

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

6 April 2006

Report of the Director of Finance

Part 1- Public

Matters for Information

1 HOUSING BENEFITS SUBSIDY AUDIT 2004-2005

A report informing Members of the outcome of the Audit Commission's audit of the Council's benefits subsidy claim for the year 2004-2005.

1.1 Introduction

The Council's benefit subsidy claim is prepared during the early months of each financial year. The claim is then subject to audit by The Audit Commission, prior to its submission to The Department for Work and Pensions (DWP) by the end of December each year. Following the audit by The Audit Commission, the auditor passes a copy of his report to the Council. A copy of the audit report, in respect of the audit for the benefits subsidy claim for the year 2004-2005, is attached at **[Annex 1]** to this report. Members will note that the auditor made two minor qualifications to the claim. These have not resulted in any withholding of subsidy by the DWP.

1.2 The Benefits Subsidy Claim for the year 2004-2005

- 1.2.1 I believe that Members will find the attached report largely self-explanatory. However, I believe it is appropriate to draw the following matters to their attention.
- 1.2.2 The auditor has recommended (see paragraphs 10 to 12 – Certification of the claim) that the scope of the Responsible Finance Officer's review in support of the various claim certification assertions be extended. I am pleased to inform Members that a checklist, incorporating those matters referred to in paragraph 11 of the report, has already been drawn up. The checklist has been shown to the auditor and has met with his approval. I understand that he will be sharing this checklist with other authorities as an example of good practice.
- 1.2.3 The auditor has further recommended (see paragraphs 13 to 16 - Compilation of the claim) that:

- 1) Two officers ... are involved in the compilation process, with additional resources made available for both this and pre-audit checks on high risk cells;
- 2) Full and clear working papers be prepared in support of future claims; and
- 3) Comprehensive claim preparation notes be written.

All three of the above recommendations have been agreed.

With regard to the first of the above recommendations, Members will appreciate that this causes me some difficulty, as, in an authority of this size, there is limited scope to deploy additional resources to the compilation of the claim. Nevertheless, I shall endeavour to comply with this recommendation.

In respect of the second and third recommendations, the second cannot be complied with until the Principal Benefits Officer has commenced the compilation of the 2005-2006 claim. He will start this process in the week beginning 10 April. Comprehensive claim preparation notes are already being compiled.

1.2.4 Recommendations 5, 6 and 7 in the auditor's report (see paragraphs 17 to 20) have already been complied with.

1.2.5 Recommendation 8 in the report (see paragraphs 21 and 22) is being progressed but, on account of other calls on officer time because of year-end processes, a solution has yet to be arrived at. However, this is receiving urgent attention and will be completed prior to the compilation of the 2005/06 claim.

1.2.6 Regarding recommendations 9 and 10 in the report (see paragraphs 23 and 24), recommendation 9 has been complied with. Recommendation 10 is to be complied with by the end of May.

1.3 Legal Implications

1.3.1 None

1.4 Financial and Value for Money Considerations

1.4.1 As Members will see from the report, expenditure on council tax benefit and housing benefit accounts for a very significant part of the Council's gross expenditure. It is therefore of the utmost importance that the correct amount of subsidy is claimed and that the claim is made in a timely manner.

1.5 Risk Assessment

1.5.1 Should the Audit Commission's recommendation, as agreed, not be implemented, there is a risk that future subsidy claims submitted by the Council will not be certified by the Audit Commission or that the Audit Commission will qualify the subsidy claim. Should this happen, the Department for Work and Pensions, which

pays the subsidy to the Council, will withhold further payments of subsidy. Such withholding of subsidy could have significant impact on the Council's cash-flow.

1.6 Conclusion

1.6.1 The audit of the 2004-05 benefits subsidy claim was, as one would expect of a claim of significant financial importance to the Council, exhaustively audited. I am grateful to the auditor for the assistance that he was able to provide. In undertaking the audit, the auditor identified adjustments to the claim, in the Council's favour, of some £75,000 (0.0037% of the amount of interim benefit subsidy). I was able to agree all of the auditor's recommendations.

Background papers:

Audit Commission Audit Summary Report January 2006 entitled 'Housing Benefits Audit, Tonbridge & Malling Borough Council, Audit 2004-2005', issued by The Audit Commission on 2 February 2006 (Ref: SOUTH/T0001/nw/sg/mfs)

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