



# Council Tax Support and Housing Benefits

## City of York Council

### Internal Audit Report 2020/21

Business Unit: Customer and Communities  
Responsible Officer: Director of Customer and Communities  
Service Manager: Head of Customer and Exchequer Services  
Date Issued: 21 July 2021  
Status: Final  
Reference: 10320/016

	P1	P2	P3
Actions	0	1	0
Overall Audit Opinion	Substantial Assurance		

## Summary and Overall Conclusions

### Introduction

York's local Council Tax Support (CTS) scheme is a means tested council tax discount scheme. It provides up to a maximum of 77.5% discount for eligible applicants of working age and, as required by central government, up to a 100% discount for eligible applicants of pension credit age.

The Housing Benefit (HB) scheme is a means tested scheme for tenants and provides eligible applicants with a financial contribution towards the payment of their rent. The benefit is paid depending on the type of landlord. For council tenants it is paid directly to their rent account, and for private tenants it is paid directly to the landlord. The council currently has a combined total of approximately 10,000 claimants for Council Tax Support and Housing Benefit.

In March 2020, the council responded to the Coronavirus (Covid-19) pandemic by implementing unprecedented measures to alleviate the financial impact on residents and businesses. The council implemented additional council tax support by way of the Covid-19 Discretionary Hardship payments which was followed later in the year by the Self-Isolation payments. The council suspended all debt recovery procedures from March 2020 which has since resumed. With the exception of the collection of arrears, all core processes have continued to operate, albeit with increased demand.

### Objectives and Scope of the Audit

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

- CTS applications, changes of circumstance and Covid-19 related awards, are assessed accurately, calculated correctly and processed within a reasonable timeframe;
- appeals are processed according to procedure and within a reasonable timeframe;
- overpayments are correctly calculated and processed within a reasonable timeframe and there is a plan in place to resume invoicing for overpayments;
- there is a plan in place to resume recovery of benefit overpayments and unrecoverable amounts are written off in line with procedures.

### Key Findings

Council Tax Support applications, changes of circumstance and Covid-19 related awards, are assessed accurately, calculated correctly and processed within a reasonable timeframe. The council performs quality assurance checks on a regular basis and sets a target for checks for both Housing Benefits and Council Tax Support. Volumes and types of errors are identified, and recorded as part of the quality assurance process. Identified errors are used to rectify issues, as well as informing individual and team performance. Due to the

pandemic, and as part of central government's financial support packages, the council were required to administer and pay Covid-19 Hardship payments and Covid-19 Self-isolation payments. Hardship payments were made in a timely manner and Self-Isolation claims were assessed prior to payment being made. At the time of the audit a post-payment assurance plan for Covid-19 Self-Isolation payments was still being formulated.

We found that appeals are reviewed by management, processed according to procedure and within a reasonable timeframe. Whilst records of council actions were well recorded it was not possible to establish a segregation of duties between the initial assessor and the case reviewer. Being able to identify a segregation of duties would demonstrate that appropriate controls are in place to minimise risk, and provide a level of assurance that appeals are independently reviewed.

Overpayments and adjustments are correctly calculated and processed within a reasonable timeframe. Performance data is collated in relation to benefit overpayments and adjustments and monitored by management. All 'High Value Adjustments' are subject to quality assurance checking and remaining adjustments are randomly selected for quality assurance checks. Performance measures are set and performance against these targets is recorded and monitored. An organised approach has been taken to prioritise, resume and manage the invoicing and recovery of overpayment debt, although the approach has not been formally documented. Established policy and procedure are being used for debt recovery with an adjustment to invoice production processes to manage resource capacity in the Benefits team.

At the time of the audit, invoicing was planned to recommence on a phased basis for new overpayment debt. Recovery letters were produced in advance of recovery activity resuming with aged debt prioritised over newer debt. Some recovery activity continued throughout the Covid-19 pandemic where customers were still able to repay outstanding amounts. Unrecoverable amounts are written off in line with procedures with reasons for the write off being proportionate and appropriate.

## **Overall Conclusions**

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

# 1 Post Payment Assurance Plan

## Issue/Control Weakness

Payment mechanisms that sit outside of the Benefits IT system are not controlled or monitored.

## Risk

The council has made incorrect or inappropriate Covid-19 pandemic payments.

## Findings

At the time of the audit, a post payment assurance plan was in progress but had not been completed. The existing Benefits IT system could not accommodate Covid-19 Self-Isolation payments into its existing configuration, therefore, an alternative solution was implemented. A post payment assurance plan will provide an approach to ensuring all payments made were made correctly from this alternative solution. Whilst pre-payment checks were made for Self-Isolation claims, the post payment plan would give additional assurance that Covid-19 pandemic payments had been awarded appropriately.

## Agreed action 1.1

Extensive pre-payment checks relating to Self-Isolation payments were undertaken before payments were issued to claimants. This included the verification of NHS test and trace identification numbers as well as checking benefits systems to verify claimants' applications. Whilst the requirement to remove post payment assurance checks to relieve the administrative burden upon councils was verbally implied, it was not formally removed from the issued guidance. The council will undertake a sample of post payment assurance checks to determine the viability of checking 10% of Self-Isolation payments issued.

### Priority

2

### Responsible Officer

Revenues, Benefits & Subsidy Manager

### Timescale

30 September 2021

## Audit Opinions and Priorities for Actions

### Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

### Opinion

### Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### 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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