



INTERNAL AUDIT

FINAL REPORT

Title: Housing Benefits

Report Distribution

For Action: John Vickers Revenue Services Manager

For Information: Mark Kimberley Head of Corporate Services
 Sally Smith Audit Commission

Prepared By: Alan Hetherington, Senior Auditor RSM Bentley Jennison
 Ian Boswell, Auditor RSM Bentley Jennison
 Jaspreet Ghala, Auditor RSM Bentley Jennison

Draft Issued: 5th February 2009

Final Issued: 16th February 2009

Contents	Page
Executive Summary	2
Introduction	3-4
Detailed Findings	5-7
Annex A – Audit Definitions / Responsibilities	8-9

EXECUTIVE SUMMARY

Introduction

An audit of Benefits was undertaken as part of the approved internal audit periodic plan for 2008/09.

The Council processes between 7,500 and 8,000 claims for housing and council tax benefits per annum. The IBS system is used for the processing and payment of benefit claims. Documents to support claims are held electronically, being scanned soon after receipt.

There were several changes in relation to Benefits that were introduced in April 2008:

- The DWP removed the performance management system and introduced the Single Housing Benefit Extraction (SHBE); this meant the removal of STATS reports and PMs, although two national performance indicators have remained (NI180 - Number of changes of circumstances which affect the customer's HB/CTB entitlement within the year, and NI181 - Time taken to process HB/CTB new claims and changes).
- The Council adopted the DWP's Local Housing Allowance (LHA), which results in direct credit payments to claimants and less reliance on The Rent Service for assessments of rents.

In November 2008 the Council's Housing stock was transferred to Gedling Homes. Therefore the Housing rents system is no longer in use.

From the nine recommendations made in the previous audit five have been implemented, three have been superseded by the above changes. The remaining recommendation, relating to accurate data input, has shown an improvement in control, however, is reiterated in recommendation 2.

Principal Findings

	High	Medium	Low
Number of recommendations	0	0	3

The detailed findings and associated recommendations are provided in the second part of the report. There were no high/medium risk recommendations made in the report.

Assurance Statement

Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

INTRODUCTION

Objective & Scope

The purpose of the audit review was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion.

The key risks associated with the system objectives are:

- Staff do not know what they are responsible for, or how they should carryout their duties, leading to non-compliance with legislation, laws or organisational policy and procedures;
- The public are unaware of the benefits available to them;
- The Benefits system is not administered appropriately;
- Losses due to fraud or error, inefficient processing or inappropriate activity;
- Failure to process applications promptly and accurately;
- Overpayment of Housing and Council Tax Benefits due to fraud and/or misappropriation by claimants;
- Failure to pay intended claimants on a timely basis;
- Benefit fraud is not identified or investigated;
- Poor decision making, due to poor quality or timeliness of information provided to management;
- Statutory returns are not completed on a timely basis;
- Inaccurate or incomplete recording in the Benefits system and ledger.

The areas covered as part of our review included:

- Policies and procedures;
- HB and CTB forms;
- Processing and payment of Housing and Council Tax Benefits;
- Changes in Circumstances;
- Systems reconciliations;
- Performance monitoring;
- Management Reporting.

The following limitations to the scope of the audit were agreed when planning the audit:

- Testing is on a sample basis only and therefore we cannot provide absolute assurance that fraud does not exist;
- We will not review the accuracy of Housing and Council Tax Benefits claims;
- We will not reassess the eligibility of the claimants determined by third parties, e.g. DWP.

This audit report is presented on an exception basis. The detailed findings include only those areas where controls should be enhanced to improve their effectiveness and mitigate the risks that affect the Authority's objectives for the system reviewed. Controls and risks identified in the scope that are not mentioned in the detailed findings were considered to be adequate and operating effectively.

Acknowledgement

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks and appreciation to all the individuals concerned.

DETAILED FINDINGS

Observation	Risks	Recommendation	Management's Response
Recommendation 1 - Policies Level of Risk - Low			
The Overpayments Policy, Prosecution Policy, LHA Direct Payments Policy and Appeals procedure were all reviewed and considered appropriate; however, we noted that the Prosecution Policy and LHA Direct Payments Policy were not dated.	There is a risk that policy updates may not be identified and staff could be working to out-of-date policies.	<p>The date of review should be noted on all policies for record management purposes.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Policies to be dated.</p> <p>Timescale: Immediate</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 2 - Input of New Claims Data Level of Risk - Low			
<p>We reviewed a sample of 25 benefits claims. 20 of these were successful claims and five were unsuccessful claims.</p> <p>For every claim, we can confirm that the initial application form had been retained electronically on the system.</p> <p>All application forms had been completed and signed by the applicant (with one application form not having been dated by the applicant; this was an unsuccessful claim).</p> <p>We reviewed the data input into IBS and noted that for one claimant in the sample the Date of Birth had been entered incorrectly.</p>	<p>There is a risk that the inaccurate input of data from the application form could lead to incorrect benefit being awarded, resulting in a potential loss to the Council.</p>	<p>Ensure that all data from the application process is accurately recorded on the IBS system to ensure appropriate benefit amounts are calculated and awarded.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Ongoing staff briefing regarding importance of data accuracy. Accuracy checking to continue.</p> <p>Timescale: Immediate</p>

Observation	Risks	Recommendation	Management's Response
Recommendation 3 - Payment Reconciliation Level of Risk - Low			
<p>Payments are reconciled weekly.</p> <p>We reviewed a sample of 15 weeks. For 14 of these weeks, the BACS/Cheque payment run report had been signed by the member of staff who reconciles payments. For one week, we noted there was no signature to evidence this had been done.</p>	<p>There is a risk that incorrect payments may be made.</p>	<p>Each of the weekly BACS/Cheque payment run reports should be signed and dated by the officer who produces and reconciles this report.</p> <p>Action: John Vickers – Revenue Services Manager</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: Reports will be signed and checked.</p> <p>Timescale: Immediate</p>

ANNEX A

Risk & Assurance – Standard DefinitionsAudit 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, Manager Audit & Risk Services on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk