



Summary of Internal Audit Reports Issued to Date

Agenda Item

REPORT OF DAP Partnership Manager
To: Audit & Governance Committee
Subject: Audit Reports Issued to Date
Date: 18th April 2017

Reference:

PURPOSE OF REPORT: To provide a summary of the audit reports issued to date to enable members to discuss any matters they wish to raise.

1. INTRODUCTION

The Audit & Governance Committee requested a regular summary of the audit reports issued to ensure there is opportunity to raise any queries on those reports.

Where possible Members are encouraged to raise any significant concerns with the Service Improvement Officer at the time of issue of the report, however this report gives the opportunity for Members as a group to discuss any related matters.

This committee report covers the audit reports issued to date and not previously reported.

2. REPORT

A summary of those reports issued to date and not included in previous committee reports is included at Appendix A.

There is one audit to be reported upon:

- Benefits

There is one outstanding audit relating to the completion of the 2016/17 Internal Audit Plan: Risk Management. Testing has been completed and the Audit report will be issued in April 2017.

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

None.

Sustainability Implications

None.

Equality/Diversity

None.



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Risk Management

The two key outcomes from an audit are the opinion on the audit subject, which indicates the level of assurance that members can take, and the agreed actions to strengthen the control framework. Any agreed actions are evaluated against the corporate risk matrix and the audit reports include those risks that are medium or high. Low risk or housekeeping matters are reported separately and directly to management for them to manage. Progress with implementing actions is reported to the Head of Paid Service (or Senior Management Team) and to the Audit & Governance committee on a quarterly basis.

Compliance with Policies and Strategies

This report complies with the Audit & Governance Committee terms of reference and the Audit Procedures Manual.

Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

4. CONCLUSIONS

One report has been issued since the meeting in February. The opinion for this audit at the time of publication was:

Opinion	Audit
‘Good’ (which means minimal risks identified)	Benefits

Opinions range from: Good; Satisfactory; Satisfactory/Good; Satisfactory / Marginal; Marginal / Satisfactory; Marginal; Unsatisfactory; and, Unsound.

5. RECOMMENDATIONS

Committee are asked to:

Note the report issued in this reporting period and raise any queries, suggestions or proposals relating to the three audits in this report.

SUPPORTING INFORMATION

Consultations: Officer - Jenny Wallace; Steve Hearse; Jamie Hollis
Councillors - Philip Hackett

Contact Officer: Chris Dobbs

Background Papers: Audit files



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Appendix A

Benefits – Good (13/13 controls were effective at the time of publishing)

Previous Audit Opinion (February 2016) – Good (13/13 controls were effective at the time of publishing)

Background

Housing Benefit (HB) is a means tested social security benefit defined in law to help people pay their rent. The Department for Work and Pensions (DWP) sets HB rates, policy and rules, but the payment of benefits is administered by Local Authorities. The DWP then pay the Authority a subsidy to cover the expenditure but only provided it has been properly administered. The external auditors Grant Thornton are required to independently review the administration controls that support the subsidy calculations but any control issues identified may impact on the subsidy paid to the Authority.

Council Tax Benefit (CTB) was abolished with effect from 31st March 2013 by the Welfare Reform Act 2012. It has been replaced in the main by a locally set Council Tax Support Scheme (CTS). The Scheme was approved by Council on 26th November 2012 and amended the previous CTB as follows:

- Limit Liability to 75%
- Limit Capital cut off threshold to £6,000 (previously £16,000)
- Abolish Second Adult Rebate
- Restrict council tax liability to a maximum liability of a Band D property
- Introduce an Exceptional Hardship Fund with a Policy for its use and administration.

The Pensioner CTS scheme is nationally set by Central Government and mirrors the previous CTB.

The main aim and objectives of the service is to pay the correct level of benefit / support to the right person at the right time. A further aim is to investigate and prevent fraud.

Opinion

Overall we found that 8 controls were good and 5 were satisfactory. There were a number of areas where controls could be strengthened which include data security, claim processing and overpayments.

Management Response

Customer Support Manager - The report and findings are a credit to the benefits team who are continually working against a background of ongoing welfare reform. The last year has been a particularly difficult period with reduced resource as a result of vacancy management; in addition, the team also provide ongoing support to trainees as well as maintaining their own caseloads.

See following page for control table:



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BENEFITS - SUMMARY OF MAIN FINDINGS IN RESPECT OF KEY CONTROLS

The table below shows the conclusion derived from the testing of the key controls.

KEY CONTROL	SUMMARY OF FINDINGS	Feb 17	Mar 17
C1. The computer system accurately calculates the benefit / support payable and parameters have been correctly set	Statutory and discretionary HB/CTS system parameters had been input and independently checked in a timely way. The test system was used to ensure potential issues were identified and mitigated. The system generates an event log of parameter changes.	G	G
C2. All applications awaiting further information or action are monitored to ensure none have been left outstanding or unresolved	The Benefits Team Leader monitors pending claims reports and takes appropriate action where deemed necessary.	G	G
C3. Reconciliation of council tax scheme amounts to the Council Tax system and rent allowances to the payments made are complete and up to date	Monthly reconciliations ensure HB and CTS payments and discounts post correctly between systems. A year end journal ensures Hostel Rents are posted to the general ledger.	G	G
C4. Calculations are checked periodically by an independent person to ensure both accuracy and adequate verification has been obtained.	Periodic checks of representative samples of assessed claims are undertaken by the Monitoring Officer.	G	G
C5. IT system is secure and backed up at all times. Records are secure.	System weaknesses expose the Authority to potential data protection breaches. Transfer, storage and retention of personal data can be improved.	G	G
C6. Satisfactory contingency plan in place in the event of an IT failure	There is an adequate Business Continuity Plan in place, covering IT failure.	G	G
C7. All claims are supported by relevant claim form, supporting documentation and correspondence	Sample testing of 20 claims found that assessments were supported by all the relevant documentation.	G	G
C8. Claim details have been correctly input to the system so that benefit / support is correctly and promptly calculated. (All claim types: IS, JSA, Tax Credit, income, self-employed, ESA, GC)	Generally claim input was accurate. Testing identified some errors in calculation of earnings owing to most recent earning information not being used in the calculation and self-employed earnings, which resulted in claimants being underpaid benefit.	A	G
C9. Overpayments are promptly identified, and recovery action taken.	Appropriate recovery action has been taken on overpayments created in the year.	G	G
C10. Effective investigation methods are in place to ensure frauds and irregularities are identified, investigated and appropriate action taken.	Application design discourages fraudulent claims, and fraud information provided to the DWP is adequate and timely.	G	G
C11. Payments are regularly reconciled to GL	Monthly reconciliations are carried out by experienced system administrators. A printed copy is signed and dated and supporting records held.	G	G
C12. Access to the system is restricted to relevant officers and enforces adequate separation of duty	Password controls were effective for the Academy system. Account restrictions are applied where conflicts of interest exist.	G	G
C13. Overpayments and backdated cases are properly coded to ensure the subsidy claim will be correct	Testing of a sample of overpayments found that all had been classified correctly.	A	G