

# West Devon Audit Committee



West Devon  
Borough  
Council

<b>Title:</b>	<b>Agenda</b>
<b>Date:</b>	<b>Tuesday, 7th July, 2015</b>
<b>Time:</b>	<b>11.00 am</b>
<b>Venue:</b>	<b>Chamber - Kilworthy Park</b>
<b>Full Members:</b>	<p style="text-align: center;"><b>Chairman</b> Cllr Davies <b>Vice Chairman</b> Cllr Moody</p> <p><i>Members:</i> Cllr Jory Cllr Stephens Cllr Watts</p>
<b>Interests – Declaration and Restriction on Participation:</b>	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
<b>Committee administrator:</b>	Member.Services@swdevon.gov.uk

**1. Apologies for absence**

**2. Declarations of interest**

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda then please contact the Monitoring Officer in advance of the meeting.

**3. Items Requiring Urgent Attention**

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any).

**4. Confirmation of Minutes**

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Meeting held on 28 July 2015

**5. Annual Audit Fee Letter 2015/16**

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**6. West Devon Borough Council Audit Committee Update**

**11 - 26**

Report of Grant Thornton

**7. Internal Audit Annual Report 2014/15**

**27 - 48**

Report of the Head of Devon Audit Partnership

**8. Housing Benefit Overpayment Process and Recovery**

**49 - 56**

Report of the Benefits Team Manager

# Agenda Item 4

At a Meeting of the **AUDIT COMMITTEE** held at Meeting Room 3, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **28<sup>th</sup>** day of **APRIL 2015** at **11.00 am**.

**Present:** Cllr D K A Sellis – Chairman  
Cllr T J Hill Cllr M Morse  
Cllr J Sheldon

Monitoring Officer  
Finance Community of Practice Lead  
Specialist (Accountant Business Partner)  
Head of Devon Audit Partnership  
Audit Manager – Devon Audit Partnership  
Committee & Ombudsman Link Officer

**In attendance:** Mr S Johnson – Grant Thornton – Audit Manager  
Mr B Morris – Grant Thornton – Director

**AC 41 APOLOGY FOR ABSENCE**

An apology for absence was received from the Vice-Chairman, Cllr J B Moody.

**\*AC 42 ITEM REQUIRING URGENT ATTENTION**

The Chairman reported that Agendum 5 – Devon Pension Fund, had been withdrawn from the Agenda because it had been included in error.

**\*AC 43 CONFIRMATION OF MINUTES**

The Minutes of the Meeting held on 24<sup>th</sup> February 2015 (page 6 to the Agenda) were confirmed and signed by the Chairman as a correct record.

**AC 44 ANNUAL REVIEW OF THE COUNCIL'S CONSTITUTION**

The Monitoring Officer presented a report (page 25 to the Agenda) seeking the Committee's approval to request Council to adopt the updated Constitution. The Constitution had been amended during the year to reflect that changes that had occurred which had affected the Council and to incorporate any changes necessary to ensure that the Constitution was up-to-date, lawful and reflected the Council's current practices.

The proposed main amendments, as detailed in paragraph 2 of the Officers' report and shown highlighted on the Council's web site, were:

**Hub Committee:** Council had approved the establishment of the Hub Committee to replace both the Community Services and Resources Committees with effect from Council's Annual Meeting on 19<sup>th</sup> May 2015. The terms of reference for the Hub Committee were set out in Part 3 of the Constitution and which, in essence, merged the responsibilities of the two former committees.

Clarification was still ongoing about the new ways in which the Council would deliver its services and delegated authority was sought for the Monitoring Officer to further amend the details of the responsibilities

(specific service area etc) for the Hub Committee to ensure a fit for purpose remit was available for the new Council.

**Overview & Scrutiny Panels:** changes had been made to Part 3 of the Constitution (terms of reference for Committees) and Part 4 (Overview & Scrutiny Rules) in order to reflect the Council's agreement to replace the single Committee with two Overview & Scrutiny Committees. Further consequential amendments had been made throughout the Constitution to reflect the change to two Committees and the detailed terms of reference would be finalised at the first meetings of the two Committees.

**Sealing:** it was proposed that, in view of the agile working arrangements under T18, sealing of the Council's documents be undertaken by the Monitoring Officer (or a duly authorised member of the Monitoring Officer's team) without requiring the Mayor or another Member of the Council to also authorise in order that urgent matters can be attended to from remote locations.

**Part 7: Management Structure:** to be revised and attached to the Constitution following the finalisation of the T18 Structure.

Additionally, authority was also being sought to delegate the new powers under the Anti-Social Behaviour, Crime and Policing Act 2014 to the Community of Practice Environmental Health Lead/Divisional Environmental Health Officers/Customer First Group Manager (depending on appointments) to:

- (i) be the proper Officer for this Act;
- (ii) make Public Space Protection Orders;
- (iii) issuing fixed penalty notices with a penalty of £100;
- (iv) serving community protection notices
- (v) making closure orders; and,
- (vi) to decide the local threshold for the Community Trigger.

It was **RESOLVED** to **RECOMMEND** that:

- (i) the amendments to the West Devon Borough Council Constitutions 2015 (as summarised above and fully outlined on the Council's web site) be approved and adopted;
- (ii) the Monitoring Officer be authorised to make further amendments to the Hub Committee and Overview & Scrutiny Committee functions and areas of responsibility in order to reflect the emerging T18 structure; and,
- (iii) the Environmental Health Community of Practice Lead/Divisional Environmental Health Officers/Customer First Group Managers be authorised to undertake matters under the Anti-Social, Crime and Policing Act 2014 as set out above.

## AC 45

### **INTERNAL AUDIT – PROGRESS AGAINST THE 2014/15 PLAN**

The Head of Devon Audit Practice presented a report (page 30 to the Agenda) on the principle activities and findings of the Council's Internal Audit Team. Two appendices were presented with the report with Appendix A (page 36 to the Agenda) showing the progress being made in carrying out the planned audits and, Appendix B (page 39 to the

Agenda) which gave a summary of the main issues raised for audits where a final report had been issued and action agreed. Additionally, Appendix A had been extended to show the final position for each audit and it also replicated a part of the monthly monitoring report presented to the S.151 Officer.

Arising from a discussion on Housing Benefits Debtors (Appendix B page 43 to the Agenda) the Committee was advised that the Council had a hardship fund to assist those who had unwittingly received overpayments and that to reclaim those overpayments would cause in extreme hardship. To help in mitigating overpayment a business case was being considered for the provision of additional staff.

