

Audit Report for South Lakeland District Council

Policy & Resources Directorate – Resources



Audit of Housing Benefits

Draft Report Issued: **22 April 2016**

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Internal Audit Services are delivered to South Lakeland District Council under contract by Cumbria Shared Internal Audit Service, Cumbria County Council

Audit Resources

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Audit Report Distribution

For Action:	Michael Fisher, Revenues and Benefits Manager
For Information:	Shelagh McGregor, Assistant Director – Resources Debbie Storr, Director – Policy and resources
Audit Committee	The Audit Committee, which is due to be held on 21 st July 2016, will receive the final audit report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

1. Background

- 1.1. This report summarises the findings from the audit of Housing Benefits. This audit was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plan.
- 1.2. The Housing Benefit and Local Council Tax Reduction Scheme (LCTRS) are administered by the Council's Revenues and Benefits department. The provision of these functions is mandatory, with housing benefit being tightly controlled by central government.
- 1.3. The Benefits Manager, a shared post with Eden District Council, supported by a Team Leader and staff located in South Lakeland District Council, is responsible for the processing, assessment and payment of Housing Benefit and awarding LCTRS.

2. Audit Approach

2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Assistant Director - Resources and the agreed scope was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
 - Claim accuracy (calculations, system validations, exception reporting, supervisory review / sign off);
 - Quality assurance arrangements (over data feeding into subsidy return);
 - Identification and recovery of overpayments;
 - Performance Management.

2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within housing benefits provide **Reasonable** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are **three** audit recommendations are arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved	-	1	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	1	-
3. Information - reliability and integrity of financial and operational information	-	-	-
4. Security - safeguarding of assets	-	-	-
5. Value - effectiveness and efficiency of operations and programmes	-	1	-

Total Number of Recommendations	-	3	-
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4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Staff targets clearly link to the objectives in the service plan;
- Regular team meetings take place which provide guidance to staff on new procedures and legislation updates;
- Performance information is regularly reported both within and outside the department.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority matters:*

- There were no high priority issues arising from this review.

4.4.2. *Medium priority matters:*

- The revised approach to quality checking has recently been drafted but has yet to be finalised and communicated to staff.
- 'Housekeeping' reporting requirements have not been documented and action may not be being taken on all claims highlighted by reports where management would expect it to be.
- Guidance on preparing monthly performance data has not been maintained up to date, reviewed or approved. Incorrect performance targets have been reported to members.

4.4.3. *Advisory issues:*

- There were no advisory issues arising from this review.

Comment from the Assistant Director – Resources

On the whole an excellent report which provides reassurance to me that the Benefits team are delivering for South Lakeland District Council and its residents. Although the recommendations are listed as Medium I am assured that senior staff are aware of these issues and are comfortable with the controls in place taken in accordance with the management actions contained within this report.

