

TEESDALE DISTRICT COUNCIL

INTERNAL AUDIT SERVICE

Review of Housing and Council Tax Benefits

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Assurance Opinion	SUBSTANTIAL

1. INTRODUCTION

- 1.1. In accordance with the Council's annual audit plan for 2008/9 an audit has been carried out of the Housing and Council Tax Benefit by colleagues from the Wear Valley Internal Audit Service.
- 1.2. The audit was undertaken during June 2008.
- 1.3. Teesdale's Housing & Council Tax benefits are administered by Wear Valley District Council and the audit of Teesdale's benefits payments has been done as part of a planned system review of the operation of the Wear Valley Benefit System.
- 1.4. The review involved a number of interviews with officers and testing of key controls. The time and assistance afforded by these officers was greatly appreciated.

2. OBJECTIVES

- 2.1. The overall objective of the review is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control.

3. STATEMENT OF RESPONSIBILITY

- 3.1. It should be noted that the establishment of adequate control systems is the responsibility of management and that an internal audit review is conducted on a test basis. Therefore, while the implementation of internal audit recommendations can reduce risk, and may lead to the strengthening of these systems of control, responsibility for the management of these risks remains with the service manager.

4. SCOPE

- 4.1. The review undertaken by Internal Audit forms part of the overall assurance process now required by the Chief Executive and the Leader for inclusion within the Annual Governance Statement which is part of the Authority's Statement of Accounts.
- 4.2. The audit examined benefit payments for 2007/8.
- 4.3. The key controls tested during this review are those outlined by the Audit Commission as detailed below:
 - Periodic hand delivery of rent allowance cheques independent of the Housing Benefits section.
 - Only authorised staff are able to amend the system parameter files.
 - System provides for accurate calculation of benefit entitlement.
 - Outputs are checked for reasonableness.

- Feeder systems for rent allowances, rent and council tax rebates are reconciled with entitlement.
- Calculations are periodically checked to ensure accuracy and adequate verification is obtained.
- IT system is secure and backed up at frequent intervals.
- Satisfactory contingency plan is in place in the event of IT failure.

4.4. The report is intended to present to management the findings and conclusions of the audit. Wherever possible the findings and recommendations have been discussed with members of staff and their views taken into account.

5. EXECUTIVE SUMMARY

5.1. The key controls for the benefits system were found to be good and well maintained. Documentation, which is now held electronically, was easily accessible with very clear images. Detailed testing of Council Tax and Rent Allowance claims revealed only a few very minor discrepancies when reviewing the documentation and calculation of the random samples. These were discussed with the section supervisors who are to amend claims if necessary.

5.2. Only one key control, relating to the hand delivery of rent allowances cheques was found to be ineffective as this practice had ceased due to the constraints of the fraud section. A recommendation to resume this control is made in the Action Plan at Section 7.

6. AUDIT ASSURANCE OPINION

6.1. Internal Audit has adopted the following scale of assurance that can be given to indicate the effectiveness of the control environment and the likelihood of control objectives being met for the area under review.

Level of Assurance	Definition
Full Assurance	There is a sound system of controls in place & those controls are consistently applied & are fully effective. Control objectives are fully met.
Substantial Assurance	There is a sound system of control in place but some of the controls are not consistently applied or fully effective. Control objectives are largely achieved.
Moderate Assurance	There is basically a sound system of control in place, but there are weaknesses and evidence of non-compliance with or ineffective controls. Control objectives are often achieved.
Limited Assurance	The system of control is weak & there is evidence of non-compliance with controls that do exist. Control objectives are sometimes achieved.
No Assurance	There is no system of control in place and control objectives are rarely or never achieved.

6.2. The significance of the control weakness identified in this review enables us to give a **substantial** assurance opinion.

7. ACTION PLAN

7.1. Our findings together with the associated risks and resultant recommendations are summarised below.

Ref	Finding	Risk	Recommendation	Ranking	Responsibility	Response	Implementation
R1	The periodic hand delivery of rent allowance cheques has ceased due to the constraints of the fraud section.	Potential fraudulent claims not detected.	The random hand delivery of rent allowances cheques is resumed.	High	Revenues & Benefits Manager	Agreed. 1or 2 cheques each month	July 2008

KEY TO RECOMMENDATION RANKING

- HIGH PRIORITY** A fundamental control issue that is material or represents a major risk to the Council's system of internal control. This requires immediate action by management.
- MEDIUM PRIORITY** A significant control issue or risk that should be addressed by management within an agreed period.
- LOW PRIORITY** A control issue that if corrected will enhance the control environment or promote value for money.