

Internal Audit Report



Internal Audit Report
Housing and Community Care
Housing Benefits Assignment No. 14-18
March 2015

Final Report

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

Internal Audit

Background and Introduction

This assignment forms part of the Internal Audit plan for 2014/15, as approved by Audit Committee on 2 April 2014.

Housing Benefit is a national welfare benefit administered by Housing and Community Care (HCC) on behalf of the Department for Work and Pensions (DWP), providing assistance with the payment of rent to those who are on low incomes.

Housing Benefit is administered in accordance with statutory requirements and DWP guidance, by Revenues and Benefits within HCC. Performance information relating to the processing of Housing Benefit claims and changes of circumstances is publicly reported in HCC's Business Management and Improvement Plan annually and is monitored by HCC Senior Management Team as part of the service Performance Management Framework.

As part of Welfare Reform, Universal Credit is set to replace a number of state benefits including Housing Benefit, over the next few years. This process is due to start in the Perth & Kinross area after December 2015, but the transition period is expected to be lengthy due to the technical complexity of the range of benefits being brought together.

Scope and Limitations

In order to arrive at an opinion on the achievement of the control objective, the audit included visits to the Service, interviews with relevant staff, and review of the relevant procedures and documentation.

Compliance with procedures was tested as appropriate. However, re-performance of system calculations of benefit payments was not carried out as part of this review.

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.

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| Control Objective: To ensure there are adequate and appropriate controls in place over the administration of Housing Benefit claims to provide for accurate and timely payment to qualifying claimants |
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| Auditor's Comments: |
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| Controls over Housing Benefit administration are considered generally effective with some minor exceptions. |
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Internal Audit Report

Staff are aware of relevant legislation and are provided with training to reflect any changes in entitlement rules. Access is provided to the Benefits System User Manual and to online benefits administration guides enabling legislation to be properly interpreted and implemented. However, it was noted that the team SharePoint site contains documents and processes which have been superseded.

Checking of processing of new claims and changes of circumstances is carried out using a risk-based methodology to optimise resources and minimise the risk of error. Controls in this area identify and correct errors and are considered satisfactory.

Trends in accuracy and speed of processing are monitored and reported on an ongoing basis. Management review of performance information is focussed and drives improvements; where appropriate, training issues are identified to ensure positive impact on performance. Data-matching information provided by DWP and Her Majesty's Customs and Excise to Housing Benefits Team has resulted in improvements in the identification and the prompt addressing of potential overpayments.

System application access was reviewed and found to be both appropriate to service needs and monitored by management on a regular basis. Management reports are used to confirm that relevant system permissions are in place however there is scope to improve the completeness of these reviews.

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| Strength of Internal Controls: | Moderately strong |
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| Control Objective: to ensure the adequacy of arrangements for the transfer of responsibilities and information to DWP | |
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| Auditor's Comments: At the time of testing there was little information specific to the Council from DWP regarding the implementation of Universal Credit. However, the department was able to provide evidence of a proactive approach to determining the actions to be undertaken to mitigate the risks of the impact of the changes. | |
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| Strength of Internal Controls: | Strong |
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Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken

Internal Audit Report

not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

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.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the Housing Benefits Team and officers in Chief Executive's Finance and Information Security teams during this audit.

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, Housing & Community Care

A Taylor, Head of Finance & Support Services

J Symon, Head of Finance

L Brady, Revenues & Benefits Service Manager

G. Stewart, Principal Officer, Housing Benefits

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditors for this assignment were A Gallacher, D McCreddie and D Brownlow. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 16 March 2015

Appendix 1: Summary of Action Points

| No. | Action Point | Risk/Importance |
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| 1. | Training Records | Medium |
| 2. | System User Access Rights Confirmation | Low |
| 3. | Procedures and Guidelines | Medium |
| 4. | Authorised Signatories Procedures | Low |

Appendix 2: Action Plan

Action Point 1 - Training Records

Training sessions took place throughout 2014 to ensure that staff had accurate information regarding changes in the legislation and administration of Housing Benefits. Records of attendance at training sessions were examined for the year from April 2014 to January 2015.

