

Report to Audit Committee

15 July 2020

By the Director of Corporate Resources



INFORMATION REPORT

Not Exempt

Internal Audit reviews of Revenues and Benefits 2019/20

Executive Summary

This report tells Councillors the outcome of the internal audit reports of Revenues and Benefits completed by LGSS internal audit as part of the agreement in which LGSS manage Horsham District Council's Revenues and Benefits service. The audits, carried out in the third quarter of 2019/20 and reported in the first quarter of 2020/21. Business Rates achieved substantial assurance for the control environment and Council Tax and Benefit achieved good assurance. Business Rates and Benefits achieved substantial assurance for compliance and the Council Tax good assurance for compliance.

Recommendations

The Committee is recommended to:

- Note the report and consider any further action required in response to the issues raised.

Reasons for Recommendations

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).
- ii) The Audit Committee is responsible for reviewing the effectiveness of the Council's systems of internal control.

Background Papers

None

Wards affected: All.

Report Author: Jane Eaton, Director of Corporate Resources

Contact Details: Jane Eaton, Director of Corporate Resources Tel No. 01403 215300

Background Information

1. Introduction and Background

- 1.1. The Northamptonshire based local authority partnership called LGSS started providing Horsham District Council's Revenues and Benefits service in April 2018. This service includes the internal audit of these services.
- 1.2. LGSS internal audit reviewed Council Tax, Housing Benefits and Business Rates during the third quarter of 2019/20 and reported in the first quarter of 2020/21. The reporting delay was due to the LGSS Councils, including Horsham District Council, using the auditors to carry out fraud checks on COVID-19 grant schemes in spring 2020.
- 1.3. LGSS internal audit gave their opinion of the adequacy of the system and the compliance of the service with the system.

2. Relevant Policy / Professional Standards

- 2.1. LGSS Internal Audit follows the mandatory standards set out in the Public Sector Internal Audit Standards (PSIAS) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.

3. Details

3.1. Council Tax Audit

- 3.1.1. Based on the completion of their fieldwork LGSS internal audit gave good assurance for the control environment covering Council Tax and good assurance for compliance.
- 3.1.2. The auditor reported one main risk for management to consider which was that periodic reviews of discounts and exemptions are not regularly carried out.
- 3.1.3. Management's response was that a single person discount review is scheduled to begin in July 2020 and a further timetable will be created to ensure the remaining discounts are reviewed during the remainder of 2020/21.

3.2. Benefits Audit

- 3.2.1. Based on the completion of their fieldwork LGSS internal audit gave good assurance for the control environment covering Council Tax and substantial assurance for compliance.
- 3.2.2. The auditor reported four risks for management to consider:
 - i. There was no supervisory review of the payments made that are greater than the Local Housing Allowance rate creating a risk of inappropriate payments in excess of the rate.
 - ii. There was no supervisory review of the weekly tenants' payments reconciliation creating a risk of uncorrected unbalanced transactions.

- iii. There was no documented supervisor review of the work done by officers in relation to the recovery of overpayment creating a risk recovery work between accounts and officers may not be of a consistent and adequate level.
- iv. Unrecoverable over-payments were not written-off for over a year creating a risk of impaired governance of the write-off process.

3.2.3. Management's response was they would carry out an urgent review of each of these processes.

3.3. Business Rates audit

3.3.1. Based on the completion of their fieldwork LGSS internal audit gave substantial assurance for the control environment covering Council Tax and substantial assurance for compliance.

3.3.2. The auditor reported no risks in the system.

3.4. Business Rates achieved substantial assurance for the control environment and Council Tax and Benefit achieved good assurance. Business Rates and Benefits achieved substantial assurance for compliance and the Council Tax good assurance for compliance.

4. **Next Steps**

4.1 The next internal audit reviews of Council Tax, Business Rates and Benefits will take place in 2020/21.

5. **Outcome of Consultations**

5.1 LGSS Internal Audit consulted Horsham District's Head of Revenues and Benefits, the Operations Manager for and LGSS's specialist officers at the start and throughout the review, including discussion and agreement of recommendations. The Director of Corporate Resources agreed the outline and final reports.

6. **Other Courses of Action Considered but Rejected**

6.1 Not applicable.

7. **Resource Consequences**

7.1 Horsham District Council pays for these audits as part of its fee to LGSS for the Revenues and Benefits service. There are no resource consequences arising from this report.

8. **Legal Consequences**

8.1 There are no legal consequences.

9. **Risk Assessment**

9.1 LGSS Internal Audit use risk based approach when carrying out their audit and in evaluating the importance of their finding and recommendations.

10. Other Considerations

- 10.1. There are no consequences in respect of Crime & Disorder; Human Rights; Equality & Diversity; or Sustainability as a result of this report or the audit reports.