

**TO: GOVERNANCE AND AUDIT COMMITTEE
28TH JUNE 2011**

**UPDATE OF CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT:
HOUSING BENEFIT AND COUNCIL TAX SUBSIDY AND HOUSING BENEFIT
INTERNAL AUDIT REPORT 2010/11**

Director of Environment, Culture and Communities

1 PURPOSE OF DECISION

- 1.1. The purpose of this report is to provide Committee with an update on the actions agreed in response to the Certification of Claims and Returns Annual Report and internal Audit Report on Housing and Council Tax Subsidy.**

2 RECOMMENDATIONS

- 2.1 That the progress in relation to the action plan in response to the findings of the certification of the Housing and Council Tax Subsidy Claim be noted.**
- 2.2 That the progress in response to the internal audit report of the Housing Benefit Service post implementation of the new Northgate system be noted.**

3 REASONS FOR RECOMMENDATIONS

- 3.1. The Governance and Audit Committee considered a report on the Certification of Claims and Returns Annual Report: Housing Benefit and Council Tax Subsidy and Housing Benefit Internal Audit Report 2010/11 at its meeting on the 22nd March. It requested an update on progress against the action plans that were proposed in response to the audits be presented to the Committee at its meeting on the 28th June.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There is no alternative to the proposed actions.**

5 SUPPORTING INFORMATION

- 5.1. Progress against the recommendations made on the Certification of Claims and Returns Annual Report for 2009/10 began in the last quarter of 2010/11. Therefore, the impact of the action plan in response to recommendations may conceivably be limited in respect of the 2010/11 audit but it can be expected that the full impact will be found in the 2011/12 audit.**
- 5.2. Following the certification of the 2009/10 claim the Department of Work and Pensions has written to the Council requiring further work to be undertaken on the claim. Subject to the further work the Secretary of State will make a decision on recovery of**

overpaid subsidy. The Council will be able to make a case to the Secretary of State before a final decision is taken.

- 5.3. Officers are currently working with the auditors to resolve issues before the final certification of the 2010/11 subsidy claim later in this financial year.

Certification Report and Action Plan

- 5.4 The certification report and associated Action Plan are attached as Appendix A to this report. The following paragraphs provide a commentary on progress against the actions.
- 5.5 The first recommendation referred to the loading of parameters in the benefit system for 2010/11. At the time of writing there is one issue to be resolved with the auditors concerning the percentage uplift on statutory sick pay. In terms of checking parameters for 2011/12 this has been completed and checked by both the Benefit Service Manager and Chief Officer: Housing. Internal Audit have checked this and found that where it has been possible to check parameters in DWP circular A26 210 against those loaded in the Northgate system they are correct but they need to check with officers the parameters where descriptions in the Northgate system are not immediately obvious.
- 5.6 The action plan recommended urgent action to reduce the level of errors. By the end of the financial year 2010/11 all Assessment staff had undergone training. There were over 28,000 units processed in the year. The total number of processing units checked was 3,205 including the checking undertaken by the contractor undertaking off site processing. Within that number there was an element of rechecking of the external contractor work.
- 5.7 The third recommendation was that all non-HRA rent rebate expenditure should be reviewed and re-classified where necessary. This has been reviewed. At present there are three claims where classification is inconsistent. This will be reviewed with the Auditor and if necessary a manual adjustment will be made to the subsidy claim. The review of classification on the Northgate system has taken place and there is now a process in place between the Housing Options Service and Benefits to ensure the correct classification is used.
- 5.8 Recommendation 4 concerned action to reduce number of errors calculating earnings. Staff have received training on calculating earnings and a training plan for the year has been established issues have been identified and resolved via one to one supervision. The Northgate system now undertakes more of the earnings calculations than was the case with the Pericles system where some manual calculation was undertaken. However, there may still be issues identified in the 2010/11 audit on processing work that was undertaken before this management action was implemented.
- 5.9 Recommendation 5 concerned the need to provide an audit trail on how decision had been reached on benefit entitlement. Sample checking of work has taken place with staff to ensure the verification check list is completed. The number of verification checks not completed has reduced. For the month of March 2011 the sample checking found 3% of cases where the verification checklist was no in place.
- 5.10 Recommendation 6 concerned the risk based checking of claims to assess benefit entitlement was correct. All high payments are checked before payment released.

- 5.11 Managers have already been providing support to the auditors in relation to the audit of the claim for 2010/11. Staff availability has been planned to provide support to the audit.

Housing Benefit Internal Audit Report

- 5.12 There were three priority one recommendations which generated the limited assurance opinion. These refer to data migration, debt collection and general ledger reconciliation. A follow up audit will begin on the 14th June to address the agreed actions from the previous audit.

Data Migration

- 5.13 It was not been possible to provide overall assurance that the data migration from Pericles to Northgate took place in line with controls. It is accepted that the requisite checking of all transferred data where there was an error in excess of 10 pence on the claim was checked and corrected. Through testing of individual benefit cases no discrepancies were found but the auditors were not satisfied that reconciliation had taken place as demonstrated in the records of checking and amending.

Debt Collection

- 5.14 The debt module on the Northgate system was not operational at the time of the audit. The delay in implementing the module was due to the need for the supplier to run a script to correct information from the data transfer and this did not take place until the 11 February.
- 5.15 The module is now fully operational.

