

MALDON DISTRICT COUNCIL

INTERNAL AUDIT REPORT

HOUSING BENEFITS
DECEMBER 2023

Design Opinion	● Substantial
Design Effectiveness	● Moderate

IDEAS | PEOPLE | TRUST



CONTENTS

EXECUTIVE SUMMARY	2
DETAILED FINDINGS	5
APPENDIX I - DEFINITIONS.....	8
APPENDIX II - TERMS OF REFERENCE	9

DISTRIBUTION






Naomi Lucas	Chief Financial Officer
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Michelle LaMarre	Head of Revenue and Benefits

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

REPORT STATUS

Auditor(s):	Aaron Winter - Director and Chief Audit Executive Andrew Billingham - Audit Manager Ollie Seabrook-Smith - Auditor
Dates work performed:	20 October 2023 - 9 November 2023 (date of closing meeting)
Draft report issued:	17 November 2023
Final report issued:	11 December 2023

EXECUTIVE SUMMARY

Design Opinion	 Substantial	Design Effectiveness	 Moderate
Recommendations	 0	 0	 2

SCOPE

BACKGROUND

- ▶ Housing Benefit is an income related benefit to help people on low incomes to pay their rent.
- ▶ Most Housing Benefit claims are now dealt with by the Department for Work and Pensions and paid through Universal Credit. However the Council still administers claims from people who have reached the State Pension age or are in supported, sheltered or temporary accommodation.
- ▶ Housing Benefit claims are paid in accordance with the Housing Benefit Regulations 2006.
- ▶ In addition to Housing Benefit, the Council handles Council Tax Support claims. This can be paid to anyone liable for Council Tax on the property in which they live and who is on a low income. These claims are paid in accordance with the Council's Council Tax Support Scheme.
- ▶ The Council has a current caseload of joint Housing Benefit and Council Tax Support claims totalling 4500, and 1800 Council Tax Support only claims. The Council pays around £700,000 per month in Housing Benefit, the majority of which is paid to their biggest Housing Association operating within the area, Moat Homes.

PURPOSE

The audit reviewed the assessment of benefit cases administered by the Council against evidence retained on systems and evaluated whether cases were legitimate and sufficient evidence was received and protocols followed and whether reporting of information in this area was appropriate.

AREAS REVIEWED

The following areas were covered as part of this review:

- ▶ We reviewed procedures to ensure they clearly defined roles and responsibilities, were regularly reviewed and available to all officers.
- ▶ We reviewed a sample of new applications and changes in circumstance and confirmed decisions are made in accordance with procedures, the supporting evidence and in a timely manner.
- ▶ We reviewed system access and confirmed only authorised officers can make amendments to claims made. This review also examined access controls for changing creditor ID's to inform payments.
- ▶ We reviewed the frequency and completeness of the quality control process over the claim assessment process and confirmed there are regular checks which are evidenced and action is taken to rectify identified issues.
- ▶ We verified there were appropriate controls in place around the payment run to prevent large payments being incorrectly or fraudulently sent to incorrect payees.
- ▶ We reviewed a sample of aged debt Housing Benefit overpayments to ensure the correct recovery process was followed.

- ▶ We tested a sample of Housing Benefit overpayment write offs to confirm the correct approval process was followed in line with any recovery procedure.
- ▶ We obtained evidence of ongoing monitoring and scrutiny of performance at a strategic level.



AREAS OF STRENGTH

- ▶ We tested five new applications and 15 changes in circumstance and confirmed they were completed in accordance with agreed procedures and documentation was retained evidencing claim eligibility or the change in circumstance.
- ▶ We reviewed all 28 staff that have access to the Revenues and Benefits system (Academy) and confirmed that this was appropriate. All staff were also DBS checked prior to being given access. A spreadsheet was maintained of all bank account changes actioned by staff, and these were reviewed and marked as correct within this spreadsheet by the team leader with evidence attached to the system to support the change was appropriate.
- ▶ We reviewed the central spreadsheet detailing the quality checks completed across the team. This confirmed the cases reviewed by a team leader on a weekly basis. We found this data was collated on a weekly and monthly basis, with a central tab highlighting issues identified which is considered for training purposes.
- ▶ We found, a monthly BACS payment run is generated by the IT team and entered into the payment system. We verified this had been completed for the last four months and was approved in accordance with Council processes by correct officers and recorded within the AccessPay User information.
- ▶ We reviewed 15 aged debt overpayments and found that they all had recent activity, historic comments and documentation confirming the debts had been managed effectively. It was possible to verify the current state of recovery and what action had been taken. The report provided by the Council confirmed there was £636,203.75 of Housing Benefit overpayments, with invoices dating back to 2005.
- ▶ We reviewed three write offs and found that these had followed the correct process and were written off either due to bankruptcy, lost trace, or uneconomical to pursue. All three were approved by a team leader and entered into the system with the correct write off reason and supporting documentation. Since, and including, 2018/19, the Council has written off £217,758.07 of Housing Benefit overpayments.
- ▶ We found, data is collected monthly on the number of days taken to complete changes of circumstance and process new claims. This is reported monthly to the Extended Leadership Team, and through exception reporting to Members. Overall we noted that performance has been improving since the start of the financial year and the current KPIs for October confirmed they were performing above the KPI target. For processing new benefit claims the target is 16 days, and for processing change of circumstances the target is 8 days. We found:

