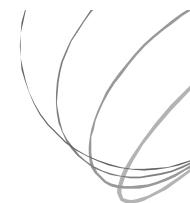




# Housing Benefit performance audit 2013/14

**A guide for local authorities**



## **Introduction**

1. In April 2008 the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this 'benefits performance audit' work has been incorporated into the annual audit of local government.

## **Plans for the Housing Benefit (HB) performance audit from April 2013**

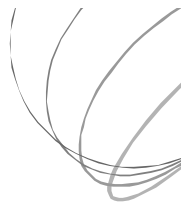
2. Our benefit performance audit work complies with the principles of the Shared Risk Assessment arrangements, and will continue to be carried out as part of the annual audit of local government. We have reviewed our processes and procedures to ensure that our 2013-14 benefit performance audit work continues to be risk based, proportionate and scheduled on an annual basis. As a result of the Welfare Reform agenda, Council Tax Benefit (CTB) ceased from April 2013 and was replaced by the Council Tax Reduction Scheme (CTRS). Consequently our benefit performance audit will be focused on the housing benefit service provided by councils.

## **Risk based**

3. Audit Strategy has drawn up risk based criteria to select benefit services for scrutiny and plans to review the performance of 10 benefit services in 2013-14. However, our schedule must be flexible enough to be able to carry out unscheduled risk assessments, if the performance of any service causes the DWP and/or Audit Scotland serious concern, or any focused audits that may be deemed necessary during the year.

## **Proportionate**

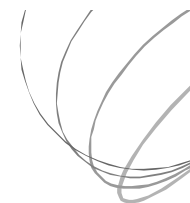
4. Audit Strategy will contact councils scheduled for a risk assessment in 2013-14 individually to make arrangements for an action plan progress report, an updated self assessment, and completed performance matrix to be submitted for scrutiny.
5. Following the examination of this information Audit Scotland will carry out an on-site visit to gather additional information or clarify our understanding of the performance of a service. Interviews could cover the whole of the benefit service, or could be tailored to consider only certain aspects of the service e.g. accuracy or claims processing.



6. Following our visit we will prepare a risk assessment report for the council which, as before, we will clear for factual accuracy with the benefit manager before issue.

## **The benefit audit approach for 2013-14**

7. During the 2013-14 audit, the benefit performance auditor will consider the following 3 key issues:
  - **National and local priorities** – how the council is responding to the challenges it faces and the change required as a result of local and national priorities such as the welfare reform agenda, the Scottish Welfare Fund and the Council Tax Reduction Scheme.
  - **Business planning and reporting** – what the service is aiming to achieve and how it will sustain the service until the full migration of its caseload to Universal Credit. The assurance the council has that the benefit service business planning and reporting process is effective in helping to deliver optimum performance.
  - **Delivering outcomes** – is the service delivering what it promised to do, and how effective is it in delivering against local and national objectives. As part of the risk assessment process we will look at your progress against your previous action plan, local targets, performance and outcomes across the benefit service.
8. In considering each of these issues above the benefit performance auditor will draw conclusions from the local authority's past track record of, and potential for, achieving continuous improvement.



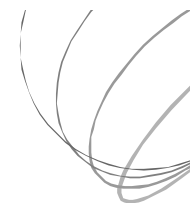
## Risk assessment

9. The main stages of the risk assessment, along with the associated timeline, are illustrated below and explained in more detail in the paragraphs that follow.

<b>The benefit performance audit for 2013/14 Risk assessment</b>		
	<b>Activity</b>	<b>Timescale</b>
Stage 1	Set-up	
Stage 2	Initial scrutiny	⇒ 2 weeks
Stage 3	On-site	⇒ up to 1.5 days over 5
Stage 4	Report Drafting	⇒ 6 weeks
Stage 5	Factual Accuracy	⇒ 1 week
Stage 6	Issue Final Report	⇒ 2 weeks
Stage 7	Council's Response	⇒ 4 weeks
Stage 8	Decide follow-up action	⇒ 2 weeks

### Stage 1 – Set-up

10. Audit Scotland will decide the risk assessment programme on an annual basis.
11. Audit Scotland will write to the benefit manager of the selected local authorities requesting the return of a completed self-assessment template, completed performance matrix, updated action plan and any additional supporting evidence, within a minimum of two weeks.

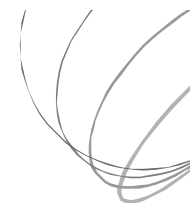


## Stage 2 – Initial scrutiny

12. The benefit performance auditor will consider progress against the action plan to address the risks identified from the first risk assessment compare current performance to past performance, other Scottish local authorities' performance and the Scottish average performance where this figure is available. Examples of reported performance which will be examined include:
  - average time to process new claims and changes of circumstances
  - accuracy
  - overpayment recovery
  - fraud sanctions.
13. Other sources of information include information gained from external audit's work on:
  - audit of benefit subsidy claim
  - benefit IT systems
  - performance and management information.
14. Audit Scotland will also take into account the information it has on the:
  - local authority's approach to the National Fraud Initiative and associated results
  - findings from the Best Value Audit, if this has taken place recently.
15. In addition, the benefit performance auditor will take into account any recent or on-going Performance and Development Team or DWP monitoring activity.
16. The benefit performance auditor will also consider the local authority's updated self assessment taking into account the supporting evidence, reported performance and other information. From their analysis the benefit performance auditor will form their initial hypotheses which will determine the focus of the on-site visit.

