  <b>Low</b>	It is recommended that recovery action for overpayments that cannot be obtained through ongoing benefit is carried out on an ongoing basis as per the debt recovery procedures.	Steve Yallop	Sundry debtors have now been raised and reminders sent when.	Ongoing
<b>4.2.4</b>  <b>Low</b>	It is recommended that the reconciliation of cheques is signed and dated by the officer completing the reconciliation and reviewed by a senior officer. The reconciliation sheet should include the value of the payment run reconciled.	Viv Butler	Process to be determined and implemented	31 August 2006
<b>4.2.5</b>  <b>Medium</b>	It is recommended that the required number of interventions is completed for the next financial year. A report of performance of the Visiting Officers should be reviewed on a monthly basis to ensure that the Council is meeting its targets, if it is not, appropriate action should be taken.	Viv Butler	Process to be determined	31 August 2006
<b>4.2.6</b>  <b>Low</b>	The Council should implement performance monitoring reporting as soon as possible, either using the current report generator or purchasing the upgrade to the new reporting suite.	Paul Whitworth	Decision to be made with regard purchasing new suite.	Ongoing-Depends on decision regarding proposed new suite.
<b>4.2.7</b>  <b>Low</b>	It is recommended that the Housing Benefits team consult with other Councils' Housing Benefits Officers to determine the types of exception reports they use and consider developing and implementing these.	Steve Yallop	Will be raised with other IBS user authorities in Notts.	31 December 2006

<b>4.2.8</b>  <b>Low</b>	<p>Although it is noted that the problem with the IBS reports used to re-assess and monitor assessments has been logged and that a patch is due within the next update it is recommended that the patch is implemented as soon as available so that assessments are checked as per the usual procedure. Following the installation of the patch, testing should be performed to ensure that the problem has been fixed and other parts of IBS have not been affected.</p>		<p>Completed</p>	
<b>4.2.9</b>  <b>Medium</b>	<p>It is recommended that when all data is accurate the finance system is updated with a feed from IBS to update the accounts of the Council. Consideration should also be given to automating this feed to run on a periodic basis.</p> <p>Once the feed is in place the data exchanged between the two systems should be reconciled on a periodic basis, this reconciliation should be signed as completed and reviewed by an independent officer.</p>	<p>Steve Yallop</p>	<p>Enquiries with I.T department suggest that this will be possible. It needs to be scheduled in with regard to other priorities.</p>	<p>31 March 2007</p>
<b>4.2.10</b>  <b>Low</b>	<p>It is recommended that reconciliations of the IBS system and the Housing Rents system should be retained on file and signed and dated, and should include supporting documentation for extracted data.</p>	<p>Viv Butler</p>	<p>Process to be determined</p>	<p>31 August 2006</p>