

Audit Summary Report

February 2007



Housing Benefit and Council Tax Benefit Subsidy Audit

Walsall Metropolitan Borough Council

Audit 2005/2006

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Introduction

- 1 The audit of the housing benefit and council tax benefit subsidy claim has been completed. This report outlines issues arising from the audit.
- 2 The 2005/06 claim was certified with qualification on 29 December 2006. Instead of repaying the DWP £249,565, the Council is due £229,961.
- 3 The claim has been qualified as we cannot confirm that some cell entries are fairly stated. This is the fourth consecutive year that we have issued a qualification letter.

Background

- 4 Last year's Housing Benefit and Council Tax Subsidy 2004/05 report was issued in February 2006.
- 5 At that time, the Joint Heads of Revenues and Benefits and the Subsidy Officer had only recently been in post. It was recognised then by officers and by us that issues raised in the report could still be occurring in 2005/06 and that there was limited scope for matters to be resolved in time for the next audit.

Audit approach

- 6 The audit approach has not changed from previous years. In essence:
 - we have audited the claim in accordance with certification instructions BEN01. The instructions have been agreed between the DWP and the Audit Commission;
 - we have followed the Audit Commission's testing and reporting regime. There is a reporting issue if there is non compliance with certification instructions;
 - if an error is identified in testing, we do additional testing on 40+ cases on the cell with the error. The results of the testing are reported to the DWP; and
 - we also consider if the issues arising from our audit have an impact on our other audit duties as prescribed in the Audit Commission Act 1998.
- 7 We thank officers for their assistance during the audit.

Main conclusions

- 8 The Benefits Section should review its subsidy process to ensure that the audit of the claim runs more smoothly.
- 9 It should aim to submit a correct final claim to the DWP and to the external auditor for audit. Working papers should be ready before the audit commenced. During the audit, files for testing should be located promptly and queries should be directed at a designated officer for prompt comment and resolution.

- 10 Specific issues in the audit of the 2005/06 subsidy claim are as follows.
- The Council submitted an incorrect claim to the DWP and to external audit. We were given an amended claim to audit. This is the second year that it has occurred. The incorrect claim was because access to HBIS was not enabled in time to use this data for the return and the Council had informed DWP of the problem. However, the main reason for the £522k movement in the subsidy claim was because the Council had understated its subsidy entitlement as it had not recognised the benefit payment made in 2004/05 for 2005/06 (£560k).
 - The Council's own grant certification checklist was not submitted with the original claim. We have no evidence that senior officers checked the original claim and entries before submission to audit. We understand that the Assistant Director and the Executive Director have reviewed the working papers for the revised claim prior to certification by External Audit.
 - Some working papers were not ready before the start of the audit. Working papers were updated for the amended claim when the data was available.
 - Familiar qualification issues appeared such as items held in suspense, overpayments and weekly incorrect benefits. We had understood from last year's audit that some of these issues would be resolved. As they were not, officers involved in the claim had to do extra testing to derive cell entries.
 - A different reconciliation method for reconciling the benefit granted from the HBIS system was used. This issue was discussed at the start of the audit and we requested additional working papers. It took three months for the Council to provide working papers showing the difference between the two methodologies and to decide whether they would use the old or new methods.
 - Errors arising from testing were agreed with officers only for some of their decisions to be changed later by senior officers. Housing benefit regulations had been incorrectly interpreted by the officers who made the original decision as a result of a training error. We have agreed that next year all audit queries will be referred to Revenues and Benefits Business Development Manager
- 11 Appendix 1 is a comparison between the original and certified claims. Appendix 2 outlines the issues arising from audit.

Detailed findings

Benefit files

- 12 During the audit, we reviewed over 200 files. At the end of the audit, three files had still not been found and eight files did not have relevant information supporting the entries in the subsidy claim.

