



Council Tax Support and Housing Benefits

City of York Council

Internal Audit Report 2016-17

Business Unit: Customer and Corporate Services
Responsible Officer: Assistant Director, Customer Services and Digital
Service Manager: Head of Customer, Resident & Exchequer Services
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	P1	P2	P3
Actions	0	0	0
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

York's Local Council Tax Support (CTS) scheme currently provides up to a 70% discount for council tax for eligible applicants of working age. Following a recent decision by the Council Executive this will increase to 77.5% from 1st April 2016. As required by central government, the scheme ensures that eligible applicants of pensionable age are entitled up to a 100% discount.

The Housing Benefit service provides eligible applicants with a financial contribution towards payment of their rent. Currently, this is paid directly to the rent account of council tenants and via BACS to the landlords of private tenants. The service administers benefit payments to a total of around 13,000 claimants and assesses over 1,000 claims each month.

An additional budget of £231,900 is reserved for Discretionary Housing Payments, available to Housing Benefit (HB) claimants undergoing hardship and requiring further help towards their rent.

Objectives and Scope of the Audit

Housing benefits is reviewed by audit each year due to the volume of transactions, value of benefits payments and risks of fraud and error. The previous audit gave an opinion of High Assurance, with very few issues identified. For this audit, assurance work concentrated on reviewing the management controls in place to monitor the service, identify issues and make improvements, rather than conducting detailed transaction testing of individual claims.

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- Support applications and changes of circumstance are assessed accurately, calculated correctly and processed within a reasonable timeframe
- Appeals against historic Council Tax Benefit (CTB) and requests to reconsider HB and CTS awards are processed according to procedure and within a reasonable timeframe
- Overpayments are correctly calculated and processed within a reasonable timeframe
- Recovery of overpayments for customers on historic CTB and the recovery of debt from HB and CTS scheme customers is processed according to procedure and obtains appropriate authorisation before any write off
- Discretionary Housing Payments are awarded appropriately and calculated correctly
- Interventions are undertaken to identify potentially inaccurate claims, examine them and take appropriate action.

The audit did not include review of Discretionary Council Tax Payments as these are strategically placed under the York Financial Assistance Scheme.

Key Findings

The findings and conclusions in this review were based on testing of management controls in place to monitor achievement of the key system objectives, rather than detailed transaction testing. Overall, testing found that detailed monitoring and performance information is produced and used to manage the service and appropriate action is taken in response to this monitoring. Previous audit testing on detailed transactions also provided high assurance that the risks to the service are being effectively managed.

Quality assurance checks are undertaken on the accuracy of benefit claim assessments and recalculations. These checks are representative and proportionate to the risk of error (in likelihood and impact). Individual assessor performance and overall team performance is monitored and reported on and enables action to be taken to address errors. The team has a target of error rates of below 10% and whilst they are not hitting this target it is felt that reasonable measures have been and are being taken to improve the error rates.

Appeals are monitored, including recording timescales for different stages of outcomes, actions taken and the outcomes of the appeals. Housing benefits overpayments are identified, recovered where possible and written off where appropriate, with appropriate authorisation. There is a large balance of overpayments outstanding to be reclaimed but records show that action is taken to reclaim this and the balance is gradually reducing. Detailed monitoring information is provided monthly to enable performance in reclaiming overpayments to be managed effectively.

Discretionary Housing Payments (DHPs) are monitored and verbal assurance was provided regarding the checks that are made before making award decisions, including additional checks if it is a repeat application. However, there is no additional supervisory check or authorisation when awards are made more than once, or for particularly high value awards. There are no formal management reports to identify when multiple awards have been given, for example, to do spot-checks on whether decisions are appropriate. Monitoring of DHPs does take place and no issues have been found. However, testing did suggest that monitoring could be more strategic or more actively used to assess how DHPs are being awarded and for supervisors to spot check examples. This could be subject of further detailed testing in 2017-18.

A large volume of interventions have been completed in the last two years and there is evidence of a significant number of claims being changed as a result. This was done under the Department for Work and Pensions (DWP) Fraud and Error Reduction Incentive Scheme (FERIS) scheme but this scheme and its funding has now ended. A specific interventions program is no longer in place but there are a number of other compensating controls that are in place. These compensating controls seem like reasonable measures but detailed testing has not taken place on whether these measures are proving effective; this could be subject to further audit work in 2017-18.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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