

## HOUSING AND COUNCIL TAX BENEFIT GRANT – EXTERNAL AUDIT

### Audit Committee - 11 June 2013

Report of the: Chief Executive Designate

Status: For Information

Key Decision: No

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**Executive Summary:** The audit of the Housing Benefits claim was amended and qualified and additional testing was required due to the errors found. Actions are being taken to address this in time for the 2012/13 audit.

The Benefits Service has received a 95% increase in the number of customer contacts between April 2011 and April 2013 largely due to the economic climate. A number of actions have been taken to address the impact of this increase which has resulted in the performance indicator 'Average number of days to process new claims' now being below the target level.

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**This report supports the Key Aim of effective management of Council resources.**

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Group Manager Financial Services – Adrian Rowbotham

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Recommendation to Audit Committee: That the report be noted.

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### Introduction

- 1 Grant Thornton, as the Council's external auditor, is required to certify certain grant claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 2 The following two grants were audited as they were above the £125,000 limit where certification is required:
  - Housing and council tax benefit scheme (value £33m).
  - National non-domestic rates return (value £32m).

### Audit Outcome

- 3 The National non-domestic rates return was certified without amendment or qualification.

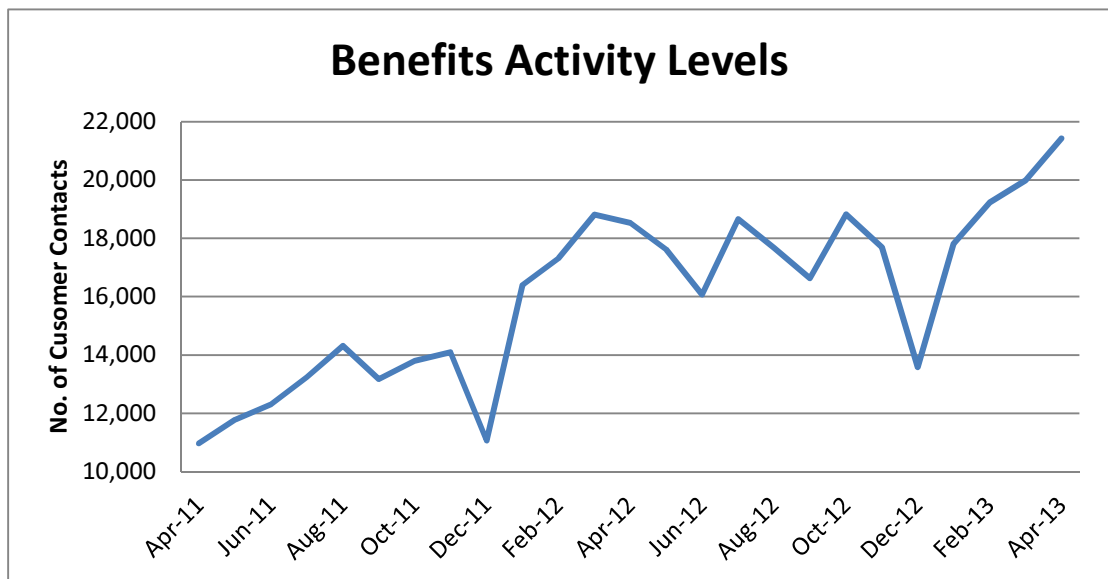
- 4 By far the most complex claim is the Housing Benefits claim which was amended and qualified.
- 5 The error rate found when completing this audit was higher than in previous years, although the impact of this on the value of the overall claim was relatively minimal, it is important to claimants that their benefit is calculated correctly. The DWP stipulates high standards of accuracy resulting in any claims being incorrect by as little as 1p are classified as errors and additional testing is then required on a larger sample.
- 6 The additional testing resulted in the audit fee for grant claims increasing from £24,406 in 2010/11 to £51,662 in 2011/12.

#### Actions being taken

- 7 As noted in the Action Plan at Appendix A, action has been taken to address some of the weaknesses identified. Analysis of the audit has been undertaken to identify improvements to the process itself, identifying training/awareness needs and improvements in office procedures, as noted below.
- 8 Training and awareness sessions have been undertaken with assessment staff in the key areas where errors were identified. Following these sessions quality checking has been targeted to ensure that claims processing is correct in the specific areas. On-going monitoring and quality checking of the key areas will continue.
- 9 Automation of the ATLAS process (tax credit information received direct from DWP) is now available on the back office processing system and is currently being implemented.
- 10 Grant Thornton will start the process earlier for the 2012/13 audit allowing more time for additional testing by officers and discussion with the auditors. An additional resource with suitable skills has been identified from within the team to assist with the audit as required. An external consultant with extensive experience in this area has also been used to assist with preparing for the 2012/13 audit.

#### Benefits Performance

- 11 The Benefits Service is one of the services provided by the partnership between Sevenoaks District Council and Dartford Borough Council which commenced on 13 December 2010.
- 12 As reported to Services Select Committee on 25 September 2012 and 1 November 2012, demands on the Benefits Service have significantly increased due to the economic climate. The graph below shows that the number of customer contacts for the Benefits Partnership has increased by 95% between April 2011 and April 2013.



13 The main performance indicator for the Benefits Service is the 'Average number of days to process new claims'. This peaked at 58 days in June 2012 but has now been brought down to 29 days in March 2013 (the target is 30 days).

14 Activity levels were the major reason why activity levels originally worsened but there were also several other factors including the following:

- The difficulty in recruiting assessors in an environment where people are changing careers due to the uncertainty caused by Universal credit for Benefits professionals.
- Staff spending time preparing for the welfare reform changes.
- The uncertainties and complexities of other benefits are causing staff to spend more time with people who are contacting the service.

15 We have taken a number of actions to address these issues which has resulted in the significant improvement in performance. These actions include:

- Recruited additional temporary staff in a competitive market.
- The development of the apprentices who started with the service in 2010.
- Using an external agency to process some claims on a unit cost basis.
- Redirected some calls to the Dartford BC Contact Centre.
- Re-engineered some processes.

16 Both authorities have allocated extra resources to fund this approach.

17 The additional resources allocated in 2012/13 have eliminated the backlog of claims outstanding and new claims are being dealt with much faster. This should

result in reduced errors and this is supported by internal checking and an internal audit during the year.

## Key Implications

### Financial

18 The financial implications are included elsewhere in the report.

### Community Impact and Outcomes

19 The accuracy and timeliness of processing Benefits claims can have an impact on claimants.

### Legal, Human Rights etc.

20 There are no legal or human rights implications.

### Equality Impacts

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Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

## Risk Assessment Statement

22 The work carried out by the external auditors provides a thorough examination of the grant claim processes of the Council. Any significant issues found are reported to Members.

## Appendices

Appendix A – Grant Thornton – Certification Work

Report 2011/12 – Action Plan

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