



Internal Audit

FINAL

## Dacorum Borough Council

Assurance Review of Housing Benefits

2021/22

January 2022

## Executive Summary

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SR1 – Funding and Income is not sufficient to deliver the Council’s Corporate Objectives.

### SCOPE

The review assessed the adequacy and effectiveness of the internal controls in place at the Council for benefits.

### KEY STRATEGIC FINDINGS



Sample testing of new claims, write offs, back dates, and review of documentary information, identified that robust controls are in place and operating as intended.



Review and testing of overpayments, identified an instance where an amount of £28,640 had been approved in November 2018, to be written off, however this has not been actioned to date.



Review and testing of a sample of 15 New Claims and 15 Change of Circumstances, identified that the target processing time of 17 and 10 days respectively, had not been met. Primarily, due to Claimants not responding to information requests, in a timely manner.

### GOOD PRACTICE IDENTIFIED



Housing Benefit procedures/ guidance are located on a shared drive which can be accessed by the Benefits team.



The Revenues & Benefits Support Team upload the annual parameters, provided by DWP, onto Northgate and perform live testing prior to the data going live in April.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	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)
1	Directed	<p>Review and testing of a sample of 15 overpayment accounts, identified that in one instance, an overpayment totalling £28640, had been approved, in November 2018, to be written off, subject to receiving authorisation from the Portfolio Holder.</p> <p>The write off has not been processed to date. The Benefits section is aware of this overpayment.</p>	<p>It must be ensured that the appropriate level of authorisation is obtained for the write off and that it is processed in 2021/22.</p>	3	<p><i>The service recognises that this account has been awaiting processing for a long time. However there are higher priority tasks to be carried out during the remaining months of 2021/22, and so it will have to wait until the first quarter of 2022/23 to be picked up.</i></p>	30/06/22	Revenues & Benefits Support Team Leader

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
There are no Operational Effectiveness Matters raised during the audit.				

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	<b>Governance Framework</b> There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	<b>Risk Mitigation</b> The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b> Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	1	-

### Other Findings



The Housing Benefit guidance/ procedures are located on a shared drive, which is accessible by staff. The guidance/ procedures are updated as and when there are changes notified by the Department of Works or changes to legislation/ regulations.



The Benefits & Revenues Support Team are responsible for updating the annual Housing Benefit (HB) rates on Northgate. The Support Team undertakes live tests to confirm the new HB rates have been applied correctly, which is conducted at the same time as when the Revenue Annual Billing exercise is performed. A spreadsheet is maintained of the live testing, which records the test results and confirming that the calculations.



#### New Applications

Review and testing of a sample of 15 new HB applications identified, that in all cases a HB application form had been completed and some form of supporting evidence provided. It was noted that the time taken to process new claims exceeded the Council's target of 17 days, primarily due to applicants not providing requested information in a timely manner. In one case, it took 53 days, before the decision was taken to terminate the application, due to the applicant not responding to the Assessor's letters.

## Other Findings



### Change of Circumstances

Review and testing of a sample of 15 Change of Circumstances (CoCs), identified the Council's target of 10 days to process a CoC was not always met. The sample noted a range of 9 to 107 days in processing and the Team were informed of these changes by DWP, the Housing Team and other third parties.



### Backdate Awards

Review and testing of a sample of six backdated awards, identified that in five cases, a good cause had been given and award made. In the remaining case the backdate was not granted due to good cause not demonstrated.



### Write Offs

Review and testing of a sample of 15 write offs processed, during the period 1st April to 31<sup>st</sup> August 2021, identified that in all cases, the write offs had been authorised in accordance with the Council's scheme of delegation and valid reasons had been provided for the write. Northgate contained the write off notes and accounts



### Overpayments

Review and testing of a sample of 15 overpayments, identified that in 14 instances, the overpayment is being recovered by the Department for Work and Pensions. The remaining account is assigned to be written off.



### HB Payments

Review and testing of a sample of 13 HB payments to Claimants, identified that in all cases the payments had been made via BACs and agreed to the Claimant's account.



The Benefits and Revenues Support Team performed an extensive staff declaration exercise in April 2021 and it is proposed that annual staff declarations will be performed.



**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	<b>Performance Monitoring</b> 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	<b>Financial Constraint</b> The process operates within the agreed financial budget for the year.	In place	-	-
R	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

**Other Findings**



The Housing Benefit section has two KPIs relating to New Claims and Change of Circumstances processing times, annual targets of 17 days and 10 days respectively. Review of the KPI data as at 30<sup>th</sup> September 2021, it was noted that:

- New Claims processing time was 20.9 days for the month and 23 days Year to date; and
- Change of Circumstances processing time was 7.3 days for the month and 7.9 days Year to date.



The Housing Benefit budget forms part of the General Fund (GF) and is presented and reported to the Finance and Resources Overview and Scrutiny Committee, as part of the quarterly Management accounts.

Review of the 2021/22 Quarter 2 (1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2021) management accounts, reported that the GF is forecasting a year end deficit of £1m, which may be funded from Reserves.

## EXPLANATORY INFORMATION

## Appendix A

### 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.

<b>In place</b>	The control arrangements in place mitigate the risk from arising.
<b>Partially in place</b>	The control arrangements in place only partially mitigate the risk from arising.
<b>Not in place</b>	The control arrangements in place do not effectively mitigate the risk from arising.

### Assurance Assessment

4. The definitions of the assurance assessments are:

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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
<b>Audit Planning Memorandum:</b>	8 <sup>th</sup> September 2021	8 <sup>th</sup> September 2021
<b>Draft Report:</b>	10 <sup>th</sup> December 2021	28 <sup>th</sup> January 2022
<b>Final Report:</b>	28 <sup>th</sup> January 2022	



# AUDIT PLANNING MEMORANDUM

## Appendix B

<b>Client:</b>	Dacorum Borough Council		
<b>Review:</b>	Housing Benefits		
<b>Type of Review:</b>	Assurance	<b>Audit Lead:</b>	Audit Manager

<b>Outline scope (per Annual Plan):</b>	Risk: SR1Rationale: 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.		
<b>Detailed scope will consider:</b>	<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>	
<b>Requested additions to scope:</b>	(if required then please provide brief detail)		
<b>Exclusions from scope:</b>	None		

<b>Planned Start Date:</b>	06/10/2021	<b>Exit Meeting Date:</b>	02/11/2021	<b>Exit Meeting to be held with:</b>	Benefits Team Leader
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### SELF ASSESSMENT RESPONSE

<b>Matters over the previous 12 months relating to activity to be reviewed</b>	<b>Y/N (if Y then please provide brief details separately)</b>
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?	