



Internal Audit

FINAL

Dacorum Borough Council

Assurance Review of Housing Benefits

2020/21

November 2020

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

To provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems. To assess the adequacy and effectiveness of the internal controls in place at the Council for benefits.

Impact of the implementation of Universal Credit could lead to lack of focus on work to help customers apply for the benefits.

The future impacts of Covid-19 are likely to increase the number of vulnerable residents and claimants.

SCOPE

The aim of the review was to assess the adequacy and effectiveness of the internal controls in place at the Council for benefits.

KEY STRATEGIC FINDINGS



Control and Processes tested were found to be working effectively through the testing on 20 New Claims and changes of Circumstances, 15 overpayments and 10 write offs.



Guides and procedures relating to Housing Benefits have been provided to officers and conform to relevant Government guidance



Impact of COVID 19 on Benefits and LCTS claims are properly documented and communicated across the Council.



Regular ongoing training is provided to the Benefits Caseworkers on processing housing benefits and CTS claims.

GOOD PRACTICE IDENTIFIED



Sample testing of outlined above confirmed that supporting evidence was received for all claims and change in circumstances



Performance against KPIs from Time to process Housing Benefits new claims and changes and Time supported that the process was efficient.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 0 | 0 | 0 |

Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------------------------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|
| No recommendations were made | | | | | | | |

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

| Ref | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. | | | | |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| GF | Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | In Place | - | - |
| RM | Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register. | In Place | - | - |
| C | Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | In Place | - | - |

Other Findings



During 2020/21 the assessing and processing of Housing Benefit claims was undertaken from home with increased usage of online forms.

Responsibility for day to day operations lies with the Benefits Team Leader, supported by a number of assessors and a technical team.

A separate team focusing on service development, system administration and performance and quality is also in place, led by the Revenues & Benefits Support Team Leader.



Policies relating to Housing Benefits are set by central government and, as such, the Council receive regular Circulars and other guidance material from the DWP. It was confirmed that there are also a large number of Housing Benefits procedure notes accessible to all staff on a shared drive, including in relation to the processing of new claims and changes in circumstances, management checking procedures, payment runs, and overpayment recovery. The majority of the procedures in place have continued from the previous year.

Other Findings

-  It was confirmed that an updated housing benefits policy document has been in place, which sets out the key procedures for applications and the policies relating to the calculation of entitlement. Review of procedure notes is carried out on an ad hoc basis when necessary due to legislative changes or changes in the way that claims are managed on the Council's systems.
-  Review confirmed that the expected controls were in place and evidenced through: Manager and Financial Management approval of changes to standing data, timetabled input processing of notification of changes. Also confirmed was evidence of overpayment identification and recovery systems, root cause analysis and liaison with responsible Managers was available during the audit.
-  Before any assessment checks are completed to ensure information is provided and to prevent fraudulent claims.
Sample testing of new claims and changes in circumstances confirmed that supporting evidence was received for all claims and change in circumstances tested and data was correctly inputted to the system. No exceptions were noted.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | In Place | - | - |
| FC | Financial Constraint The process operates within the agreed financial budget for the year. | In Place | - | - |
| R | Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | In Place | - | - |

Other Findings

It was noted that Recovered Housing Benefits is reconciled on a daily basis by the Payment team. A spreadsheet is maintained for the daily reconciliations.

The DWP guidelines notes that backdated claims cannot be processed unless a good reason is provided, and that working age people make back date claims up to 4 weeks, while pension aged individuals can make back dated claims up to 3 months.

Sample testing of 10 backdated claims confirmed that all claims were processed with good reasons provided for back dating the claims and 9 of the 10 claims were for four weeks and under while one claims exceeded four weeks by 4 days, however, reasons exceeding the four week target was noted.

It was confirmed that Benefits postings are reconciled on a daily basis by the Payment team. A spreadsheet is maintained for daily reconciliations.

Other Findings



A QA module is set up to check all assessments done by new Benefits Officers when they commence their role in the Council. This will ease as the officer demonstrates their knowledge and competency. If a pattern of errors is noted for an officer, the percentage of claims assessment sampled will be increased.

The minimum sampling rate for assessments done by experienced officers is 5%. At least a minimum of 5% of all assessments done are checked.

The QA module automatically sample assessment when a payment of £5,000 and over is created or when an overpayment of over £10,000 is created.

Monthly QA data showing assessment checks for each officer is maintained by the Lead Officers and reported to the Benefits Team Leader for performance monitoring and training needs assessment.



As noted above, monthly QA assessment data is maintained on a monthly basis and it includes name of Caseworkers, number of assessment checked, Amount Correct, Amount Incorrect, Percentage Correct, Error Type and Remedial Actions taken. It was noted that remedial actions include speaking to caseworkers and advising them on actions to take to avoid such errors and how to correct error. If training is required, it will be provided to the case worker.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

| | |
|---------------------------|--|
| In place | The control arrangements in place mitigate the risk from arising. |
| Partially in place | The control arrangements in place only partially mitigate the risk from arising. |
| Not in place | The control arrangements in place do not effectively mitigate the risk from arising. |

Assurance Assessment

4. The definitions of the assurance assessments are:

| | |
|------------------------------|--|
| Substantial Assurance | There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved. |
| Reasonable Assurance | The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved. |
| Limited Assurance | The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved. |
| No Assurance | There is a fundamental breakdown or absence of core internal controls requiring immediate action. |

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

| Stage | Issued | Response Received |
|-----------------------------------|-------------------------------|-------------------------------|
| Audit Planning Memorandum: | 7 th July 2020 | 7 th July 2020 |
| Draft Report: | 3 rd November 2020 | 3 rd November 2020 |
| Final Report: | 4 th November 2020 | |

AUDIT PLANNING MEMORANDUM

Appendix B

| | | | |
|------------------------|-------------------------|--------------------|---------------------------------|
| Client: | Dacorum Borough Council | | |
| Review: | Housing Benefits | | |
| Type of Review: | Assurance | Audit Lead: | Philip Lazenby and Maisie Allen |

| | | | |
|---|--|---|--|
| Outline scope (per Annual Plan): | Rationale: This is a key audit risk area. The full audits for the Revenues systems will be undertaken on a systematic basis, however, to provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems. Scope: To assess the adequacy and effectiveness of the internal controls in place at the Council for benefits. | | |
| Detailed scope will consider: | <p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p> | <p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Financial constraint: The process operates with the agreed financial budget for the year.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p> | |
| Requested additions to scope: | (if required then please provide brief detail) | | |
| Exclusions from scope: | | | |

| | | | | | |
|----------------------------|------------|---------------------------|-----------|--------------------------------------|------------------------------|
| Planned Start Date: | 07/07/2020 | Exit Meeting Date: | 6/10/2020 | Exit Meeting to be held with: | Mathew Kelly and Chris Baker |
|----------------------------|------------|---------------------------|-----------|--------------------------------------|------------------------------|

SELF ASSESSMENT RESPONSE

| Matters over the previous 12 months relating to activity to be reviewed | Y/N (if Y then please provide brief details separately) |
|---|--|
| Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc? | |
| Have there been any breakdowns in the internal controls resulting in disciplinary action or similar? | |
| Have there been any significant changes to the process? | |
| Are there any particular matters/periods of time you would like the review to consider? | |