Month	New Claim Days	Change of Circumstance Days
May 2023	19.5	8.1
June 2023	19.5	8.9
July 2023	15.2	6.9
August 2023	17.2	4.9



AREAS OF CONCERN


- ▶ From our review of the Council's procedure documents, we found only one had a review date recorded, the remainder were not version controlled and did not have a regular review date. Testing identified a case where procedures were followed, but could have been expedited if Universal Credit had been considered. (Finding 1 - Low)
- ▶ Whilst all applications and change in circumstances were reviewed and completed in accordance with procedures, there were two applications and one change in circumstance that were delayed above the KPI target. The two applications were homeless cases and involved the Housing team, and the change in circumstance was an annual review. (Finding 2 - Low)



CONCLUSION

- ▶ We have identified two findings which we assessed as low priority.
- ▶ We identified a number of areas of good practice such as, completing applications and changes in circumstance in accordance with requirements, correct access to the required systems, sound controls around bank account detail changes, quality assurance checks of work completed by officers, payment runs completed correctly, write offs and debt recovery completed in accordance with procedures, and regular reporting and monitoring of KPIs.
- ▶ However, we identified two minor areas of concern which require improvement, including the updating of procedure guides, and ensuring further work is completed with the Housing team to speed up homeless applications.
- ▶ Overall, we have concluded that there is substantial assurance over the design and moderate assurance over operational effectiveness of the controls in place at the Council relating to the management of Housing Benefits, with two low findings raised.

DETAILED FINDINGS

1 Housing Benefit Procedure Documentation	
TOR Risk:	The Council do not have clear, comprehensive procedures in place which are accessible by all officers leading to inconsistent or inaccurate assessment of claims.
Significance	 Low

FINDING

The Council administers Housing Benefits (HB) in accordance with central government requirements. Procedure documents for how to use the system for each process are in place. The team are currently completing an audit of these to ensure they are held centrally and remain accurate.

We found that the Council has a range of procedure documents including Atlas usage, recovery overview, rent office report, first payments, new claims, HB stops, terminations, change in circumstances and Wider Use of Real Time Information report (WURTI) from the DWP.

There was also a new document created by a trainer hired by another local authority that fully detailed the process staff were expected to follow who had also delivered training to staff.

It was noted that only the recovery overview confirmed the year it was created, 2023. The remainder were not version controlled and did not have a regular review date recorded.

From discussions with the team Specialist, it was confirmed that they are in the process of reviewing the procedure guides following team restructuring.

There is a risk that where procedure documentation is not routinely reviewed and confirmed as being accurate, incorrect working practices may be introduced.

RECOMMENDATION

- 1.1 As part of the procedure guide review, this should consider Universal Credit as identified within Finding 2 below.
- 1.2 The procedure guides should also be fully version controlled, including a document owner and regular review date to ensure they remain accurate and a current workflow to be followed by staff.


MANAGEMENT RESPONSE

1.1 We have noted and will consider the inclusion of Universal credit in our ongoing review as suggested.

1.2 We had already identified that our procedure note controls would be enhanced by the inclusion of owner and date identifiers and are adding this as part of our ongoing review.

Responsible Officer:	Michelle Lamarre
Implementation Date:	Ongoing (31/03/2025)

2 Management Attendance Policy and Procedure documentation should clarify authority of approval and review frequency

TOR Risk:	Appropriate checks are not completed on new claims/changes in circumstance and supporting evidence is not obtained resulting in inaccurate award of benefit.
Significance	 Low

FINDING

New applications are made by completing a physical paper claim form which is received and scanned into the central Civica document storage. These are reviewed and entered into the Academy system. For changes in circumstance these are usually received via email, through the form on the Council website, or via Department for Work and Pensions (DWP) notification. These are pulled into the Civica system and actioned by staff in Academy.

