



Internal Audit Report
Service: Housing and Community Care
Council Tax Reduction Scheme Assignment No.13-07
October 2013

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This assignment forms part of the Internal Audit plan for 2013/14, as approved by the Audit Committee on 27 March 2013.

The Council Tax Reduction (CTR) Scheme replaced Council Tax Benefit (CTB) on 1 April 2013 as part of national welfare reforms and operates by making adjustments to Council Tax bills for eligible applicants, rather than issuing benefit payments. The amount of assistance is based on personal circumstances and household income. The scheme is subject to the Council Tax Reduction (Scotland) Regulations 2012.

The Scottish scheme ensures that the amount of CTB which had been payable, prior to April 2013, would be reflected in the reduction applied to Council Tax Bills for 2013/14 onwards. Those who had been in receipt of CTB were transferred into the scheme without having to reapply.

The audit included visits to Pullar House, interrogation of the Council Tax and Benefits system, review of records relating to the implementation of CTR and interviews with staff and management in the Revenues and Benefits Service of Housing and Community Care.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff in Revenues and Benefits Service during this audit.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that adequate arrangements were in place for the migration of Council Tax benefit data to the Council Tax Reduction Scheme
Auditor's Comments: Migration of data from CTB to CTR was completed as part of a planned programme of work to ensure that it was implemented by 1 st April 2013, as required. The programme was directed by the software suppliers, Northgate, as software changes were developed. A series of processes was run in advance of the migration of data from CTB to CTR to ensure the accuracy of data and sufficient checks were carried out to confirm that data had been migrated to the correct fields and was correctly formatted. Whilst there was no report produced which reconciles totals from the 2 systems, a line-by line report was produced, in a test environment, which identified a 1.3%

Auditor's Comments:

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error rate (132 cases) where the system had not calculated CTR to equate to CTB. There is insufficient evidence to confirm that these had all been satisfactorily resolved or any evidence of review or checking by management to confirm the adequacy of the testing. However, sample testing of the exceptions showed that differences at the time of implementation were not material.

As the migration took place at a specific point in time and this process is not likely to be repeated – there is no specific Action Point arising.

Strength of Internal Controls:

Moderately Strong

Control Objective: To ensure that the Council Tax Reduction Scheme is administered in accordance with legislation

Auditor's Comments:

Training sessions were carried out in advance of the implementation of CTR to ensure that staff were familiar with the differences between CTR and CTB and any changes in the system. This ensured that the impact of the transition on the accuracy and timeliness of processing applications was minimised.

Training materials reflected the changes to working practices as a result of the new Regulations and the consequent actions to be taken by staff to ensure the smooth transition to the new processes.

System parameters were checked prior to the implementation of the CTR Scheme to confirm that values were consistent with legislation. The system parameters report was signed by two senior members of the team as evidence of checking and agreement.

Strength of Internal Controls:

Strong

Control Objective: To ensure that new applications and changes of circumstances are processed promptly and accurately

Auditor's Comments:

A system of ongoing checks of the accuracy of assessors' outputs is in place to minimise the risk of error and to ensure that CTR is made in compliance with regulations and Council Tax bills are correctly issued. The checks are carried out using both a random and risk-based approach to ensure that resources are targeted and are used to direct improvements and therefore minimise the incidence of errors.

The challenging economic times, and the ability to retain staff due to the further implications arising from the Welfare Reform agenda, is acknowledged as a risk by management and may impact on the ability to maintain and improve the timeliness and accuracy of the processing of applications.

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The Task Manager system is used to capture and monitor the time taken from the receipt of a CTR application to its conclusion. Processing times for CTR applications are used as performance indicators and form part of the Key Monthly Monitoring Reports which are presented to the Senior Management Team for review.

The implementation of Atlas (Automated Transmission to Local Authority Systems) and electronic application forms have resulted in improvements in the time for processing applications for CTR.

Strength of Internal Controls:

Moderately Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management. Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Executive Director of Housing & Community Care

A Taylor, Head of Finance & Support Services

J Symon, Head of Finance

L Brady, Service Manager, Revenues and Benefits

C. Brandon, Principal Officer Benefits

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was A Gallacher. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 3 October 2013

