

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

07 April 2009

### Report of the Director of Finance

#### Part 1- Public

#### Matters for Information

#### **1 REPORT OF BENEFITS SUBSIDY AUDIT 2007/08**

##### **1.1 Background and Introduction**

- 1.1.1 For the year 2007/08, the Council's gross expenditure for Housing and Council Tax Benefit totalled £26.4 million. By way of comparison, this level of expenditure represents around 50% of gross expenditure of the Council as a whole and has increased by 6.5% on 2006/07.
- 1.1.2 There are approximately, in excess of, 100,000 complex financial transactions that are involved in the payment processes during the year. Most of these are generated by the Northgate benefits processing software with user input.
- 1.1.3 The majority of this expenditure is met by monthly instalments paid to the Council by the Department for Work and Pensions (DWP), based on initial and mid year estimates provided by the Council.
- 1.1.4 A final claim is submitted to the DWP at the end of the financial year, including a balancing sum. This sum is the difference between the amount the Council has received through the year based on estimates and the subsidy due based on actual expenditure. The balance owed by the Council in 2007/08 was £60,171.
- 1.1.5 The claim is subject to an audit by the end of the following November, carried out by an auditor appointed by the DWP, in our case from the Audit Commission. Any significant weaknesses or errors identified during the inspection are raised to the DWP in a letter from the auditor and the balancing sum is adjusted to take account of any financial alterations that may be required. The term 'qualification' is used for any issues reported in the letter.
- 1.1.6 The DWP decide whether any appropriate action is necessary based on qualifications made in the letter, which may result in directions to the Council and/or with-holding of instalments or reduction in payments.
- 1.1.7 The DWP has confirmed that no such action is necessary for the 2007/08 claim.

1.1.8 The Audit Commission produce a report of the audit, including any recommendations and an action plan. The latest report, Housing & Council Tax Benefit TMBC Audit 2007/08 and agreed action plan can be found at **[Annex 1]**.

## **1.2 Findings**

1.2.1 Generally the findings are positive. There were no issues found that necessitated any need for financial adjustment to the 2007/08 final subsidy claim.

1.2.2 There were two issues arising from the audit that lead to recommendations and actions:

- 1) Application of rental and service costs for 'homeless B&B accommodation' type claims (also described in the report as 'non-HRA cases').
- 2) Valuation of share capital

1.2.3 The first of these issues has been incorporated into a wider review undertaken by my own audit section and is contained in the Housing Investigation Audit Report No. 37 – 2008/09 which is currently in draft form. I am pleased to report that procedures are now in place for the correct figures to be used in the housing benefit assessments for these cases.

1.2.4 The second issue of share valuations has been agreed. A standard for valuation of shares when assessing capital values in housing & council tax benefits has been identified and a review of the affected claims will be undertaken over the coming year.

## **1.3 Legal Implications**

1.3.1 Administration of housing & council tax benefits is a statutory function. Claims must be processed in line with a complex set of regulations.

## **1.4 Financial and Value for Money Considerations**

1.4.1 Audit costs for this inspection have reduced this year due to some work being undertaken through the earlier Use of Resources performance indicator annual audit inspection.

## **1.5 Risk Assessment**

1.5.1 A wide range of controls are in place to minimise the risk of loss through fraud and error within the systems of the Benefit Service. These are regularly monitored and reviewed by the Benefit Service, Accounting Section and Internal Audit throughout each year.

Background papers:

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Annex 1 Housing & Council Tax Benefit Audit 2007/08

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