- 13 The Council does not have a robust system for monitoring information and recording the movement of its benefit files within the Benefit Section itself. Files are filed in various categories:
- main run;
 - overflow;
 - new applications;
 - changes;
 - dead files;
 - pending; and
 - work in progress (on officers desks/work boxes).
- 14 One of the reasons for this complex filing system was to assist monitoring of some types of claims for performance target purposes. However, files would be recorded if they went to Appeals or Investigations.
- 15 In our audit, we have been given:
- claimants with duplicate files;
 - no benefit file but plastic wallet with claimant information;
 - claimants information which has been amalgamated with another claimants file; and
 - files where the information was not in there or on the benefit system notepads. We have no evidence to support whether a change in benefit awarded was relevant or not.
- 16 Officers have told us that it would be an administrative nightmare to record the movement of files within the Benefit Section. However, by not tracking the files, the Council may be contravening 'Principle 7 - Security' of the Data Protection Act whereby organisations have the responsibility to ensure that there are sufficient organisational and technical measures to protect personal data and prevent:
- unauthorised and unlawful use;
 - accidental loss;
 - accidental destruction; and
 - accidental damage.
- 17 The responsibility exists with the Council and its officers to ensure that it complies with the Data Protection Act.

Recommendation*R1 The Council should:*

- *carry out an audit of their data protection compliance;*
- *improve their recording systems to ensure that information is not accidentally or deliberately lost or destroyed. As part of its governance duties the Council has to ensure that it has procedures in place to detect and prevent fraud;*
- *remind officers of their duty to comply with the Data Protection Act and provide additional training where necessary;*
- *make it a mandatory requirement for officers to keep track of benefit files; and*
- *find the missing files.*

- 18 The Head of Revenues and Benefits (Support) is managing a project for procuring and implementing an electronic document management system (EDMS) with target date of 31 March 2007.
- 19 Three nearby authorities have already implemented EDMS. Auditors there have had no problems with locating files. They point out that whilst the system makes it easier to track files and produce performance data, it would also be necessary to maintain the paper files as initially the information on EDMS may not go back far enough.

Recommendation*R2 The Council should implement EDMS as matter of priority.***The subsidy claim process**

- 20 In the certification instructions, BEN01, we are required to review the work an authority has done in order to satisfy itself that arrangements are in place which allow the Chief Finance Officer's certificate to be given.
- 21 The claim initially submitted to the DWP was signed by the Assistant Director of Finance prior to his departure. We understand that a meeting took place between Head of Service, Subsidy Officer and Assistant Director of Finance where cell entries were checked with supporting evidence prior to signature. Reports generated by SX3 were confirmed, missing data from HBIS acknowledged which generated a letter accompanying the claim form to DWP.
- 22 There was also no grant certification checklist supplied with the claim to indicate that senior officers had checked the claim before submission to audit. Benefit officers should be reminded to comply with the Council's Grants Manual.

- 23 The revised claim had been signed by the Executive Director before certification. As a result of the audit, it has been amended with an adjustment of £249,565 payable to the DWP changing to £229,961 payable to the Council. This is a net movement of £479,526. Last year, the equivalent net movement was £238,366.

Recommendations
<i>R3 The signatory of the certificate of entitlement should provide evidence that they have reviewed arrangements in the Benefits Section to give them assurance that the entries on the claim are correct.</i>
<i>R4 The grant certification checklist should be completed before the claim is submitted to auditors. Officers should be reminded to comply with the Council's Grants Manual.</i>

- 24 In each of the past four years similar issues have arisen entailing extra work for officers involved in compiling the claim and for the auditors. The areas where additional work is done are as follows.
- The reconciliations which show the audit trails for the non HRA, rent allowance and council tax benefit expenditure cell entries to the benefits system to the ledger. Whilst a designated officer reconciles each month the amount of benefit paid out to the ledger, the 'overarching' reconciliation is only done once a year for the subsidy claim.
 - Overpayments as officers consider the overpayment tabulations to be incorrect. Consequently, they check a sample of rent allowance and council tax overpayments to ensure overpayment categorisation is correct.
 - Backdating as tabulations are incorrect. Officers subsequently reviewed all cases of backdating.
 - Weekly incorrect benefits as the tabulations are incorrect. Officers had to manually compile these cases.
- 25 Officers responsible for subsidy will always be checking to ensure that the grant claim is correct. However, if checking on overpayments and backdating were to be done on an ongoing basis and recorded throughout the year, this should reduce the need for additional work done at the year end. This would make compilation of the subsidy claim easier.
- 26 Appendix 2 shows the issues arising from this year's audit with suggested solutions. Appendix 3 shows last year's recommendations and follow up.

Recommendation
<i>R5 Appendix 2 should be reviewed and recommendations implemented.</i>

- 27 A different reconciliation method for reconciling the benefit granted from the HBIS system had been used. This issue was discussed at the start of the audit and we requested additional working papers. It took three months for the Council to provide working papers showing the difference between the two methodologies and to decide whether they would use the old or new methods.
- 28 Errors arising from testing were agreed with officers only for some of their conclusions to be changed later by senior officers with the explanation that housing benefit regulations had been incorrectly interpreted. This was because a number of cases were removed due to a training error that had been resolved earlier, but as the senior officers had no knowledge of the cases that had been listed, they could not inform external audit at an earlier stage. We have agreed that for next year's audit, all queries will be referred to the Revenues and Benefits Business Development Manager for resolution.

<i>Recommendations</i>
<i>R6 Officers involved in the subsidy process should have a 'wash up' session to identify issues arising from the audit and solutions.</i>
<i>R7 All queries from the audit of the benefit claim will be referred to the Revenues and Benefits Business Development Manager for resolution.</i>

Appendix 1 – Comparison of original and certified claims

Cell	Cell description	Original entry £	Certified entry £	Difference £	Explanation
003	Total amount claimed for rent rebate	842,842	839,762	-3,080	Not material.
004	Total amount claimed for rent allowance	56,547,645	57,361,553	813,908	<p>There was an addition of :</p> <ul style="list-style-type: none"> • £560k for rent allowance payments made in 2004/05 which related to 2005/06; and • £91k for modified scheme. <p>Remaining difference was due to adjustments in Rent Allowance cell entries (overpayments and rent officer referrals sections) and recalculation of entitlement based on original methodology.</p>
005	Total amount claimed for council tax benefit	21,484,910	21,200,890	-284,020	Amendment due to recalculation of entitlement.
006	Total claimed for security against fraud and error scheme	200,995	201,645	650	Not material.

Cell	Cell description	Original entry £	Certified entry £	Difference £	Explanation
007	Total administration subsidy	2,414,620	2,414,620	0	DWP preset figure.
008	Total verification framework ongoing cost funding	345,277	345,277	0	DWP preset figure.
009	Total reduction for prior uncashed cheques	0	5,112	5,112	Not material.
010	Total amount claimed for HB and CTB	81,836,289	82,358,635	522,346	Summation of above cells.
011	Less interim benefit subsidy	82,085,854	82,128,674	42,820	Entry should have been based on DWP letter of 25 May 2006.
012	Balance now owed to or by (-) Authority	-249,565	229,961	479,526	Summation of cells 10 and 11.

Source: Housing benefit subsidy and council tax benefit subsidy 2005/06 claim

Appendix 2 – Issues arising from audit

Section	Issues arising from audit	Way forward
RFO signature	<p>The claim to DWP did not have date for when the authority started to comply with VF on the local authority certificate of entitlement.</p> <p>The Assistant Director of Finance who signed the claim had left and there was no evidence supplied on what assurance that the entries on the claim were correct before signing the certificate of entitlement.</p>	The signatory of the certificate of entitlement should supply evidence of what they relied on to give them assurance that the entries on the claim are correct.
Payments on account	Cell 11 entry need to be amended to agree to DWP letter of 25 May as the certificate was signed after 15 May.	Cell entry should comply with DWP guidance.
Non HRA		
Cell 13	<p>Original working papers were incomplete.</p> <p>HBIS reconciliation included balances c/f and b/f, items in suspense which need to be reported on.</p> <p>Issue has been reported in previous years.</p>	<p>HBIS is no longer an issue as the Council is now on SX3.</p> <p>However, for good practice, the Subsidy Officer should do monthly reconciliation of non HRA to ledger.</p>
Cells 14 to 22	Cells have been amended as Subsidy Officer has found that in the HBIS to SX3 dataload, hostel cases have been wrongly categorised as Bed and Breakfast cases.	The categorisation of hostel cases should be corrected. We understand that the live cases were corrected at the time by specialist staff. Decision taken at this time that for cases where entitlement to benefit these would be left for bulk transfer.
Cells 23 to 26	Original working papers were incomplete.	