It was **RESOLVED** to **RECOMMEND** that:

- (i) both the report and the progress against the 2014/2015 Internal Audit Plan be noted; and,
- (ii) a report on the payment and recovery of over payments of housing benefits be presented to the Committee's next meeting.

**\*AC 46            UPDATE ON INDICATORS FROM THE AUDIT COMMISSION'S VALUE FOR MONEY PROFILE TOOL**

Arising from Minute No AC 32 – 2014/2015, the Finance Community of Practice Lead presented a report (page 47 to the Agenda) on the latest indicators available from the Audit Commission's Value for Money Profile Tool. The recourse to the Audit Commission's VfM Tool arose from two questions raised by the Committee at its Meeting on 24<sup>th</sup> February 2015 in relation to Grant Thornton's Value for Money report. The questions raised were in relation to the costs associated in providing the Council Tax Benefit and Housing Benefit systems.

The Committee had been concerned that the cost of providing the benefits service appeared high both in terms of administration costs and costs per head. The most recent available data from 2013/2014 for Housing and Council Tax Benefit administration and the Net Spend Indicators clearly showed that the Council's spend per head of population had reduced and was favourably placed lower than the average District Council cost per head of population. The Net Spend per Head Indicators suggested that the Council was on a par with other District Councils.

It was **RESOLVED** that the report be noted and that its content be welcomed and this be conveyed to the Council via an article in the Bulletin.

**\*AC 47            THE AUDIT PLAN FOR WEST DEVON BOROUGH COUNCIL**

The Council's External Auditors, Grant Thornton LLP, presented a report (page 51 to the Agenda) updating the Committee on the External Audit Plan 2014/2015. The report identified three significant risks and risks of a lesser nature and the work undertaken to mitigate those risks. Further, Grant Thornton had undertaken a risk assessment to identify any areas of risk to their Value for Money Conclusion. The results of the Value for Money audit work and key messages arising would be reported in the Audit Findings report and the Annual Audit Letter.

An Action Plan was presented with the report (page 68 to the Agenda) and this showed that the one item identified for action had been dealt with immediately.

Arising from the discussion thereon, Grant Thornton said that the Internal Audit regime was robust and provided excellent financial information and the Finance Community of Practice Lead reported that the call on the T18 redundancy budget was within available funds.

It was **RESOLVED** that the report be noted.

**\*AC 48**

**WEST DEVON BOROUGH COUNCIL AUDIT COMMITTEE UPDATE**

The Council's External Auditors, Grant Thornton LLP, presented a report (page 71 to the Agenda) on the progress being made on delivering their responsibilities as the Council's external auditors. The 2014/15 Accounts Audit Plan and the Interim Accounts Audit had both been completed and the reports of those items had been included in the report mentioned above (Minute No. AC 46). The final accounts audit would be undertaken between July and September and reported to the Committee's meeting on 30<sup>th</sup> September 2015. The Value for Money Conclusion work was on-going and, again, would be reported to the Committee's next meeting in September. Work on the Certification of the Council's Whole Government Accounts would begin in June, for completion by November 2015.

Arising from the discussion thereon and in relation to Minute No AC 44 above, Grant Thornton reported that they could provide appropriate Overview & Scrutiny training for Members of the Council should it be required. The workshops/training could be provided when Grant Thornton were no longer the Council's appointed external auditors.

It was **RESOLVED** that the report be noted.

**\*AC 49**

**CHAIRMAN'S REMARKS**

This being the last meeting of the Committee in this Council, the Chairman took the opportunity of thanking both the Members and officers and the external auditors, Grant Thornton, for their commitment to the Committee during the life of the Council.

(The Meeting terminated at 12.45 pm)

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Our ref SHDC/1516/FeeLetter

9 April 2015

Dear Lisa

## **Annual audit fee 2015/16**

I am writing to confirm the audit work and fee that we propose for the 2015/16 financial year at West Devon Borough Council.

### ***Closure of the Audit Commission***

Although the Audit Commission formally closed at the end of March 2015, it was responsible for setting audit fees for the audit of the 2015/16 financial year. Our fee proposals are therefore based on the Audit Commission's *Work Programme & Scales of Fees 2015/16*.

Following the closure of the Audit Commission, responsibility for determining audit fees in the future has transferred to Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association. PSAA will oversee the management of the Audit Commission's audit contracts until they end in 2017, or 2020 if they are extended. The Secretary of State for Communities and Local Government has delegated certain functions formerly exercised by the Audit Commission to PSAA to enable it to deliver these functions.

Also following the Audit Commission's closure, the National Audit Office (NAO) is now responsible for producing and maintaining the Code of Audit Practice (the Code) and providing supporting guidance to auditors. We will follow the requirements of the Code and supporting guidance when delivering our audit work.

### ***Planned audit fee***

The planned audit and certification fees for 2015/16 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

<b>Audit area</b>	<b>Planned fee 2015/16</b>	<b>Planned fee 2014/15*</b>
Code of Audit Practice audit fee	<b>39,396</b>	52,528
Certification of grant claims & returns	<b>5,630</b>	7,120

\* Fees for 2014/15 are those to be charged by Grant Thornton as per the published scale rates

In general, the Audit Commission set 2015/16 scale fees based on a reduction of 25 per cent to the fees applicable for 2014/15. This reduction is in addition to the savings of up to 40 per cent in scale audit fees and certification fees in 2012. The planned fee is in line with the scale fee.

As 2015/16 is our first year of audit following our appointment as your external auditor, we will liaise with the out-going auditor, Grant Thornton, as their 2014/15 audit progresses to inform our risk assessment, and fees will be reviewed and updated as necessary. We will naturally keep you informed.

#### ***Factors affecting audit work for 2015/16***

We tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering changes affecting our audit responsibilities or financial reporting standards.

The Chartered Institute for Public Finance and Accountancy (CIPFA) has confirmed that a change in accounting policy will be introduced for the accounts from 2016/17, in relation to the measurement of transport infrastructure assets for authorities with highways responsibilities. Fees for any additional audit work required in 2015/16, the preparatory year, in relation to disclosures in the financial statements, will be subject to approval under the normal fee variations process. The Audit Commission decided that it was not appropriate to increase scale fees because the amount of work required at individual authorities will vary based on local circumstances, and may not be required for more than one year.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources. The 2015/16 fees have been set on the basis that the NAO's Code maintains the scope of work required by auditors under the Audit Commission's previous Code and supporting guidance. The NAO has not yet published guidance for auditors on the required approach to work on value for money arrangements for 2015/16.