We selected a sample of five new applications and found that:

- For two cases (13013365X and 130133749), these were homeless referrals from the Housing team. One application required further documentation and this was requested but nothing further was received resulting in the case being closed. However this was closed after the 17 day target timeframe, this took 37 days. The other case was processed in accordance with procedures but took 23 days to finalise. Discussions confirmed that given the applicant was in receipt of Universal Credit this could have been processed faster, however processes are still being updated in light of Universal Credit changes.

We selected a sample of 15 changes in circumstance and found that:

- For one case (130132224), an annual review form was sent out but took 21 days to review once the additional information was received. The target of this is 9.5 days.

There is a risk that where cases are not processed in accordance with agreed timescales, the Council may suffer reputational damage and the customers may not receive the correct benefits at the right time.



RECOMMENDATION

- 1.1 Procedures should be updated in light of Universal Credit to ensure that where possible cases are processed promptly.
- 1.2 The Housing Benefit team should continue liaising with the Housing team to ensure that Housing staff provide all documentation at the point of first contact where possible, or at least complete the initial form and sign on their behalf to ensure benefit payments can be started as soon as possible.
- 1.3 The Housing Benefit team should ensure that as part of the quality assurance work completed, they focus on time taken to complete tasks.



MANAGEMENT RESPONSE

1.1 We have noted and will consider the inclusion of Universal credit in our ongoing review as suggested.

1.2 We have noted and following the recent realignment of our Service Delivery team we will continue to look for process/system improvements which facilitate timely sharing of information, where there are legal gateways to do so, minimising any processing delays

1.3 We have noted and will consider the inclusion of timeliness data in our management checking as suggested.

Responsible Officer:

Michelle Lamarre

Implementation Date:

Ongoing (31/03/2025)

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE



KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks associated with the area under review are:

- ▶ The Council do not have clear, comprehensive procedures in place which are accessible by all officers leading to inconsistent or inaccurate assessment of claims.
- ▶ Appropriate checks are not completed on new claims/changes in circumstance and supporting evidence is not obtained resulting in inaccurate award of benefit.
- ▶ System access is not appropriately restricted according to the requirements of the role and ongoing access is not subject to review. This could lead to unauthorised amendments being made.
- ▶ Regular checks are not completed on decisions to ensure they are accurate leading to a failure to identify officer training needs.
- ▶ Batch payments are not reviewed and approved to ensure large payments are sent to the correct recipient potentially leading to fraud or error not being promptly identified.
- ▶ Overpayments are not monitored or recovered in accordance with the recovery policy/legislation and write offs are not appropriately approved resulting in financial loss for the Council.
- ▶ Management information is not reported and key performance indicators are not monitored to enable adequate scrutiny and oversight.



SCOPE & APPROACH

The following areas will be covered as part of this review:

- ▶ Review procedures to ensure they clearly define roles and responsibilities, are regularly reviewed and available to all officers. (Risk 1)
- ▶ Test a sample of new applications and changes in circumstance to confirm decisions are made in accordance with procedures, the supporting evidence and in a timely manner. (Risk 2)
- ▶ Review system access and confirm only authorised officers can make amendments to claims made. This review will also examine access controls for changing creditor ID's to inform payments. (Risk 3)
- ▶ Review the frequency and completeness of the quality control process over the claim assessment process to confirm there are regular checks which are evidenced and action is taken to rectify identified issues. (Risk 4)
- ▶ Verify there are appropriate controls in place around the payment run to prevent large payments being incorrectly or fraudulently sent to incorrect payees. (Risk 5)
- ▶ Review a sample of aged debt Housing Benefit overpayments to ensure the correct recovery process is followed. (Risk 6)
- ▶ Test a sample of Housing Benefit overpayment write offs to confirm the correct approval process was followed in line with any recovery procedure. (Risk 6)
- ▶ Obtain evidence of ongoing monitoring and scrutiny of performance at a strategic level. (Risk 7)

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review. However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate. It is intended that this audit will be completed through a combination of remote working and onsite meetings and testing, based upon the most effective way of carrying out the work.

In delivering this review BDO may need to observe and test confidential or personal identifiable data to ascertain the effective operation of controls in place. The organisation shall only provide the Shared Personal Data to BDO using secure methods as agreed between the parties. BDO will utilise the data in line with the General Data Protection Regulations 2016 (GDPR) and the Data Protection Act 1998, and shall only share Personal Data on an anonymised basis and only where necessary.



FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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