Section	Issues arising from audit	Way forward
HRA		
Cell 31	The Council does not have an HRA. The HBIS reconciliation showed wrongly coded housing association cases, offsetting or manual adjustments.	This is not an issue as they were historical amendments into the period prior to Isvt.
Rent allowance		
Cell 44	<p>The original reconciliation was disregarded as it was incomplete.</p> <p>The revised reconciliation had two issues:</p> <ul style="list-style-type: none"> • the balances c/f and b/f which was reported in the qualification letter; and • the HBIS reconciliation method used was not the same as previous methods. The Council produced a reconciliation very late in the audit using the original methodology showing the differences between the two calculations. 	<p>The Subsidy Officer should do monthly reconciliation of rent allowance from subsidy claim to the benefit system to ledger.</p> <p>A designated officer does monthly reconciliation of payments from the benefit system to the ledger.</p>
Cells 48 to 51	<p>The original working papers were incomplete because there were no adjustments for offsetting.</p> <p>There was a reporting issue as overpayment cells 47 and 48 were based on extrapolation.</p>	<p>Checking of overpayments categorisation on the subsidy claim should be done throughout the year.</p> <p>Training should be given to Benefits staff on categorisation of overpayments and implications on subsidy.</p>
Cells 48 to 51	<p>Additional testing done as initial testing identified errors.</p> <p>See qualification letter for details of errors.</p>	See above.

14 Housing Benefit and Council Tax Benefit Subsidy | Appendix 2 – Issues arising from audit

Section	Issues arising from audit	Way forward
Cell 60	<p>Additional testing was done as the initial testing identified errors.</p> <p>See qualification letter for details which shows that some cases had been wrongly categorised as regulated tenancies.</p>	<p>Regulated tenancy cases should be reviewed to ensure that they have been correctly categorised.</p>
Council tax benefit		
Cell 68	<p>Original working papers were disregarded as there was no reconciliation for HBIS of the management control totals to benefit granted and paid.</p> <p>The revised reconciliation had two issues:</p> <ul style="list-style-type: none"> • the balances c/f and b/f which was reported in the qualification letter; and • the HBIS reconciliation method used was not the same as previous methods. The Council produced a reconciliation very late in the audit using the original methodology showing the differences between the two calculations. The Council amended the claim. 	<p>If the Council changes its methodology for calculating cell entries, it should also provide a working paper comparing the two methodologies.</p> <p>The Subsidy Officer should do monthly reconciliation of council tax benefit from subsidy claim to the benefit system to ledger.</p> <p>A designated officer does monthly reconciliation of payments from the benefit system to the ledger.</p>
Cell 68 testing	<p>Additional testing done as initial testing identified one error.</p>	<p>No comment as testing indicates that it to be an isolated case.</p>

Section	Issues arising from audit	Way forward
Cells 69 to 73	<p>The original working papers were disregarded as they were incomplete. There were no entries for manual adjustments or overpayments extrapolation exercise.</p> <p>There is a reporting issue as overpayment entries were based on extrapolation.</p>	<p>Checking of overpayments categorisation on the subsidy claim should be done throughout the year.</p> <p>Training should be given to Benefits staff on categorisation of overpayments and implications on subsidy.</p>
Cells 69 to 73	<p>Additional testing done as errors identified in original sample testing.</p> <p>See qualification letter for details.</p> <p>Testing showed weaknesses in benefit procedures:</p> <ul style="list-style-type: none"> • claimants were non dependents on another claimants form; • claimants have passed away in 2002 or 2003 and the Council were informed. Benefit was not amended until 2005/6 when the Council was notified from housing benefit matching service; • officers gave information about overpayment dates with regard to cases which were being investigated. The information was corrected by senior officers; and • overpayments were created in error when pension credits were uprated and the system took the overpayment back to the date the first payment was recorded on SX3. In many cases this was 2004. 	<p>Officers should be reminded and benefit procedures also should be reviewed to ensure that:</p> <ul style="list-style-type: none"> • claimants details are checked for duplication with other claims; • change of circumstances dates are input correctly; and • changes of circumstances are input promptly. Revenues and Benefits should get the list of deaths from the Registrar.