#### ***Certification work***

As well as our work under the Code, we will certify the 2015/16 claim for housing benefit subsidy to the Department for Work & Pensions.



There are no longer any other claims or returns that we are required to certify under the PSAA audit contract. Assurance arrangements for other schemes are a matter for the relevant grant-paying body, and may be the subject of separate fees and tri-partite arrangements between the grant-paying body, the audited body, and the auditor. We would be happy to discuss any such certification needs with you.

### ***Assumptions***

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued in early 2016. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of West Devon Borough Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

### ***Our team***

The key members of our audit team for the 2015/16 audit are:

<b>Name</b>	<b>Role</b>	<b>Contact details</b>
Darren Gilbert	Engagement Lead	darren.gilbert@kpmg.co.uk +44 (0) 292 046 8205
Adam Bunting	Manager	adam.bunting@kpmg.co.uk +44 (0) 117 905 4470

***Quality of service***

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Trevor Rees (on 0161 246 4063, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to:

Public Sector Audit Appointments Limited  
3rd Floor  
Local Government House  
Smith Square  
London  
SW1P 3H

Yours sincerely



Darren Gilbert  
Director

cc: Steve Jordan – Executive Director (Strategy & Commissioning) and Head of Paid Service

## **Appendix 1 – Audit fee assumptions**

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2014/15;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2015/16 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## **Appendix 2: Planned outputs**

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

<b>Planned output</b>	<b>Indicative date*</b>
External audit plan	January 2016
Interim audit letter	June 2016
Report to those charged with governance (ISA260 report)	July 2016
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	July 2016
Opinion on Whole of Government Accounts return	TBC 2016
Annual audit letter	TBC 2016
Certification of grant claims and returns	January 2017

\* The 2015/16 financial statements will be the first to be prepared under the new Accounts & Audit Regulations 2015 (the 2015 Regulations). The 2015 Regulations bring forward the deadline for the publication of audited financial statements from 30 September to 31 July. This will therefore compress the audit timetable. The impact this will have on certain audit deadlines is not yet clear.

# West Devon Borough Council Audit Committee Update

Year ended 31 March 2015

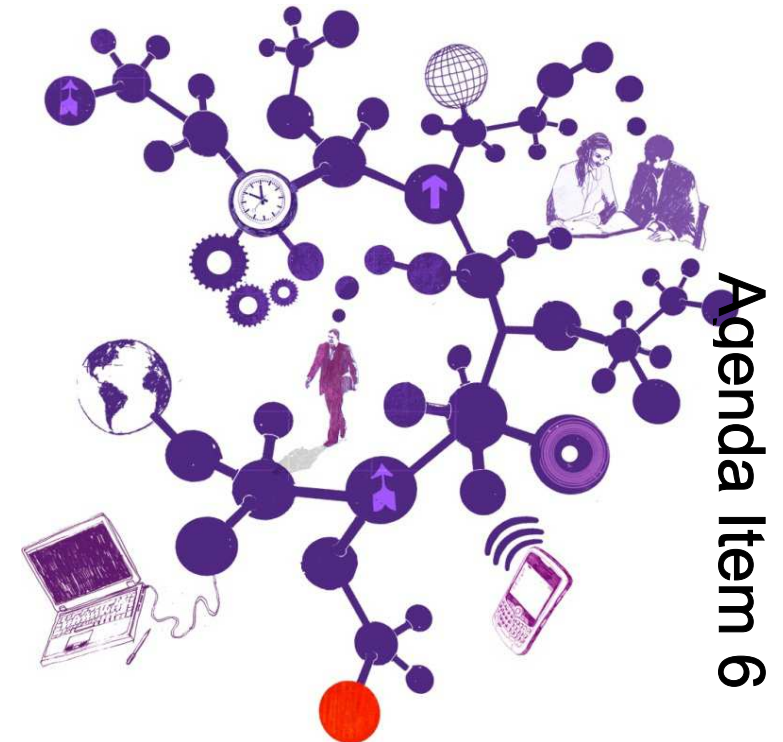
7 July 2015

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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# Progress at 5 June 2015

Work	Planned date	Complete?	Comments
<p><b>2014-15 Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	12 March 2015.	Yes	Initial planning work is complete.
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	January to March 2015.	Yes	Our initial review of the Council's control's and our early substantive testing has been undertaken and was reported as part of the Audit Plan.at the March Audit Committee.
<p><b>2014-15 final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2014-15 financial statements</li> <li>• proposed opinion on the Council 's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	20 July to September 2015	Not yet due	<p>The audit of the 2014/15 financial statements will be undertaken between July and September 2015 and reported to the September Audit Committee to meet the 30 September 2015 deadline.</p> <p>We have undertaken an early review of the Council's provisions for Redundancy and NDR appeal.</p>

# Progress at 5 June 2015

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of our work to inform the 2014/15 VfM conclusion comprises a review of whether the Council has:</p> <ul style="list-style-type: none"> <li>• <b>proper arrangements in place for securing financial resilience.</b> The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</li> <li>• <b>proper arrangements for challenging how it secures economy, efficiency and effectiveness.</b> The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</li> </ul>	February 2015 to September 2015.	Not yet due	<p>An interim risk assessment was made as part of the Audit planning in March 2015.</p> <p>The detailed work will continue through to September 2015, when we are required to give our VfM conclusion.</p>
<p><b>Certify the Council's WGA accounts</b></p>	September 2015.	Not yet due	To be completed as part of the final accounts audit.
<p><b>Grant claims and certification.</b></p> <p>We anticipate that the only claim that will require certification for 2014/15 will be the Housing benefit and council tax subsidy claim.</p>	June 2015 to November 2015.	Not yet due	Work will commence in June 2015 and will be completed by November 2015.

# All Aboard? - Local Government Governance Review 2015

## Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

**Governance of the organisation** – the main area of concern highlighted in this year's governance survey  
Is the level of dissatisfaction with the scrutiny process.

**Governance in working with others** – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

**Governance of stakeholder relations** – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through Many other agencies . This implies a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements are a transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



# Developing Local Authority Trading Companies

## Grant Thornton

Austerity has made a significant impact on local government. Our report *'Responding to the challenge: alternative delivery models in local government'* looked at the increased use of alternative delivery models to protect and develop services. This trend has continued over the last year.

Whilst some councils have always had a commercial approach, many traditionally avoided commercial considerations. This is no longer the case.

As councils continue to confront financial pressure, many have considered how to reduce costs, generate income and improve efficiency by introducing commercial structures. For many councils, the use of Local Authority Trading Companies (LATCs) is a step towards becoming self-financing.

Over the last five years, we have seen a significant increase in the use of different service delivery models by local government. The introduction of LATCs has been a key part of this innovation. While restricted initially to areas such as entertainment or airports – for example Birmingham's NEC and Manchester Airport – they have grown into new areas such as highways, housing and education.

More recently, LATCs dedicated to the delivery of social care services have emerged.

However, the delivery of a successful company is not easy.

Our report *'Spreading their wings'* is the first in a series looking at alternative service delivery models in more detail. The report provides practical guidance – drawn from interviews with councils and from the successful companies we have worked with – on the steps that need to be followed in:

- deciding to set up a local authority trading company
- setting up a local authority trading company
- building a successful local authority trading company

Copies can be obtained via your Engagement Lead or Audit Manager.



# Independent Commission into Local Government Finance

## Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

# Independent Commission into Local Government Finance (Continued)

## Local government issues

### Issue to consider

Have members been briefed by your Finance Community of Practice Lead on the key findings of the Independent Commission's final report?

### Response

This topic was discussed at Members' Induction in May 2015 and the key findings from the Independent Commission's final report will be summarised in the Council's Medium Term Financial Strategy in September. The Commission's vision is for a finance system that promotes self-reliance and self-sufficiency and encourages entrepreneurialism and innovation.

The key findings and the Commission's recommendations are summarised below:-

Ending the policy of setting referendum limits on council tax and leaving the decision to local politicians.

Devolving council tax discount setting and the power to determine who receives council tax support to local authorities.

That 100% of business rates and business rates growth should be retained by local government.

A commitment from the Government to full and clear multi-year settlements to enable long-term planning for local authorities and other public sector services.

# DCLG – Build to rent scheme

## Local government issues

Housing Minister Lewis Brandon announced on 10 January 2015 a £55 million deal to provide nearly 800 homes for private sector rent in Manchester and Salford as part of the government's wider £1 billion [Build to Rent scheme](#), which has the objective of building 10,000 new homes for private rent. The Chief Executive of the Homes and Communities Agency (HCA) Andy Rose said:

*"this is a major investment in the private rented sector in Manchester. It demonstrates how the HCA, working closely with partners, is combining financial and local expertise to increase the private rented choice in areas where there is a high demand for homes".*

As part of its strategy of creating a bigger and better private rented sector the government has also

- published a [How to rent](#) guide, so tenants and landlords know their rights and what to expect when renting privately
- published a [model tenancy agreement](#), so tenants who want to ask for longer tenancy agreements have the opportunity to do so;
- introduced a new requirement for letting agents to belong to one of three redress schemes, so the minority of tenants and landlords who get a raw deal have somewhere to go with their complaint

## Issue to consider

Have members been briefed by your Finance Community of Practice Lead on the government's Build to Rent scheme and other aspects of its initiative to increase the private sector housing market and its implications for the authority's housing strategy?

## Response

Whilst the Council would be eligible, our initial view is that this publication isn't really aimed at non –developing Local Authorities. The Council would be able to access funding through the Public Works Loan Board at a competitive rate.

# Provision for Business Rates Appeals

## Accounting and audit issues

### Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

### Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

### Issues to consider

- Has your Finance Community of Practice Lead reassessed the methodology for making the business rates provision?
- Has your Finance Community of Practice Lead got arrangements in place for the estimation of appeals to be charged against the provision?

### Response –

- The Council does not have any provision for unlodged appeals in its 2014/15 Accounts.
- A methodology has been adopted by the Authorities of the Devon Business Rates Pool (of which West Devon is a member) for the calculation of the business rates appeals provision and this methodology has been reviewed by Grant Thornton previously. The provision for 2014/15 is on the same basis as that for 2013/14.



# Earlier closure and audit of accounts

## Accounting and audit issues

Legislation was recently passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from 2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit will be reduced by one month and two months respectively as follows:

- Deadline for preparation of financial statements – 31 May (currently 30 June)
- Deadline for audit completion – 31 July (currently 30 September)

Although July 2018 is over 3 years away, both local authorities and their auditors will have to make real changes in how they work to ensure they are 'match-fit' to achieve this deadline. This will require leadership from members and senior management.

Local government accountants and their auditors should start working on this now.

Top tips for local authorities:

- make preparation of the draft accounts and your audit a priority, investing appropriate resources to make it happen
- make the year end as close to 'normal' as possible by carrying out key steps each and every month
- discuss potential issues openly with auditors as they arise throughout the year
- agree key milestones, deadlines and response times with your auditor
- agree exactly what working papers are required.

Auditors are already working on bringing forward more testing to before the financial statements are prepared and will be discussing further changes with local authorities including greater use of estimates in the accounts which will enable the audits to be brought forward further.

Some authorities currently produce their financial statements ahead of the current deadline, or have plans to do so in 2014/15, and some audits are completed before 31 July.

We will be assessing how this has been achieved and will share our findings in a national report, expected in early 2016.

# Glossary

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Abbreviation	Detail
DCLG	Department for Communities and Local Government
HCA	Homes and Community Agency
NDR	Non Domestic Rates
VFM	Value for Money
VOA	Valuation Office Agency
WGA	Whole of Government Accounts



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AGENDA  
ITEM

## WEST DEVON BOROUGH COUNCIL

AGENDA  
ITEM

<b>NAME OF COMMITTEE</b>	<b>Audit Committee</b>
<b>DATE</b>	<b>7 July 2015</b>
<b>REPORT TITLE</b>	<b>INTERNAL AUDIT ANNUAL REPORT 2014/15</b>
<b>Report of</b>	<b>Head of Devon Audit Partnership</b>
<b>WARDS AFFECTED</b>	<b>All/Corporate</b>

**Summary of report:**

This report summarises the work undertaken by the Council's Internal Audit Team during 2014/15, reviews the performance of the Internal Audit service, and provides an audit opinion on the adequacy of internal control. The report is particularly relevant to the preparation of the Authority's Annual Governance Statement which is required under the Accounts and Audit (England) Regulation 2011.

This report is to inform members of the principal activities and findings of the Council's Internal Audit team for 2014/15 to the 31<sup>st</sup> March 2015, by:

- Providing a summary of the main issues raised by completed individual audits;
- Showing the progress made by the section against the 2014/15 annual audit plan, reviewed by this Committee in April 2014; and
- Providing an opinion on the adequacy of the Councils control environment.

**Financial implications:**

There are no direct financial implications, the internal audit costs for the year were as budgeted.

**RECOMMENDATIONS:**

**That the Audit Committee notes the internal audit opinion that the Council's systems contain a satisfactory level of internal control.**

**That members note the satisfactory performance and achievements of the Internal Audit Team during 2014/15**

**Officer contact:**

**For further information concerning this report, please contact:**

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Lisa Buckle, S.151 Officer – 01803 861413

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**1. BACKGROUND**

1.1 The Charter for Internal Audit was presented to the Audit Committee in April 2014 and covers:

Purpose, Authority and Responsibility;  
Independence;  
Audit Management;  
Scope of Internal Audit's Work;  
Audit Reporting; and  
Audit Committee.

1.2 The Audit Strategy was updated for 2014/15 and was approved by the Audit Committee in April 2014. It covers:

Objectives and Outcomes;  
Opinion on Internal Control;  
Local and National Risk Issues;  
Provision of Internal Audit; and  
Resources and Skills.

**2. Assurance Statement**

2.1 In carrying out systems and other reviews, Internal Audit assesses whether key, and other controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

2.2 Final audit reports will, if applicable, include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review.

2.3 Details of Internal Audit's opinion on each audit review carried out in 2014/15 have been provided to relevant members of the Senior Leadership Team to assist them with compilation of their individual annual governance assurance statements.

**Overall and based on work performed during 2014/15, and that of our experience from previous years audit, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework.**

### **3 Key Audit Findings 2014/15**

3.1 As stated above we are, overall, able to provide reasonable assurance on the internal control framework. During the year a number of audit assignments have been completed for which a “fair” audit opinion has been provided (please refer to appendix B for definition of “fair”).

3.2 We set out below some of the key issues of concern identified. It should be noted that agreed management actions plans are in place to address the weaknesses, and we consider that if such actions are completed promptly then the control issue will be addressed. The majority of findings have previously been reported at audit committee meetings during the 2014/15 year.

3.3 **Main Accounting System & Budgetary Control**  
We have downgraded our Audit Opinion from last year as some controls over the main accounting system and budgetary control have not been actioned on a timely basis throughout the year, although we are aware that efforts were underway to bring these up to date before the year end.

We understand that this is largely due to the resource pressures experienced by those officers operating the controls, due to a significant re-organisation of staff and responsibilities during the second half of 2014/15.

3.4 **Creditor Payments (previously reported)**  
Our conclusion was that the creditors system is fulfilling the purpose for which it is intended. Invoices presented to the Council are being processed and paid. However controls can be further improved to both receive the full benefit of a more automated system for processing invoices and to reduce the risk of incorrect payments being made.

3.5 **Payroll (previously reported)**  
The Payroll section is able to meet its objectives in providing accurate payments to staff in a timely manner. There were a number of issues identified where operational controls should be improved.

3.6 **Council Tax (previously reported)**  
The system is operating with generally satisfactory controls but there are still some areas where these can be improved, some relating to previously reported issues.

At the time of the audit management stated that tasks were not being completed due to other demands on staff resources. Managers need to ensure that key tasks are completed promptly and effectively.

3.7 **Business Rates (NDR) (previously reported)**  
The system is operating with generally satisfactory controls but there were some areas that required improvement including:-

- Limited separation of duties linked to the need to consider procedures for the timely and efficient review of long term suppressions;
- Management and review of the suspense account within the Council Tax system;

### 3.8 Benefits (previously reported)

Our work during 2014/15 has highlighted some other areas where the controls over the management of Benefits could be further strengthened, the most significant of which were:

- Users access to the system needs to be reviewed, particularly in light of a number of staffing restructures; and
- The Benefits Technical Team are already investigating ways to simplify the reconciliations for each benefits payments run. Current procedures, whilst not wrong, are complex and time-consuming and rely on the knowledge of a single officer should any discrepancies arise.

### 3.9 Benefits Debtors (previously reported)

We recognise that, in the majority of cases, action has been undertaken by officers to identify and to recover housing benefit debt in line with policy and procedures.

However, we are advised by managers that the effectiveness of procedures is hampered by the restricted functionality of the housing benefit debtors system.

### 3.10 Computer Audit

Generally, arrangements are in place to ensure that the Councils' IT services are delivered in a controlled environment, with procedures in place to manage access, system changes, loss of systems in the event of an emergency, assets etc. However with significant changes having taken place to the Councils' IT systems, working arrangements and staff in recent months, many of these arrangements may no longer be appropriate or effective.

There are also some areas where further improvements could be implemented to strengthen the resilience of the ICT service and controls over associated systems.

### 3.11 Risk Management

There is a control framework in place, but some of the areas reviewed were not found to be adequately controlled. In these areas risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.

### 3.12 Attached to this report are a number of appendices which provide further information with regards the work completed by internal audit in 2014./15:

**Appendix A** presents a summary of the audit work undertaken together with each audit opinion.



**Appendix B** provides a summary of the key findings from audit reports issued since the last audit committee (12 March 2015).

**Appendix C** provides a brief summary of unplanned work and the results from the work.

**Appendix D** provides a summary of feedback from auditees relating to audits carried out during the year.

#### **4. PROVISION OF INTERNAL AUDIT AND PERFORMANCE – 2014/15**

##### Audit Plan 2014/15

- 4.1 The 2014/15 audit plan was presented and accepted by the Audit Committee at their meeting of April 2014.

##### Impact of Local and National Risks (including T18 Transformation)

- 4.2 The audit plan is continuously reviewed and updated to reflect emerging risks, and these are incorporated either through the contingency days or by changes to the plan, depending on the significance.

##### Progress against the Plan

- 4.3 Progress against the 2014/15 Internal Audit Plan is summarised at **Appendix A**. In summary, the key elements of the plan were completed.
- 4.4 The councils transformation programme (T18) had a direct impact on the internal audit team, with the resources available for the shared internal audit provision for Devon and South Hams councils reduced to 2.6 whole time equivalents (from 2.9).
- 4.5 To meet this challenge it was decided that two whole time equivalent auditors be retained in-house and the management supplied externally. After a competitive process it was determined that Devon Audit Partnership would provide the management role.
- 4.6 The changes resulted in a reduction in audit days available and this resulted in a small number of reviews in the original 2014/15 being removed from the plan; these areas will be considered in later years. The subject areas removed have been previously reported, but included reviews of cemeteries and burials; grounds maintenance and drawing office.

##### Resourcing

- 4.7 Audit resources are affected by sickness and other unforeseen events. Sickness relating to officers within the combined internal audit team equates to 10 days in the period April 2014 to 31<sup>st</sup> March 2015.

- 4.8 It is important to ensure that the team has the right skills to enable them to perform audits effectively; in 2014/15 8 days training was been provided to the audit team.

Non Compliance with Contract or Financial Procedure Rules

- 4.9 There are no significant issues to bring to the attention of the Committee for 2014/15.

Fraud, Corruption, Bribery and Whistle Blowing

- 4.10 Counter fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Audit Commission runs a national data matching exercise (National Fraud Initiative – NFI) every two years. In October 2014 a number of data sets of information were provided to the Audit Commission and a list of potential matches have now been received. This data is currently being reviewed by management and appropriate action is being taken.

- 4.11 The Council became aware of two potential frauds involving Council Tax refunds, one for each authority. The fraud related to a person paying their annual Council Tax for a new property, using a potentially fraudulent payment method, and then subsequently requesting a refund stating they had vacated the property. Revenue staff have been made aware of the issue and additional controls were agreed between Audit and Revenues to ensure similar cases are only refunded back using the original payment method.

Performance Indicators

- 4.12 There are no national performance indicators in place for internal audit; however the team monitor against local performance indicators as follows:-

Local performance indicator	2014/15 Target	2014/15 Actual
Percentage of audit plan commenced	95%	100%
Percentage of audit plan completed	95%	100%
Actual audit days as a percentage of planned	95%	98%
Customer satisfaction (percentage of customers stating that service is “good” or “excellent”)	90%	100%
Draft reports issued within target days	90%	100%
Average level of sickness	2%	1%
Outturn within budget	Yes	Yes

It is very pleasing to note that auditees considered that the team provided a good or excellent service. Further details of customer feedback can be found at Appendix D.

Internal Audit – Shared Service

4.13 The following has been achieved this financial year:

Working with Devon Audit Partnership (DAP)

- The MKi audit management system has been installed on the PC's of the internal audit team. Staff are becoming familiar with the system and formal training was provided in April.

Conformance with Public Sector Internal Audit Standards (PSIAS)

4.14 The Internal Audit Team conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in the audit charter which was approved by the Audit Committee in April 2014. The Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. Independent external assessment of Devon Audit Partnership (DAP) provides assurance of compliance against the Institute of Internal Auditors Quality Assessment & Public Sector Internal Audit Standards.

**5. LEGAL IMPLICATIONS**

5.1 Statutory Powers: **Accounts and Audit Regulations 2011.**

**6. FINANCIAL IMPLICATIONS**

6.1 None, within existing budgets.

**7. RISK MANAGEMENT**

7.1 The risk management implications follow this table:

<b>Corporate priorities engaged:</b>	All/Corporate
<b>Statutory powers:</b>	Accounts and Audit Regulations 2011.
<b>Considerations of equality and human rights:</b>	No specific equality and human rights issues arising from this report.
<b>Biodiversity considerations:</b>	There are no specific biodiversity issues arising from this report.
<b>Sustainability considerations:</b>	There are no specific sustainability issues arising from this report.
<b>Crime and disorder implications:</b>	No specific crime and disorder issues arising from this report.

<b>Background papers:</b>	CIPFA Local Government Application Note for the united Kingdom Public Sector internal Audit Standards 2013; CIPFA Code of Practice for Internal Audit in Local Government 2006; and SHDC 5-year Audit Plan 2010/11 to 2014/15.
<b>Appendices attached:</b>	<p><b>Appendix A:</b> Progress Against the 2014/15 Internal Audit Plan</p> <p><b>Appendix B:</b> Audit Assignment Opinions 2014/15.</p> <p><b>Appendix C:</b> Unplanned Audit Work 2014/15 – Summary of Results.</p> <p><b>Appendix D</b> – analysis of auditee feedback 2014/15</p>

### STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Opportunity to Make the Best Use of Scarce Audit Resource	Audit work completed in line with the audit plan and to the required quality standards will ensure that the external auditor gains assurance from the work of internal audit. This will result in no additional charges being requested to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.	-	-	-	↔	A risk based audit plan directs scarce audit resources towards areas of high risk to the Council.	Head of Devon Audit Partnership
2	Inappropriate Use of Scarce Audit Resource	The directing of scarce audit resources away from areas of high risk may undermine the opinion provided to the Council by the Chief Internal Auditor on the System of Internal Control.	2	2	4	↔	Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year.	Head of Devon Audit Partnership

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
3	Links with External Audit	The external auditor may gain no assurance from the work of internal audit, potentially resulting in requests for additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.	2	2	4	↔	Regular liaison with the external auditor.  Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year.  Regular monitoring of progress by the S.151 Officer and the Audit Committee.	Head of Devon Audit Partnership
4	Assurance for the Annual Governance Statement	The Council's Annual Governance Statement cannot be signed if Internal Audit fails to complete the work set out in the approved risk based audit plan due to unforeseen circumstances.	2	2	4	↔	Regular monitoring of performance by the S.151 Officer and the Audit Committee.  Audit approach adheres to the appropriate professional standards.  Closer links with our neighbouring Council's audit team will provide reasonable assurance that higher risk audits are covered each year without fail, should significant resource issue arise.	Head of Devon Audit Partnership

Direction of travel symbols ↓ ↑ ↔

West Devon Borough Council - Progress Against the 2014/15 Internal Audit Plan

APPENDIX A

Projects agreed in the Audit Plan	Planned Number of Days	Fieldwork started	Issued in draft	Management comments received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
MAS & Budgetary Control	4	■	■	■	■			■		See commentary below
Creditor Payments	2	■	■	■	■			■		
Payroll	5	■	■	■	■			■		
Council Tax	6	■	■	■	■			■		
Business Rates (NDR)	6	■	■	■	■			■		
Benefits	7	■	■	■	■			■		
Housing Benefit Debtors	2	■	■	■	■			■		
Treasury Management	2	■	■	■	■		■			
<b>Main Financial Systems</b>	<b>34</b>									
<i>Recruitment</i>	0	X	X	X	X	x	X	X	x	<i>Was 2 days. Removed from Plan.</i>
Community Safety and Emergency Planning	2	■	■	■	■		■			
Private Sector Housing Renewal	4	■	■	■	■		■			
Car Parking	4	■	■	■	■		■			
<i>Capital Expenditure &amp; Receipts</i>	0	X	X	X	X	x	X	x	x	<i>Was 4 days. Removed from Plan.</i>
ICT / Computer Audit	3	■	■	■				■		See commentary below
Local Welfare Support	0	■								<i>Was 2 days. Removed from Plan.</i>
Use of Internet and Email	3	■	■	■	■		■			
Development Control	4	■	■					■		See commentary below
Data Quality incl. PIs	5	■	■	■	■		■			

West Devon Borough Council - Progress Against the 2014/15 Internal Audit Plan

APPENDIX A

Projects agreed in the Audit Plan	Planned Number of Days	Fieldwork started	Issued in draft	Management comments received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
Risk Management	3	■	■					■		See commentary below
Corporate Governance System of Internal Control (SIC) & Annual Governance Statement (AGS)	5	■	■	■	■	-	-	-	-	Review of the Code of Corporate Governance presented to June 2014 Audit Committee under separate cover. Reports to the July and September 2014 Audit Committee for review and approval of the AGS.
Shared Services	5	■	■	■	■		■			
Sustainability	4	■	■	■	■		■			
T18 Transformation Programme	5	■	■	■	■		■			See commentary below
Specific Counter Fraud Work	3	■	■	■	■					
Follow Up of Previous Year's Audits	5	■	■	■	■	-	-	-	-	
Contingency (Unplanned)	5	5 days used	-	-	-	-	-	-	-	Minor control and governance issues, advice on financial controls and procurement procedures given to service officers at all levels and contribution to various draft policies & strategies. <ul style="list-style-type: none"> <li>• Audit Commission fraud survey;</li> <li>• Letters to Grant Thornton;</li> <li>• Advice on new Temporary Accommodation Charging Policy;</li> <li>• T18 various;</li> <li>• Counter fraud publicity;</li> <li>• Additional individual internet and e-mail monitoring as requested my managers.</li> </ul>
<b>Other Systems &amp; Audit Work (Revised)</b>	<b>60</b>									

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Projects agreed in the Audit Plan	Planned Number of Days	Fieldwork started	Issued in draft	Management comments received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
Management & Supervision	8	8 days used	-	-	-	-	-	-	-	Planning; Monitoring; Supervision; File Review; Preparing Reports for, and attending, the Audit Committee; Audit Committee workshop; Meetings with the Section 151 Officer; Meetings with the Section 151 and Monitoring Officers; Liaison with the external auditor; etc
External Management & Supervision	8	8 days used	-	-	-	-	-	-	-	Preparing monitoring reports and presenting to committee. Audit plan for 2015/16.
<b>Total (Revised)</b>	<b>16</b>									

<b>Overall Total (Revised)</b>	<b>110</b>									
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## Planned Audit 2014/15 – Final Reports

The following tables provide a summary of the audit opinion and main issues raised in the reports issued to managers. In all cases (unless stated) an action plan has been agreed to address these issues.

### Opinion Definitions

#### **Excellent**

The areas reviewed were found to be well controlled; internal controls are in place and operating effectively. Risks against the achievement of objectives are well managed.

#### **Good**

The majority of the areas reviewed were found to be adequately controlled. Generally risks are well managed but a few areas for improvement have been identified.

#### **Fair**

There is a control framework in place, but some of the areas reviewed were not found to be adequately controlled. In these areas risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.

#### **Poor**

Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

Planned Audit 2014/15 – Final Reports

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Subject	Audit Findings	Management Response
<p><b>Main Accounting System &amp; Budgetary Control</b> <b>(Final report)</b></p>	<p><b>Audit Opinion</b> <i>Fair</i></p> <p><b>Conclusions</b></p> <p>We have downgraded our Audit Opinion from last year as some controls over the main accounting system and budgetary control have not been actioned on a timely basis throughout the year, although we are aware that efforts were underway to bring these up to date before the year end.</p> <p>We understand that this is largely due to the resource pressures experienced by those officers operating the controls, due to a significant re-organisation of staff and responsibilities during the second half of 2014/15.</p> <p>We were able to confirm that the agreed actions to the 2013/14 internal audit reports have been implemented or are under way.</p> <p>The main issues where action can be taken to further strengthen controls include:</p> <ul style="list-style-type: none"> <li>• The bank reconciliation - the balancing of the daily and cumulative reconciliation has fallen behind at both authorities;</li> <li>• Ensuring that all reconciliations of control accounts are undertaken on a timely basis, that they are reviewed by a second officer and that these actions are evidenced;</li> <li>• Ensuring that suspense accounts are regularly reviewed on a timely basis; and</li> <li>• Ensuring that user access rights to the main financial information system remain up to date and that leavers are removed promptly.</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Reconciliation - this was partly due to resource pressures and partly due to the fact that in 2014/15 both Councils changed their bank accounts to move to Lloyds Bank. There were complications with the uploading of bank files into the main accounting system which had a knock on impact on the bank reconciliation process. This has been rectified and in 2014/15 all bank reconciliations balanced to zero. Currently daily reconciliations are fully reconciled unless the automatic ICT downloads prevent this from happening. With effect from May 2015, the bank reconciliation process for both Councils has been aligned and are now carried out in the same way.</li> <li>• Control and Suspense Accounts - officers were aware of the issues and additional temporary resources were brought in to assist with this before the closedown of the 2014/15 Accounts. The second Monday of every month has been put aside to sign off the control accounts that sit within the Service Processing Team.</li> <li>• User Access Rights - this has been discussed at the Support Services COP meeting and all leavers will be promptly removed from information taken from the leavers form.</li> </ul>

