



FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

INTERNAL AUDIT OF THE HOUSING BENEFIT AND COUNCIL TAX REDUCTION SCHEME

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Date of Issue: 11 April 2019

Report No.: CEX/10/2018/AU

REVIEW OF THE HOUSING BENEFIT AND COUNCIL TAX REDUCTION SCHEME FOR 2018-19

INTRODUCTION

1. This report sets out the results of our systems based audit of Housing Benefit and Council Tax Reduction Scheme for 2018-19. The audit was carried out in quarter 4 of 2018-19, as part of the programmed work specified in the 2018-19 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The Benefits Service Monitoring Report went to the Executive on 5 July 2018 and provided an update on Universal Credit. The Universal Credit 'Full Service' started in the Authority on 25 July 2018. As a result, from that date onwards the majority of working age claimants commencing a claim for assistance with their rent have received Universal Credit rather than Housing Benefit. Existing working age Housing Benefit recipients will transfer over to Universal Credit on a change in their circumstances.
4. The Council uses ANITE to electronically store documentation.

AUDIT SCOPE

5. The scope of the audit was detailed in the Terms of Reference issued on 27 November 2018.

AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial Assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

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MANAGEMENT SUMMARY

7. Controls noted to be in place and working well, based on the sample testing conducted, included:
- All new housing benefit (HB) applicants had been assessed along with relevant supporting information and had met the eligibility criteria for receiving HB as outlined on the government website.
 - Monthly HB reconciliations between ANITE and Oracle (rents) and Academy and Oracle (Payments) produced by the Exchequer contractor were evidenced as reviewed and signed off by separate officers.
 - HB payments were stopped after the two week transitional period as required in accordance with The Universal Credit (Transitional Provisions) Regulations 2014 regulation 8.
 - A weekly report was run to identify unreconciled items for HB payments.
 - Discretionary Housing Payments (DHP) had supporting documentation to support the payments made for the sample of 20 payments tested, which were all in line with the eligibility criteria outlined in the Authority's DHP policy notes.
 - Both eligible and ineligible council tax reduction support claimants were notified via letter, once a decision has been made on their claim. The entitlement amount displayed in the letter matched the payment made on Academy for the sample of 20 claimants tested.
 - Self-employed claimants were reviewed every 12 months to identify a change in circumstances as per the Department of Work and Pensions (DWP) requirement.
 - There was a "clawback" overpayment recovery system in place to recover any overpayments.

However, we would like to bring to management attention the following issues:

- In one instance out of a sample of 20 tested, the Authority was found not to be compliant with the DWP's three month appeal decision timeframe.
- Housing Accommodation Charges reconciliations are not reviewed in a timely manner.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

8. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

9. We would like to thank all staff contacted during this review for their help and co-operation.

REVIEW OF THE HOUSING BENEFIT AND COUNCIL TAX REDUCTION SCHEME FOR 2018-19

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1.	<p><u>DWP Three Month Appeal Decision Timeframe</u></p> <p>The DWP suggest a three month timeframe for an HB appeal decision from the time the claimant makes the appeal, to the decision being made.</p> <p>Examination of twenty appeals made since April 2018 identified one instance (12057314) in which the DWP timeframe was exceeded.</p> <ul style="list-style-type: none"> For appeal 12057314, a decision was made 14 days after the three month target. 	<p>Where appeal decisions are not made within the three month timeframe in line with the DWP guidelines, there is a risk that arrears increase and may be more difficult to recover.</p>	<p>Appeals should be regularly monitored and, where appropriate, actions taken to help ensure that the three month deadline is met.</p> <p>(Priority 2)</p>
2.	<p><u>Reconciliation Reviews</u></p> <p>Once produced by the Exchequer Contractor, reconciliations are required to be reviewed by a member of the Authority’s Accountancy Team and, if any arise, issues are then relayed back to the Exchequer Contractor to be rectified.</p> <p>Reconciliations should be reviewed shortly after these are produced to help ensure that issues are rectified in a timely manner.</p>	<p>Where reconciliations are not reviewed in timely manner, there is a risk that non reconciling items are not identified in a timely manner and suitably investigated.</p>	<p>The Housing Accommodation Charges reconciliations should be reviewed in a timely manner by a suitable member of staff.</p> <p>(Priority 3)</p>

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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

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DETAILED FINDINGS

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No.	Findings	Risk	Recommendation
	<p>Discussion with the Senior Accountant established that the quarter three Housing Accommodation Charges reconciliation had not yet been reviewed due to staff shortages. The quarter three reconciliation was yet to be reviewed as of 1 March 2019.</p> <p>We were advised that a new officer was due to be in post by 4 March 2019 and that this would be one of their roles.</p>		

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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1.	Appeals should be regularly monitored and, where appropriate, actions taken to help ensure that the three month deadline is met.	2*	Agreed.	Benefits Operations Manager	Ongoing
2.	The Housing Accommodation Charges reconciliations should be reviewed in a timely manner by a suitable member of staff.	3	A new officer started at the beginning of March 2019 and has been given the role of reviewing reconciliations.	Senior Accountant	Immediate

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Priority 1
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Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.