General Ledger reconciliation

- 5.16 The audit confirmed that the reconciliation to the general ledger from the Northgate system had not been completed. Reconciliation should have taken place at the end of each month and it had not been possible to undertake this activity since October when the Pericles system was shut down.
- 5.17 Reconciliation now takes place on a regular basis. However, reports from Northgate still require interrogation to establish the correct figures for reconciliation purposes. Work is on going to refine this process to deliver a more automatic reconciliation.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

The overall reconciliations between the General Ledger and Northgate for the Period November 2010 to March 2011 are complete but the details of these reconciliations are still to be resolved. Meetings have been arranged between Finance and the Housing Benefit staff to work on identifying the issues to resolve the outstanding Entries.

The reconciliations between the General Ledger and Northgate for the period April and May 2011 will be completed during June 2011 due to the increased workload required to produce the final subsidy claim from both Pericles and Northgate. To aid reconciliation between the General Ledger and Northgate in the future, monthly meetings will be arranged between Finance and Benefits to ensure this process keeps to timetable and differences are identified and corrected as quickly as possible.

Equalities Impact Assessment

- 6.3 An Equality Screening Form is included at the end of this report.

Strategic Risk Management Issues

- 6.4 Failure to address the issues contained in the audit may result in the Council losing subsidy for the benefit payments it makes. This report has commented on the progress made in implementing the action plan to address those issues.

Background Papers

Certification of claims and returns annual report Bracknell Forest Council Audit 2009/10
Housing and Council tax draft audit report March 2011

Contact for further information

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Doc. Ref

Equalities Screening Record Form

Date of Screening: 10 June 2011	Directorate: ECC	Section: Benefits
1. Activity to be assessed	Certification of benefit subsidy claim and internal audit housing and council tax benefit part 2.	
2. What is the activity?	<input type="checkbox"/> Policy/strategy <input type="checkbox"/> Function/procedure <input type="checkbox"/> Project <input checked="" type="checkbox"/> Review <input type="checkbox"/> Service <input type="checkbox"/> Organisational change	
3. Is it a new or existing activity?	<input type="checkbox"/> New <input checked="" type="checkbox"/> Existing	
4. Officer responsible for the screening	Shanaz Alam	
5. Who are the members of the EIA team?	Shanaz alam, Rosie Corah	
6. What is the purpose of the activity?	Action plan to respond to audit findings	
7. Who is the activity designed to benefit/target?	All benefit recipients	
8. a Racial equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y	The proposed actions should improve service delivery to all benefit recipients
8. b What evidence do you have to support this? E.g equality monitoring data, consultation results, customer satisfaction information etc.	Benefit customers are monitored on a regular basis to assess take up of the benefit services.	
9. a Gender equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y	The proposed actions should improve service delivery to all benefit recipients.
9. b What evidence do you have to support this?	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
10. a Disability equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y	The proposed actions should improve service delivery to all benefit recipients
10. b What evidence do you have to support this?	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
11. a Age equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y	. The proposed actions should improve service delivery to all benefit recipients
11. b What evidence do you have to support this?	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
12. a Religion and belief equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y	The proposed actions should improve service delivery to all benefit recipients

12. b What evidence do you have to support this?	Benefit customers are monitored on a regular basis to assess take up of the benefit services		
13. a Sexual orientation equality - Is there an impact? What kind of equality impact may there be? Is the impact positive or adverse or is there a potential for both? If the impact is neutral please give a reason.	Y		The proposed actions should improve service delivery to all benefit recipients
13. b What evidence do you have to support this?	Benefit customers are monitored on a regular basis to assess take up of the benefit services		
14. Please give details of any other potential impacts on any other group (e.g. those on lower incomes/carers/ex-offenders) and on promoting good community relations.	The nature of the benefit service is that it is targeted at low income and vulnerable households.		
15. If an adverse/negative impact has been identified can it be justified on grounds of promoting equality of opportunity for one group or for any other reason?	The service should generate a positive impact on those households.		
16. If there is any difference in the impact of the activity when considered for each of the equality groups listed in 8 – 14 above; how significant is the difference in terms of its nature and the number of people likely to be affected?	No		
17. Could the impact constitute unlawful discrimination in relation to any of the Equality Duties?		N	
18. What further information or data is required to better understand the impact? Where and how can that information be obtained?	Data collection on all equality groups who receive the benefit service will be improved during 2011/12..		
19. On the basis of sections 7 – 17 above is a full impact assessment required?		N	The action plan proposed actions which will improve the general operation of the benefit administration system and there are no specific actions which are directed at any specific group of benefit recipients..
20. If a full impact assessment is not required; what actions will you take to reduce or remove any potential differential/adverse impact, to further promote equality of opportunity through this activity or to obtain further information or data? Please complete the action plan in full, adding more rows as needed.			
Action	Timescale	Person Responsible	Milestone/Success Criteria
Improve collection rate of equality monitoring information.	03/2012	Shanaz alam	Improvement in the percentage
21. Which service, business or work plan will these actions be included in?	Benefit service plan		
22. Have any current actions to address issues for any of the groups or examples of good practice been identified as part of the screening?	None		
23. Chief Officers signature.	Signature:		Date:
24. Which PMR will this screening be reported in?			

When complete please send to abby.thomas@bracknell-forest.gov.uk for publication on the Council's website.