For the first three topics of the year 100% attendance was recorded for relevant members. This included a number of dates in August being used to ensure that relevant staff were able to catch up with any missed sessions for those first three topics. Subsequently, however two sessions have taken place whose subject matter was pertinent for a number of staff who have yet to receive the training.

Departmental correspondence showed that whilst management requested that staff ensure that their training was up to date there is no review of the training records to ensure that all relevant staff have undertaken required training.

Management Action Plan

Training records will be reviewed and monitored to ensure that all necessary training has been, and continues to be, received.

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| Importance: | Medium |
| Responsible Officer: | S Sneddon, Team Leader |
| Lead Service: | Housing and Community Care |
| Date for Completion (Month / Year): | July 2015 |
| Required Evidence of Completion: | Consolidated Training Record for all staff |

Auditor's Comments

Satisfactory

Action Point 2 - System User Access Rights Confirmation

Reports on system user access rights are issued to departmental managers to ensure currency and relevance on a regular basis.

However, the reports, which cover Council Tax and Housing Benefits, are in user name order rather than being sorted by department and managers only provide responses confirming users within their teams disregarding users who have left either their team or the Council. The Auditor identified one user in the listing who had not been employed by the Council for some years. In addition, five generic user accounts were also identified and related to Council Tax read-only access. All of the above cases have now been locked.

There is no check to confirm all System Users listed are current employees.

Management Action Plan

The Business Objects report will be reconfigured to provide managers with detailed reports relevant to their departments for verification.

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| Importance: | Low |
| Responsible Officer: | G Stewart, Principal Officer |
| Lead Service: | Housing and Community Care |
| Date for Completion (Month / Year): | July 2015 |
| Required Evidence of Completion: | Confirmation of revised format of reports circulated to relevant managers |

Auditor's Comments

Satisfactory

Action Point 3 - Procedures and Guidelines

Officers in the Benefits team are provided with access to wide range of guidance and procedural documentation to ensure the accurate and timely processing of benefit claims. Some documents held in the team SharePoint site were found to be out of date or superseded. The site requires some review in order to eliminate the risk of unnecessary error and to ensure that documents in use are current and relevant.

Interviews revealed that accurate and current information tended to be accessed by staff through use of the dedicated shared network drive or written materials rather than use of the SharePoint site. Use of SharePoint sites is the preferred electronic document storage system for the Council.

Management Action Plan

Review of SharePoint site will be undertaken to ensure that current relevant documents are held only and any guidelines and procedures which are superseded are archived.

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| Importance: | Medium |
| Responsible Officer: | G. Stewart, Principal Officer |
| Lead Service: | Housing and Community Care |
| Date for Completion (Month / Year): | July 2015 |
| Required Evidence of Completion: | Screen shots of SharePoint site |

Auditor's Comments

Satisfactory

Action Point 4 - Authorised Signatories Procedures

Where manual payment is required, following checking, completed forms are signed by the Principal Officer authorising the payment. These forms are then sent to the Incomes team in Central Accounting who confirm the signatures to the authorised signatory lists. However, there is no documented procedure to ensure that such controls are in place.

Management Action Plan

- a) Housing Benefit Management will write a procedure describing the process for checking and authorising payments, for Housing Benefits
- b) Corporate Finance will write a procedure regarding the control of checking of authorised signatures.

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| Importance: | Low |
| Responsible Officer: | a) G Stewart, Principal Officer b) R Golby, Senior Incomes Officer |
| Lead Service: | a) Housing & Community Care b) Chief Executive's |
| Date for Completion (Month / Year): | a) April 2015 b) Completed |
| Required Evidence of Completion: | Written procedures. |

Auditor's Comments

Satisfactory