16 Housing Benefit and Council Tax Benefit Subsidy | Appendix 2 – Issues arising from audit

Section	Issues arising from audit	Way forward
Cell 78	The cell entry did not reconcile to working papers. Subsidy officer had to review backdate cases because computer tabulation were incorrect.	The Subsidy Officer should also have the completed backdating cases proformas for information purposes throughout the year.
Cell 80s	Cell entry of nil did not reconcile to working papers which had amounts for uncashed cheques prior 2005/6.	The Subsidy Officer should implement system for identifying uncashed cheques.
Cells 82 to 86	The WIB (weekly incentive benefits) entries were based on actual cases because officers believed tabulations to be incorrect.	None - we understand that this is no longer be an issue as WIB ceased April 2006.
Cells 86s to 90s	Cell 90s did not reconcile to supporting documentation. It was changed from 85 to 98 cases.	None - we understand that this is no longer be an issue as WIB ceased April 2006.

Appendix 3 – Follow up of last year's recommendations

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
<p>R1 The Council needs to ensure that it has sufficient and adequate in house expertise to prepare, compile and check the subsidy claim.</p>	<p>Joint Heads of Revenues and Benefits</p>	<p>Yes</p>	<p>Permanent recruitment 23 March 2006 - appoint temporary resource in the interim.</p>	<p>31 March 2006</p>	<p>Partial yes. The Subsidy officer was in post from December 2004 and the Business Development Officer responsible for the subsidy claim was in post August 2006. This is the first year that the Subsidy Officer has prepared the claim. The Officer is knowledgeable about the claim and subsidy issues. However, the audit has identified weaknesses in procedures.</p> <ul style="list-style-type: none"> • The claim submitted to the DWP was incorrect. A revised one was given to audit. • Working papers were not ready and revised working papers were produced for the claim during the audit. • Working papers comparing old and new methodologies for the HBIS reconciliation were not produced until late in the audit.
<p>R2 The Council needs to ensure that adequate arrangements exist for the handover of work from employees who have left.</p>	<p>Line manager as appropriate. Joint Heads of Revenues and Benefits</p>	<p>Yes</p>	<p>Written exit strategy to be developed.</p>	<p>30 April 2006</p>	<p>We understand that an exit strategy is in place since BFI visit.</p>

18 Housing Benefit and Council Tax Benefit Subsidy | Appendix 3 – Follow up of last year's recommendations

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
<p>R3 The Council should have ensured that the work of agency staff is adequately supervised and monitored.</p>	<p>Joint Heads of Revenues and Benefits</p>	<p>Yes</p>	<p>Training and Performance Improvement Officers and Line Managers to be tasked with quality and performance management.</p>	<p>31 March 2006</p>	<p>Yes. We have seen evidence from officers of monitoring that they have done in 2005/06 but it was not possible to identify the extent to which temporary staff work was reviewed. In the 2005/06 audit, we have seen from files and SX3 that agency staff have been reviewing work such as verification of dataload information. The Council should continue to ensure that the work of its agency staff is adequately reviewed and monitored.</p>
<p>R4 The system for reviewing and checking the grant claim by senior officers should be reviewed and improved. In future audits, we may consider asking senior officers for evidence of the checks that they make to satisfy themselves that the entries on the claim are correct.</p>	<p>S151 officer Business Development Manager Joint Heads of Revenues and Benefits</p>	<p>Yes</p>		<p>31 May 2006</p>	<p>Partial yes. There was evidence of Subsidy Officer reviewing work done by colleagues who had helped prepare the claim. We understand that the Head of Revenues and Benefits holds another file and has been in constant liaison with Subsidy Officer during claim form completion. There was no evidence supplied by signatory of certificate of entitlement on original claim to show what assurance was obtained for him to sign the certificate as he has left. However, we understand that a meeting took place between Head of Service, Subsidy Officer and Assistant Director of Finance where cell entries were checked to supporting evidence prior to signature. No grant certification checklist completed and signed by reviewer or preparer of grant claim. This was not raised prior to the report and accepted by the Audit Commission.</p>

