

INTERNAL AUDIT

FINAL REPORT

Title: LSVT Conversion Data – Assurance Statement

Report Distribution

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Contents	Page
Executive Summary	2-4
Annex A - Audit Definitions / Responsibilities	5-6

EXECUTIVE SUMMARY

Introduction

The Authority transferred its Housing Stock on the 3rd November 2008, via a Large Scale Voluntary Transfer (LSVT), to Gedling Homes, a subsidiary of New Charter.

Benefit payments up-to the 2nd November 2008 in the form of Rent Rebates, Rent Allowances and Council Tax Benefit to tenants were applicable to Gedling Borough Council's Housing Department. Any payments due thereafter would be made to Gedling Homes or the tenant directly.

To ensure payment data converted correctly and accurately a schedule of data validation / verification tests was developed for pre and post transfer payments.

The detailed work in developing the conversion process and testing the pre and post payment calculations were undertaken by the Revenue Services Manager and his team.

Internal Audit undertook a high level analysis of the process adopted and a review of the accuracy and completeness of the payment calculations.

The overall purpose of this review is to provide assurance with respect to the adequacy and effectiveness of the benefit payment conversion process developed and deployed by the Benefit Services Team.

Principal Findings

Housing Benefits

Prior to the date of transfer, benefits were paid using 2 system codes (LA and EC) depending on tenancy type (48 week or 52 week). These were to be converted to codes GH and GE respectively following transfer.

The conversion programme cancelled pre transfer claims and established a new claim from the 3rd November 2008 for the GH and GE codes.

Test payment runs were made for the period 03/11/08 to 09/11/08 for both the pre transfer payment codes (LA and EC) and post transfer payment codes (GH and GE) to compare pre and post payments on a like for like basis.

Results of the test payment runs showed that payments against the EC code had converted exactly in line with the GE code (£3,471.72).

The conversion of payments from the LA (£109,926.66) to the GH (£109,961.71) codes highlighted a discrepancy of **£33.05**.

Due to the fact that the converted claims were paying this higher benefit figure, the data was analysed on a case-by-case basis. The analysis identified that four claims were showing different values after the conversion process.

Further investigation of these individual claim references, identified that 3 claimants had legitimate increases in benefit entitlement from the 3rd November 2008, as a result of the claimant or partner having a critical birthday during the benefit week.

The remaining claim reference had a legitimate reduction in benefit as a result of a non-dependant deduction.

The cumulative effect of these legitimate changes to benefit entitlement equated to **£33.05**.

In addition to the above control total tests, a random sample of 111 individual benefit claims were checked for errors (approx. 5% of the total). No errors were identified.

A further check was undertaken regarding the number of converted cases. The results identified 8 more cases prior to conversion. Further investigation revealed that the 8 cases that did not convert were in respect of legitimate claims associated with retained properties (homelessness hostel / flats) and a cancelled claim.

Internal Audit can therefore provide assurance that the pre and post transfer benefit payments converted correctly and accurately.

Council Tax Benefit

A control total test was undertaken to ensure Council Tax and Council Tax Benefit (CTB) entitlement records were unchanged during conversion.

The CTB balancing report and the two Council Tax reports (Integrated Revenues Transaction Report and the Financial Control Report) were run, identifying benefit transactions totalling **£6,432,607.96**.

The same three reports were run again following conversion showing that the benefit transactions total remained unchanged at **£6,432,607.96**.

Internal Audit can therefore provide assurance the pre and post transfer CTB payments converted correctly and accurately.

Assurance Statement

Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of the controls developed and deployed to ensure that benefits data converted as part of the LSVT is accurate and complete.

ANNEX A

Risk & Assurance – Standard Definitions

Audit Recommendations

Audit recommendations are categorised, depending upon the level of associated risk, as follows:

Level	Category	Definition
1	High	Action is essential to manage exposure to fundamental risks.
2	Medium	Action is necessary to manage exposure to significant risks.
3	Low	Action is desirable and should result in enhanced control or better value for money.

Assurance Statement

Each report will provide an opinion on the level of assurance that is provided with respect the risk emanating from the controls reviewed. The categories of assurance are as follows:

Category	Definition
No	The majority of the significant risks relating to the area reviewed are not effectively managed.
Limited	There are a number of significant risks relating to the area reviewed that are not effectively managed.
Substantial	The risks relating to the objectives of the areas reviewed are reasonably managed and are not cause for major concern.

What Happens Now?

The final report is distributed to those involved with discharging the recommended action, the Head of Finance, Audit Commission and, where applicable, the relevant Heads of Service.

A synopsis of the audit report is provided to the authority's Audit Sub-Committee. Internal Audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The on-going progress in implementing each recommendation is reported by Internal Audit to each meeting of the Audit Sub-Committee.

Any Questions?

If you have any questions about the audit report or any aspect of the audit process please contact the auditor responsible for the review or Vince Rimmington, Resource Services Manager on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk