

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**18 JANUARY 2010**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **DATA QUALITY SPOT CHECKS 2008/09: AUDIT COMMISSION REPORT**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report provides Members with details of issues raised in the Audit Commission report on Data Quality Spot Checks undertaken in 2008/09 with specific regard to Housing Benefits as well as the undisputed invoices check and how these have been addressed.

##### **2. BACKGROUND**

- 2.1. The Authority is responsible for the accurate and timely payment of Housing and Council Tax Benefit as well as Local Housing Allowance (introduced in April 2008) and Discretionary Housing Payment. The total paid for 2008/09 was £134,509,342 to an average of 37,447 claimants with a live caseload of 38,815 at the end of March 2009. In total 357,929 payments were made to landlords and tenants during the year.
- 2.2. The Benefits Service has been acknowledged as excellent in each year bar one of the assessment under the Comprehensive Performance Assessment and Benefits Fraud Inspectorate reviews. In that year the reduction in assessed performance was only related to a specific and longstanding appeal.
- 2.3. The audit process requires the service to be checked by both Internal and External Audit for the grant claims submissions.
- 2.4. The Audit Commission also undertakes other checks as part of the Use of Resources Assessment. Key Lines Of Enquiry (KLOE) 2.2 focuses predominantly on arrangements for using fit for purpose information and data quality. Auditors undertake checks of selected data as evidence to support this KLOE judgement.
- 2.5. The six data areas to be checked are Accuracy, Validity, Reliability, Timeliness, Relevance and Completeness.
- 2.6. Mandatory testing was undertaken for certification of the Benefits Claim which at the same time tested data quality.

### **3. AUDIT COMMISSION FINDINGS**

- 3.1. The Audit Commission found that overall the Council produces relevant and reliable data and information to support decision making and manage performance. It highlighted that there were issues regarding the high level of errors identified within the Quality Assurance Testing.
- 3.2. The specific area raised for Benefits was the stated significant failure rate in Quality Testing that some 20% of checks contained errors, accepting that these were then corrected the extrapolation indicated the initial error rate could amount to £1,023,972. The Audit Commission stated that these were not material for the Audit Opinion or in the Subsidy Claim but give scope for improving data quality by;
  - Continuing to quantify the results from QA testing and considering the reasons and the impact on claimants
  - Monitoring performance over time.
  - Implementing appropriate training and other corrective action.
- 3.3. With regard undisputed invoices paid by the Authority within 30 days or the agreed payment terms, the Audit Commission stated that appropriate management arrangements were not in place for the full year. Specifically the correct definition had not been followed which meant data that should have been included may not have been or vice versa. After the review the Audit Commission was unable to certify the PI as fairly stated. However it was accepted by the Commission that the issue was rectified before the end of the year and has remained correct throughout 2009-10.

### **4. RESPONSE TO THE REPORT**

- 4.1. The Audit Commission report is based upon work within the 2008/09 financial year and the Authority, has continued to improve and address the issues raised.
- 4.2. The extended check undertaken by the Benefits Compliance Team indicated that the level of error was much lower than the 20% quoted in the Audit Commission report and was on average 2.3%, giving a total potential overstatement of £20,471. This lower sum comes about when taking account of administrative errors which did not affect entitlement as well as the check being made just after several new starters had been released to do work (which was highly checked) and once settled in that initial error rate and checking level came down quickly as they gained experience.

- 4.3. The suggested actions have been in place since May 2009 and the Audit Commission is aware of the extended work carried out. The initial Audit Commission check of such a limited number of cases could make the initial extrapolation not statistically viable. The more extended and detailed work undertaken is a more accurate reflection of the position
- 4.4. The last Benefits Subsidy Claim signed off is for 2007/08 which showed a low level of error (for which the claim was adjusted) after Audit Commission checking of just £61,472 within a claim of £121,501,536. The 2008/09 claim is now finalised and an even lower level of error is reported of £796, which could be extrapolated to £10,200 within a total claim of £134,509,342.
- 4.5. Internal Audit also undertakes key checking within Benefits and in the last assessment indicated that the overall control environment within benefits continued to be at a level between satisfactory and good. The Audit Commission is aware of the Internal Audit workplan and the outcomes of their work.
- 4.6. I have acknowledged past issues and implemented a highly rigorous checking system. This is led by a Quality Assurance Team supported by the Benefits Training Team. Wirral is one of the few authorities regionally to put so much resource and effort into checking and training. The amount of training and checking undertaken is high and remains so given both the sums of money involved and the importance of the service. This includes monthly team and individual reviews which supplement the KIE process. The outcomes form quality assurance checks, and operational level performance reviews have been used for some considerable time to inform training and development.
- 4.7. It is clear from Merseyside colleagues that Wirral continues to receive a far more thorough and resource intensive (and thus expensive) level of external audit.
- 4.8. With regard to Invoices the required changes have as detailed above been in place since February 2009 and continue to be applied. It is also noteworthy that this is no longer a National Indicator.

## **5. STAFFING AND FINANCIAL IMPLICATIONS**

- 5.1 There are no direct financial or staffing consequences arising from this report. The robust and detailed checking already in place has seen the subsidy claim amendments and overall errors be reduced successfully. This process will continue.

## **6. EQUAL OPPORTUNITIES/EQUALITY IMPACT ASSESSMENT**

- 6.1. There are none arising directly from this report.

7. **COMMUNITY SAFETY IMPLICATIONS**

7.1. There are none arising directly from this report.

8. **HUMAN RIGHTS IMPLICATIONS**

8.1. There are none arising directly from this report.

9. **LOCAL AGENDA 21 IMPLICATIONS**

9.1. There are none arising directly from this report.

10. **PLANNING IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **MEMBER SUPPORT IMPLICATIONS**

11.1. There are none arising directly from this report.

12. **BACKGROUND PAPERS**

12.1 Data Quality Spot Checks 2008/09 Report - Audit Commission - December 2009.

13. **RECOMMENDATION**

13.1 That Members note this report.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/2/10