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
R5 Consideration should be given to the potential benefit of asking Internal Audit to carry out work on the subsidy claim prior to submission for audit.	Joint Heads of Revenues and Benefits Head of Internal Audit	Yes	Joint working with Internal Audit will add a further quality factor to the final grant claim.	31 March 2006 - 31 May 2006	No. The recommendation has not been implemented because of timing. Due to resourcing, it was not possible for Internal Audit to carry out work on the 2005/6 claim before submission to audit. However, Internal Audit assisted us in overpayments testing for the claim.
R6 The Revenue and Benefits Team should have a 'wash up' session of 2004/05 audit, identify issues arising and solutions.	Joint Heads of Revenues and Benefits	Yes	In progress.	Ongoing to 31 May 2006	The Head of Revenues and Benefits confirmed that wash up discussion took place and an improvement plan was devised.
R7 The Revenues and Benefits Team should ensure that issues outlined in the qualification letter are dealt with.	Joint Heads of Revenues and Benefits		In progress.	Ongoing to 31 May 2006	Partial yes. There is insufficient evidence to indicate that all issues in the last year's letter have been satisfactorily resolved. The following issues have been reported again in the 2005/06 qualification letter: <ul style="list-style-type: none"> • outstanding balances in the HBIS reconciliation; • overpayments based on extrapolation; • results from testing identified problems with overpayments; and • weekly incorrect benefits.

20 Housing Benefit and Council Tax Benefit Subsidy | Appendix 3 – Follow up of last year's recommendations

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
R8 The Joint Head of Revenues and Benefits - Operations should review operational procedures and ensure that a rigorous system for monitoring and reviewing the work done by staff exists.	Joint Head of Revenues and Benefits (operations)		Quality checking regime in place. Review to ensure that the management checklist includes subsidy issues.	31 March 2006	Yes.
R9 The Council should have a training workshop for all benefits staff and officers who contribute to the housing benefit and council tax subsidy claim.	Business Development Manager	Yes	To incorporate into training programme.	Commence immediately and repeat annually	Yes . The Head of Service and Subsidy Officer attended subsidy course ran by SX3 in April 2006. A review of training shows that subsidy elements are covered where relevant.
R10The Revenues and Benefits Management Team should review and, if necessary, revise its training programme to ensure that all benefit officers understand the link between their work and the subsidy claim.	Business Development Manager	Yes	To incorporate into training programme.	Commence immediately and repeat annually	Partial yes. A review of the training programme showed that in 2006 training was given on extended payments, wib, underlying entitlement, suspension and termination of claims, deceased lists and housing benefit run on with explanation where relevant on performance indicators and subsidy. However, as this audit has found errors in overpayment categorisation, backdating and wib, it may be worthwhile reviewing the effectiveness of the training given and check that the training has been put into practice.

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
R11 The Revenues and Benefits Management Team should ensure that benefit staff have appropriate update training on benefits legislation and application.	Business Development Manager	Yes	To incorporate into training programme.	Commence immediately and repeat annually	Yes. A review of the guidance given out in training programme indicate that this recommendation has been implemented.
R12 The missing files identified in the qualification letter need to be found.	Benefits Manager	Yes	In progress.	31 March 2006	No. The files have not been produced for audit.
R13 The Revenues and Benefits Management Team need to ensure that there is a robust system for tracking the movement of claimant files and that files are kept in a secure environment.	Benefits Manager	Yes	In place - all files requested by the BFI were located.	Complete	No. There has been difficulty in locating files for our testing. Three files have not been located and eight files do not have the relevant information. See body of the report for details. During the testing we have not been asked to confirm receipt of files nor have seen evidence on SX3 notepad recording of who had the files. We understand that the movement of these files were recorded on spreadsheet.

22 Housing Benefit and Council Tax Benefit Subsidy | Appendix 3 – Follow up of last year's recommendations

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
<p>R14 The Council need to ensure that there is access to HBIS to resolve any queries arising from 2004/05 audit and for 2005/06 audit of the subsidy claim.</p>	<p>Joint Heads of Revenues and Benefits</p>	<p>Yes</p>	<p>Cost of set up and access 15,000 for one weeks access. Additional budget required to meet recommendation.</p>	<p>Under discussion - in progress. To complete by 31 March 2006.</p>	<p>Yes. Access was made available to the auditors for 2005/06 audit.</p>
<p>R15 The Council needs to review and check that the figures from HBIS for the 2005/06 subsidy claim are valid and that expenditure is eligible. Reconciliations to ledger should be produced for audit.</p>	<p>Joint Heads of Revenues and Benefits</p>	<p>Yes</p>	<p>See above.</p>	<p>See above</p>	<p>Partial yes. The Subsidy Officer did checks on some key areas eg offsetting, manual adjustments. Reconciliations working papers were not ready at the start of the audit. It was not clear who had the responsibility for producing the reconciliation to the ledger. The Subsidy Officer did it and found examples of miscoding. The initial working papers were disregarded as there was no reconciliation of benefit granted to that paid out. A different reconciliation methodology was used. No working paper was provided showing the difference between the new and old methods.</p>

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
<p>R16 The Council needs to check that SX3 subsidy module is working properly. Work should now be done to ensure claim figures are valid and expenditure is eligible. The subsidy claim should also be periodically reconciled to the ledger.</p>	<p>Joint Heads of Revenues and Benefits Business Development Manager</p>	<p>Yes</p>	<p>Health checks commissioned from Northgate to assist in this area.</p>	<p>April 2006.</p>	<p>Yes.</p>
<p>R17 The Joint Heads of Revenues and Benefits should ensure that cost centre managers are given adequate and appropriate financial information to enable cost centre managers to discharge their budget monitoring duties satisfactorily.</p>	<p>Joint Heads of Revenues and Benefits</p>		<p>Formal training requested for managers and Joint Heads of Service.</p>	<p>April/May 2006 and ongoing.</p>	<p>We understand that the Heads of Service have taken responsibility for the cost centres from managers.</p>

24 Housing Benefit and Council Tax Benefit Subsidy | Appendix 3 – Follow up of last year's recommendations

Recommendation	Responsibility	Agreed	Council's comments last year	Implementation date	Evidence that recommendation has been implemented
R18 There should be a system in place to record temporary budget movements within a service.	Assistant Director of Finance	Yes		April 2006	Yes. The revised Constitution was approved in March 2006 which had a revised protocol for viring budgets.
R19 Cost centres should have the correct budgets and expenditure.	Assistant Director of Finance	Yes		April 2006	We understand that all budgets and expenditure are located to an appropriate cost code. Heads of Service are required to sign up to accountability memos to signal they are managing their budgets within accordance with council protocols.
R20 Officers should be reminded or given further training to ensure that they know how to monitor budgets properly and that the information given to them enables them to discharge their responsibilities effectively.	Joint Heads of Revenues and Benefits	Yes	See R17.	April/May 2006 and ongoing.	The Heads of Service took responsibility for the costs centre from the managers.

Appendix 4 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 The Council should: <ul style="list-style-type: none"> • carry out an audit of their data protection compliance; • improve their recording systems to ensure that information is not accidentally or deliberately lost or destroyed. As part of its governance duties the Council has to ensure that it has procedures in place to detect and prevent fraud; • remind officers of their duty to comply with the Data Protection Act and provide additional training where necessary; • make it a mandatory requirement for officers to keep track of benefit files; and • find the missing files. 	3	Joint Head of Revenues and Benefits (operations) Business Development Manager, And Benefits Manager	Yes	To organise audit and refresher training during quarter 1 2007/08. To devise plan to manage and control the remaining paper files post EDMS implementation.	By 30 June 2007
7	R2 The Council should implement EDMS as matter of priority.	3	Joint Head of Revenues and Benefits (operations)	Yes	Project plan in place. Phase 1 of the project (benefits) to be completed by:	31 March 2007
8	R3 The signatory of the certificate of entitlement should provide evidence that they have reviewed arrangements in the Benefits Section to give them assurance that the entries on the claim are correct.	2	Assistant Director of Finance	Yes	Given the complex nature of the claim heavy reliance is placed upon the subsidy officer and Head of service to provide supporting working papers.	31 May 2007

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Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R4 The grant certification checklist should be completed before the claim is submitted to auditors. Officers should be reminded to comply with the Council's Grants Manual.	2	Business Development Manager	Yes	Copy of instructions and certificate issued to officers.	31 May 2007
8	R5 Appendix 2 should be reviewed and recommendations implemented.	3	Joint Head of Revenues and Benefits (operations)	Yes	Key managers to discuss and develop action plan.	30 April 2007
9	R6 Officers involved in the subsidy process should have a 'wash up' session to identify issues arising from the audit and solutions.	3	Joint Head of Revenues and Benefits (operations)	Yes	Key managers to discuss and develop action plan.	30 April 2007
9	R7 All queries from the audit of the benefit claim will be referred to the Revenues and Benefits Business Development Manager for resolution.	2	Business Development Manager	Yes	External Audit to provide a pre-audit document request list and plan with key dates to enable resource management. External Audit to provide weekly query sheets to Business Development Manager for formal response.	Depends on external audits timetable.