

## The Highland Council

Finance, Housing and Resources – 28 August 2013

Agenda Item	17
Report No	FHR/ 102/13

### Internal Audit Report – Housing Benefit and Council Tax Benefit Payments

#### Report by Director of Finance

##### Summary

This Report to the Committee responsible for the Service, records the findings of an Audit carried out as part of the Annual Plan for 2012/13, which resulted in one recommendation at medium priority grade being made.

#### 1. Background

1.1 It is good practice for Audit Reports, after they have been considered by the Audit and Scrutiny Committee, to be considered by the Committee responsible.

#### 2. Audit Findings

2.1 The audit findings are set out in the attached Appendix and, as reported to Audit and Scrutiny Committee, provide substantial assurance regarding the system for Housing Benefit and Council Tax Benefit Payments.

2.2 The assessment and calculation of benefits was found, in the majority of cases reviewed, to be in line with the requirements and procedures of the Department for Work and Pensions, particularly the Verification Standards, with claims only being provided to valid applicants.

#### 3. Implications

3.1 There are no resource, legal, equalities, climate change/Carbon Clever or risk implications to be highlighted.

#### 4. Recommendation

Members are invited to consider these audit findings and to note that the one recommendation made was implemented in advance of the relevant Audit and Scrutiny Committee meeting.

Designation: Director of Finance  
Date: 16 August 2013  
Author: WDD Lamont

## AUDIT REPORT SUMMARY

### Report Title

**Finance Service – Housing Benefit & Council Tax Benefit Payments 2011-12**

Report No.	Type of Audit	Issue Date	
HK12/010	Systems	<b>Draft Report</b>	18/09/12
		<b>Final Report</b>	18/10/12

### 1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of Housing Benefit (HB) and Council Tax Benefit (CTB) payments during the year 2011/12. The audit was undertaken as part of the annual plan for 2012/13 and this area is audited each year with External Audit looking to placing reliance on the work undertaken.
- 1.2 For the subsidy year 2011/12<sup>1</sup>, £70.401 million was spent by the Council on benefits. There were approximately 31,450 applications.

### 2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Benefits are awarded to valid applicants only.
- 2.2 Claims are accurately assessed and benefit calculated in accordance with the relevant Regulations and Department of Works and Pensions (DWP) rates.
- 2.3 Benefit awards are correctly recorded in the Benefits, Housing Rents, and Council Tax systems and the financial ledger.

### 3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was achieved as all of the 30 benefit cases reviewed were supported either by a claimant signed Council application form or an appropriate DWP form.
- 3.2 This objective was substantially achieved as claims are generally accurately assessed and calculated in accordance with the Regulations and all parameters within the benefits system had been correctly updated for the 2012/13 benefit year.
- There were issues with 3 of the 30 benefit cases reviewed. In 2 cases although the claimants were verified as being in receipt of Child Tax Credit (CTC) in one case and CTC and Working Tax Credit (WTC) in the other, the amounts used in the calculation could not be verified back to source documents and the accuracy of the benefit awarded could not be checked. In both cases the lack of evidence can be attributed to the introduction of the Automated Transfer to Local Authority systems (ATLAS), which was not working properly on its launch therefore requiring evidence to be scanned manually. This issue has since been resolved. In the third case, an erroneously reduced rent liability had been entered rather than the actual rent paid resulting in a small underpayment to the claimant relating to March 2011. This was rectified and paid to the claimant in June 2012.
- 3.3 This objective was fully achieved as benefit claims are correctly recorded in the appropriate systems and the financial ledger. The information contained in the systems is regularly reconciled and the reconciliation processes examined for Rent Allowances (private tenants), Rent Rebates (Council tenants), Council Tax Benefit and the overall benefit subsidy claim to the financial ledger, were found to be satisfactory and the reconciliations signed by the appropriate officers.

<sup>1</sup> The subsidy year start and end dates vary depending on the type of benefit paid: for rent allowances the year runs 16/03/11 to 14/03/12, for rent rebates 26/03/11 to 24/03/11 and for CTB 01/04/11 to 31/03/12.

#### 4. Conclusion

- |     |                                                                                                                                                                                                                                                      |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1 | The assessment and calculation of benefits was found in the majority of cases reviewed, to be in line with the requirements and procedures of the DWP, particularly the Verification Standards, with claims only being provided to valid applicants. |
| 4.2 | As a result of this audit, one recommendation at medium priority grade was made and has already been implemented, which will further strengthen the controls in place within the benefits system.                                                    |

#### 5. Audit Opinion

- |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.1 | The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that <b>Substantial Assurance</b> can be given in that while there is a generally a sound system, there are areas of weakness which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. |
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**AUDIT REPORT ACTION PLAN**

**Report Title**

**Report No.**

**Finance Service – Housing Benefit & Council Tax Benefit Payments 2011-12**

**HK12/010**

The Action Plan contains **1** recommendation as follows:

**Description**

Major issues that managers need to address as a matter of urgency.  
 Important issues that managers should address and will benefit the Organisation if implemented.  
 Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	1
Low	0
<b>Total</b>	<b>1</b>

**Total recommendations**

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.1	Medium	The wrong rent liability had been applied by the processing clerk resulting in a small underpayment of benefit to the claimant. In 2 other cases the evidence used to verify the claimant's circumstances had not been retained.	Processing clerks should be reminded that only verified values should be used in the benefit entitlement calculation and the evidence provided should be retained on Civica or the Operations shared drive if information is provided in bulk by excel file.	An email will be issued to Operations Staff reminding them that only verified values should be used in the benefit entitlement calculation and the evidence provided should be retained on Civica or the Operations Team's shared drive if provided in bulk by excel file.	Acting Assistant Operations Manager	Completed