## Stage 3 – On-site

17. While on-site, the benefit performance auditor will have interviews with individual managers to fill in any gaps in information, where appropriate.
18. Before completing this stage, the benefit performance auditor will discuss their findings. This will provide an opportunity to clarify any issues.
19. As part of Audit Scotland's process, the council's external auditor will be invited to attend the initial meeting and emerging findings meeting. The auditor will be invited to attend as an observer and will not be involved in any other on-site meetings with staff.



## **Stage 4 – Report**

20. After the on-site visit, a report will be drafted containing the benefit performance auditor's findings from the risk assessment. The report will go through an internal quality assurance process before being issued to the council's benefit manager for a factual accuracy check.

## **Stage 5 – Factual accuracy check**

21. One week is provided for the factual accuracy check which gives an opportunity for the council to comment on any factual inaccuracies in the report. Audit Scotland can only consider any comments that relate to factual inaccuracies, but any other comments would be welcomed in the council's response to the final report.

## **Stage 6 - Issue final report**

22. Audit Scotland will report the risk assessment findings, highlighting any risks identified to the Chief Executive. Where there are no risks to continuous improvement or where the local authority is taking sufficient steps to address the risk, Audit Scotland's engagement with the authority will cease and future performance will be reviewed when drawing up future risk assessment programmes.

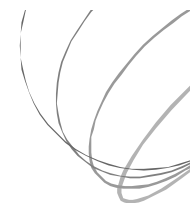
## **Stage 7 – Council response**

23. Where the risk assessment identifies risks and insufficient steps are being taken to reduce these, Audit Scotland will invite the local authority to provide its proposals for reducing the risks. The authority will be given up to 4 weeks to present its proposals.

## **Stage 8 – Decide follow-up action**

24. Audit Scotland will consider the proposals and make a judgement on the likelihood of them delivering service improvement within an acceptable time frame. Where it is considered that service improvement is probable Audit Scotland will request regular updates on progress.
25. Audit Scotland will only move to the second 'focused audit' phase, where it is considered that the prospect of delivering service improvement is unlikely.
26. Audit Scotland will notify DWP of the outcome of all risk assessments.

## **Focused audit**



27. The main stages of the focused audit, along with the associated timeline, are illustrated below and explained in more detail in the paragraphs that follow.

<b>The benefit performance audit for 2013-14– Focused audit</b>		
	<b>Activity</b>	<b>Timescale</b>
Stage 1	Preparation	⇒ 4 weeks
Stage 2	On-site	⇒ 1 week
Stage 3	Report	⇒ 6 weeks
Stage 4	Factual Accuracy	⇒ 1 week
Stage 5	Accounts Commission Report Publication	⇒ 4 -5 weeks

### **Focused audit stage 1 – Preparation**

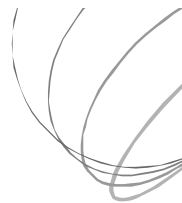
28. Audit Scotland will decide the scope of the audit and decide which areas it should concentrate its focused audit activities on. The benefit performance auditors will contact the local authority prior to their visit to arrange dates for interviews and workshops.

### **Focused audit stage 2 – On-site**

29. Audit Scotland expects to have two benefit performance auditors on site for up to one week who will gather and analyse information. This will involve interviewing those managers responsible for the areas we are examining and facilitating workshops for operational staff. Other activities may include scrutiny of management information and minutes of management and operational team meetings.

### **Stage 3 – Report**

30. After the on site phase the benefit performance auditors will complete their analysis and draft the focused audit report, which will detail the findings. Before finalising the report, a draft will be sent to the local authority who will be asked to comment on the factual accuracy. Following this the report will be finalised.



## **Stage 4 – Factual accuracy check**

31. One week is provided for the factual accuracy check which gives an opportunity for the council to comment on any factual inaccuracies in the report. Audit Scotland can only consider any comments that relate to factual inaccuracies, but any other comments would be welcomed in the council's response to the final report.

## **Stage 5 – Report publication**

32. HB focused audit reports are statutory reports presented to the Accounts Commission by the Controller of Audit. They are public reports and will be published on Audit Scotland's website. The Accounts Commission will report its findings and is likely to ask the local authority to prepare a detailed improvement plan.
33. A copy of the HB/CTB focused audit report will be sent to the Secretary of State for Work and Pensions.