

**TO: GOVERNANCE AND AUDIT COMMITTEE  
29TH SEPTEMBER 2011**

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**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 as well as progress in relation to the 2010/11 certification of housing and council tax benefit claim.

**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.**

**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 22<sup>nd</sup> March and the 28<sup>th</sup> June. 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 29<sup>th</sup> September.

**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. The Council is yet to hear back from the DWP.

- 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.
- 5.4. Since the previous report the benefit service has been subject to three spot checks of assessment work and an internal audit follow up of the previous internal audit report. A further audit of all the action plans stemming from the previous audits is scheduled for December this year. A Northgate system post implementation audit reported in August and concluded that the findings were satisfactory and it made three priority three recommendations.

#### **Certification Report and Action Plan and progress on 2010/11 certification claim audit**

- 5.4 The certification report and associated Action Plan have been provided with the previous reports and for the sake of brevity are not included with 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. On the 16<sup>th</sup> June internal Audit confirmed that the parameters had been correctly set in the new system in line with the relevant HB/CTB circular.
- 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. The accuracy rate for 2010/11 was 87%. In 2011/12 to date there have been over 10% of claims checked. The accuracy rate for quality is currently running at 90% but on an upward trajectory following resolution of processing errors with staff. The benefit service management structure has been restructured and the new structure comes into place from the 10<sup>th</sup> October. The new structure provides more management resource to check claims and management assessment staff.
- 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 and the classification for 2010/11 is now consistent even after taking into account the change between the Pericles and Northgate systems. 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. The Audit of the 2010/11 subsidy claim has identified an error in the treatment of a tax refund on one claim. This has required testing of a further 40 cases which is taking place at present. In terms of current assessment the spot check of 20 new claims in May and June concluded that assessment of claims which included earning was satisfactory based on documentation provided. The result of the third spot check is awaited.
- 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. So far this year out of 570 claims checked there have been 6 where a satisfactory verification checklist is not in place. This is picked up and addressed with staff at regular supervision meetings.

- 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 began in June starting with data migration as that was the priority for the Audit Commission.

### **Data Migration**

- 5.13 It was not possible to provide overall assurance that the data migration from Pericles to Northgate took place in line with controls. The follow up audit concluded that there was a satisfactory audit trail from the errors identified and requirement for action to supporting evidence for the checks and amendments made by officers. There was evidence that the Chief Officer Housing and customer services had signed off the Northgate functioning before the system went live but there was no evidence that the data migration process had been signed off by senior management at summary or detailed level.

### **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. The follow up audit report is awaited on this aspect.

### **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.

- 6.2 **Borough Treasurer**

Nothing to add to the report.

#### 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

<b>Date of Screening:</b> 10 June 2011	<b>Directorate:</b> ECC	<b>Section:</b> Benefits
<b>1. Activity to be assessed</b>	Certification of benefit subsidy claim and internal audit housing and council tax benefit part 2.	
<b>2. What is the activity?</b>	<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	
<b>3. Is it a new or existing activity?</b>	<input type="checkbox"/> New <input checked="" type="checkbox"/> Existing	
<b>4. Officer responsible for the screening</b>	Shanaz Alam	
<b>5. Who are the members of the EIA team?</b>	Shanaz alam, Rosie Corah	
<b>6. What is the purpose of the activity?</b>	Action plan to respond to audit findings	
<b>7. Who is the activity designed to benefit/target?</b>	All benefit recipients	
<b>8. a Racial equality - Is there an impact?</b> 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
<b>8. b What evidence do you have to support this?</b> 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.	
<b>9. a Gender equality - Is there an impact?</b> 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.
<b>9. b What evidence do you have to support this?</b>	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
<b>10. a Disability equality - Is there an impact?</b> 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
<b>10. b What evidence do you have to support this?</b>	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
<b>11. a Age equality - Is there an impact?</b> 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
<b>11. b What evidence do you have to support this?</b>	Benefit customers are monitored on a regular basis to assess take up of the benefit services	
<b>12. a Religion and belief equality - Is there an impact?</b> 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

<b>12. b What evidence do you have to support this?</b>	Benefit customers are monitored on a regular basis to assess take up of the benefit services		
<b>13. a Sexual orientation equality - Is there an impact?</b> 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
<b>13. b What evidence do you have to support this?</b>	Benefit customers are monitored on a regular basis to assess take up of the benefit services		
<b>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.</b>	The nature of the benefit service is that it is targeted at low income and vulnerable households.		
<b>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?</b>	The service should generate a positive impact on those households.		
<b>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?</b>	No		
<b>17. Could the impact constitute unlawful discrimination in relation to any of the Equality Duties?</b>		N	
<b>18. What further information or data is required to better understand the impact? Where and how can that information be obtained?</b>	Data collection on all equality groups who receive the benefit service will be improved during 2011/12..		
<b>19. On the basis of sections 7 – 17 above is a full impact assessment required?</b>		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..
<b>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.</b>			
<b>Action</b>	<b>Timescale</b>	<b>Person Responsible</b>	<b>Milestone/Success Criteria</b>
Improve collection rate of equality monitoring information.	03/2012	Shanaz alam	Improvement in the percentage
<b>21. Which service, business or work plan will these actions be included in?</b>	Benefit service plan		
<b>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?</b>	None		
<b>23. Chief Officers signature.</b>	Signature:		Date:
<b>24. Which PMR will this screening be reported in?</b>			

When complete please send to [abby.thomas@bracknell-forest.gov.uk](mailto:abby.thomas@bracknell-forest.gov.uk) for publication on the Council's website.