

AUDIT COMMITTEE – 28th April 2017

Title of paper:		Housing Benefit Subsidy Claim Qualification 2015/16	
Director(s)/ Corporate Director(s):		Candida Brudenell – Corporate Director for Strategy Geoff Walker – Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:		Ian Roper, Commercial Finance Team Leader for Contract Management	
Other colleagues who have provided input:		N/A	
Recommendation(s):			
1	To note the key findings from the KPMG Audit of Grants and Returns report specific to the Housing Benefit Subsidy Claim 2015/16 and the Councils response.		

1 REASONS FOR RECOMMENDATIONS

- 1.1 It is recommended that Audit Committee note Sections 2.2, 2.5 and 2.8, the key findings from the KPMG Audit of Grants and Returns 2015/16 and the Councils improvement plan developed in conjunction with Northgate Public Services and Nottingham Revenues & Benefits Limited.

2 BACKGROUND

- 2.1 At Audit Committee in 24th February 2017 a report was presented by KPMG on their Annual Report of Grants and Returns 2015/16. The report explained their mandatory approach to the audit work and the requirement to re-visit error themes identified in previous years.
- 2.2 The report highlighted increases in error rates compared to previous years audits, in total 606 cases were sample checked, with errors identified in 116 cases, an error rate of 19%. Whilst it is acknowledged that there has been an increase in the percentage of errors identified, the individual value and duration is much lower.
- 2.3 Analysis of financial errors post audit and the impact of extrapolation shows the following:-

Financial Year	Total Value of Subsidy Claim	Qualification Value	Qualification %	Financial Accuracy Level
2013/14	£146m	£1.215m	0.83%	99.17%
2014/15	£144.5m	£1.060m	0.73%	99.27%
2015/16	£146m	£870k	0.60%	99.4%

- 2.4 KPMG acknowledge in their report that the error rates are not inconsistent with the findings of audits for other large unitary authorities.
- 2.5 The theme of the errors identified relate to miscalculation of incomes for Earnings, Occupational Pensions, Tax Credits, Pension Credits, Childcare costs, Statutory

Maternity Pay, Job Seekers Allowance and for effective dates used for New Claims, Change of Address and Extended Payments.

- 2.6 In response, the Commercial Finance Contracts Management Team has so far met on two occasions with representatives from Northgate Public Services and Nottingham Revenues & Benefits Limited to formulate an action plan to address the key findings of the report.
- 2.7 The action plan demonstrates the Partnerships commitment to continuous improvement, to ensure that quality is embedded and that staff are trained and receive appropriate feedback where errors are identified.
- 2.8 The action plan incorporates the following:-
- Case studies and Help-Sheets produced for all error types. These have been shared and discussed at colleague Team Meetings.
 - Utilised regular 1-hour Thursday morning training sessions to work through error examples and exercises with teams.
 - Desk-Aids being produced for identified themes and specific areas of risk.
 - Preparing a business case to provide for more resources for quality checking to allow for in-year quality checks for known areas of risk to be undertaken, pre-submission of the HB Subsidy Claim.
- 2.9 A number of additional initiatives to improve quality and accuracy have either been implemented since the 2015/16 subsidy claim audit or are in the process of being introduced. These improvements are based on intuitive software extracting and reading data from both Department for Work & Pensions and Her Majesty's Revenues & Customs systems. The data is then automatically loaded into the core-processing system for recalculation using complex business rules and algorithms. This level of automation should remove many of the basic calculation errors and improved levels of accuracy.

3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION

- 3.1 None

4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 4.1 KPMG Annual Report on Grants & Returns 2015/16