

REPORT TO: Audit and Governance Committee

MEETING DATE: 26 September 2017

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Internal Audit Report – Housing Benefit and Council Tax Reduction

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Housing Benefit and Council Tax Reduction.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of the internal controls surrounding Housing Benefit and Council Tax Reduction was undertaken as part of the Audit Plan for 2016/17.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Internal Audit Manager
CONTACT INFO	01620 827326
DATE	14 September 2017

EAST LOTHIAN COUNCIL – INTERNAL AUDIT HOUSING BENEFIT AND COUNCIL TAX REDUCTION

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2016/17, a review of the internal controls surrounding the administration of Housing Benefit (HB) and Council Tax Reduction (CTR) was undertaken. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Adequate arrangements are in place to ensure that staff responsible for administering HB and CTR receive regular updates on legislative changes that affect claimants' entitlement to HB and CTR.
- For the sample of cases examined, a valid claim form was on file – all forms were signed and dated by the claimant or their representative.
- Appropriate documentation was on file to support the rent payable by the claimant to the landlord and eligible rent had been properly determined – the Local Housing Allowance (LHA) weekly rates had been correctly applied where applicable.
- For the sample of cases examined, the claimant's statement of calculation clearly detailed the claimant's gross income, income disregards, applicable amount, excess income and income taper.
- Adequate arrangements are in place for the recovery of housing benefit overpayments identified.

1.3 Areas with Scope for Improvement

- In some cases, the benefit calculations were based on out of date information – in one case, the benefit calculation for 2016/17 was based on earnings figures submitted by the claimant for February, March and April 2014. *Risk – information used in the benefit calculation may be incorrect.*
- The current approach adopted for the annual uprating of pensions requires review. *Risk – incorrect determination of housing benefit.*
- In a number of cases, the Capita system failed to reflect the most up to date information in respect of the claimant's Child Tax Credit and Working Tax Credit. *Risk – weekly entitlement to housing benefit may be incorrect.*
- There was a lack of adequate procedures in place to ensure the accuracy and completeness of information input to the Capita system. *Risk – errors and omissions may occur and remain undetected.*
- The existing arrangements in place for the calculation and classification of overpayments require review. *Risk – amounts included in the subsidy claim may be inaccurate.*

1.4 Summary

Our review of Housing Benefit and Council Tax Reduction has identified some areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

September 2017

**EAST LoTHIAN COUNCIL – INTERNAL AUDIT
HOUSING BENEFIT AND COUNCIL TAX REDUCTION**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.2	Management should ensure that adequate evidence is on file to support the claim – appropriate evidence should be obtained from claimants of all bank accounts held.	Medium	Service Manager Benefits/Benefits Team Leaders	Agreed		September 2017
3.4.1	Management should review the current approach adopted for uprating annual pension rates.	Medium	Service Manager Benefits/Benefits Performance Officer	Agreed – Capita to be contacted & DMs reminded to correct discrepancies		September 2017
	Management should ensure that the Capita system is updated to reflect the most recent pension figures received from the DWP.		Service Manager Benefits/Benefits Team Leaders	Agreed – DMs reminded to correct discrepancies ASAP		September 2017
	Management should ensure that up to date and accurate earnings information is used in the benefit calculations.		Service Manager Benefits/Benefits Performance Officer	Agreed – full use will be made of real time information system (RTI)		September 2017

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.1 (cont)	<p>Management should ensure that benefit calculations are based on the claimant's most up to date Child Tax Credit and Working Tax Credit awards.</p> <p>Management should ensure that for claimants in receipt of student bursaries/loans, the correct dates for the academic year are input to the Capita system.</p> <p>Management should ensure that appropriate procedures are in place for checking the accuracy and completeness of information input to the Capita system.</p>	Medium	<p>Service Manager Benefits/Benefits Team Leaders</p> <p>Service Manager Benefits/Benefits Team Leaders</p> <p>Service Manager Benefits/Benefits Team Leaders</p>	<p>Agreed – full use will be made of the ATLAS (data transfer) system</p> <p>Agreed – adherence to Quality Assurance Procedure already in place</p> <p>Agreed – regular audit check in place under Quality Assurance Procedure</p>		<p>September 2017</p> <p>In Place</p> <p>In Place</p>
3.5.1	Management should review the existing arrangements in place for the calculation and classification of overpayments.	Medium	Service Manager Benefits/Benefits Performance Officer	Agreed – regular audit check in place under Quality Assurance Procedure		In Place

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.6.1	<p>Management should ensure that up to date earnings information is used in the calculation of Council Tax Reduction.</p> <p>Management should ensure that all relevant changes are promptly updated on the Capita system.</p>	Medium	Service Manager Benefits/Benefits Team Leaders	<p>Agreed – DMs reminded to make full use of all appropriate information</p> <p>Agreed</p>		<p>September 2017</p> <p>September 2017</p>

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.