<p><b>T18 Transformation Programme</b> <b>(Draft report)</b></p>	<p><b>Audit Opinion</b></p> <p><b>Good</b></p> <p>The majority of the areas reviewed were found to be adequately controlled. Generally risks are well managed but a few areas for improvement have been identified.</p> <p><b>Conclusions</b></p> <p>We have raised some issues in the detailed appendix to the report, the most significant areas being:</p> <ul style="list-style-type: none"> <li>• There have been significant changes in senior management at both councils; in light of these changes, and the significance of the T18 programme on service delivery, we consider there is a need to review project governance arrangements to ensure they meet expectations and are effective in practice;</li> <li>• This is an ambitious transition programme and the Executive Directors need to ensure that there is a robust plan and sufficient and appropriate resources to deliver the programme on target and within the agreed budgets;</li> <li>• Due to the requirement for delivery from a number of internal and external sources there is a need to ensure that the main technical contractor is able to deliver the agreed programme objectives to plan and that related third party contractors and the Council resources are in place;</li> <li>• The Councils are entering the second critical phase (1b) with a significant volume of redundancies and potential recruitment required; good financial planning will be required to identify and control the delivery of the programme and budgeted costs; and</li> <li>• The Council will need clear guidelines and controls on the processing and management of electronic data.</li> </ul>	<ul style="list-style-type: none"> <li>• Plans are in place to deliver the projects to agreed timescales. Resources are being monitored and managers are keeping SLT aware of requirements.</li> <li>• The Programme Board meet regularly to review the project and agree plans in conjunction with the Programme Delivery Groups. A programme is in place to identify the key projects to be delivered, their priority and ensure effective resources are in place.</li> <li>• Following phase 1b there has been an analysis undertaken of resources and this has been matched to the current programme plan.</li> <li>• The financial position is subject to close scrutiny and is reviewed at the Programme Board. The current budget shows an overall underspend with some small overspends in areas such as furniture and consultancy.</li> <li>• Good communication is now in place with the contractors and although there are some issues overall the delivery of work is to agreed timescales, within programme schedules and to agreed budgets.</li> <li>• We are working on at present to deliver to staff and members a clear policy and procedure for them to follow regarding the evaluation and use of data in the future.</li> </ul>
<p><b>Risk Management</b> <b>(Draft report)</b></p>	<p><b>Audit Opinion</b></p> <p><b>Fair</b></p> <p>There is a control framework in place, but some of the areas reviewed were not found to be adequately controlled. In these areas risks are not well managed and</p>	

require controls to be strengthened to ensure the achievement of system objectives.

We have given this opinion based on the current system at the time of the audit and are aware that future changes to the system will further strengthen the control over the risks identified.

**Conclusions**

We have raised a number of recommendations that have been previously reported and we have identified that due to the significant changes undertaken by the Councils the overall commitment to managing current and emerging strategic and operational risks is in need of a fundamental review as monitoring and formal recording has declined.

Indeed the formal Operational Risk Register within Covalent has been rendered inactive because it was not being used, with reliance placed on old Service Blueprint risk registers. The future of the Service Blueprints is also in doubt due to the fundamental changes occurring across services.

The Corporate Risk Management Group, which provides a more detailed review of corporate risks and some operational risk, has not met for over 6 months and so has not fed issues into the risk management process.

We have raised the need to have a more central method of recording and reporting on operational risks, including projects, and the need to update Covalent as a reporting tool.

We have reported on issues, also identified in related 2014/15 audit reports, in relation to corporate business continuity planning and data protection and the risks these entail for the Councils.

The Councils Risk Management Strategy and Policy will need updating and new member, management and staff will need information and training on risk management.

- Consideration will be given to the Statutory Officers Panel picking up the areas that the Risk Management Group covered previously, to ensure coverage from a corporate overview perspective. Others can be invited along for that item for input (previously assisted by Insurance officers and H&S officer) once identified where this lies.

<p><b>ICT Audits</b> <b>(Draft report)</b> <b>Installation &amp; Healthcheck</b> <b>Computer &amp; Network Management and Security</b> <b>Change Control</b> <b>Other Reviews including Internet Controls</b></p>	<p><b>Audit Opinion</b></p> <p><i>Fair</i></p> <p>There is a control framework in place, but some of the areas reviewed were not found to be adequately controlled. In these areas risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.</p> <p><b>Conclusions</b></p> <p>Generally, arrangements are in place to ensure that the Councils' IT services are delivered in a controlled environment, with procedures in place to manage access, system changes, loss of systems in the event of an emergency, assets etc.</p> <p>However with significant changes having taken place to the Councils' IT systems, working arrangements and staff in recent months, many of these arrangements may no longer be appropriate or effective.</p> <p>There are also some areas where further improvements could be implemented to strengthen the resilience of the ICT service and controls over associated systems, the most significant of which are:</p> <ul style="list-style-type: none"> <li>• The ICT Security Policy and associated documents need to be reviewed, updated, issued jointly across both authorities and brought to the attention of staff and members;</li> <li>• The ICT Business Continuity Plan needs to be reviewed and updated to account for the new systems and service delivery arrangements under T18. This needs to include the resilience of IT systems, the Councils websites and IT-specific disaster recovery arrangements;</li> <li>• The IT hardware and software inventory needs to be reviewed and updated, which we understand will be facilitated by the installation of more sophisticated service desk software during 2015/16;</li> <li>• Staff need to be made aware of their responsibilities under the Data Protection Act, including when storing or transmitting data electronically; &amp;</li> <li>• The need to ensure formal procedures are in place for the management of change controls, which again we understand will be facilitated by the installation of more sophisticated service desk software during 2015/16.</li> </ul>	<ul style="list-style-type: none"> <li>• Data Protection - a new Joint Policy has now been completed and Member training (FOI/Data Protection) to be undertaken on 9 June for both Councils.</li> </ul>
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<p><b>Development Management (Draft Report)</b></p>	<p><b>Audit Opinion</b></p> <p>Fair</p> <p><b>Conclusions</b></p> <p>We were able to confirm that controls are in place and operating over the processing of planning applications received by Development Management, including income collection and expenditure incurred in delivery of the service.</p> <p>We have, however, made some minor recommendations relating to available resource and the audit trails of some actions, as well as raising some issues relating to ordering and procurement which are outside the control of the Development Management service.</p>	
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## Planned Audit 2014/15 – Work Complete (No Audit Report)

Subject	Comments
<b>Compliance Review of the Code of Corporate Governance</b>	Member report setting out the work done to review the Council's compliance with its Code of Corporate Governance, in line with the CIPFA/SOLACE guidance, presented to the June 2014 Audit Committee. Issues raised are included in the Annual Governance Statement which was presented to the Audit Committee at the meeting of July 2014.
<b>System of Internal Control (SIC), and Annual Governance Statement (AGS)</b>	A report setting out the work done to enable the AGS to be completed in line with the CIPFA/SOLACE guidance was presented to the July 2013 Audit Committee. The Council of the 22 <sup>nd</sup> July 2014 agreed to amend the constitution to allow the Audit Committee to approve the AGS on behalf of the Council. The AGS was published in September 2014, following an update to the Statement reported with this Audit Committee agenda.
<b>Exemptions to Financial Procedure Rules</b>	As and when required



**Analysis of Auditee Feedback 2014/15**

	<u>EXCELLENT</u>	<u>GOOD</u>	<u>ADEQUATE</u>	<u>POOR</u>	<u>NO RESPONSE</u>
Number of surveys returned = 7					
<b>(A) AUDIT PLANNING</b>					
1. Consultation on audit coverage	4	3	0	0	0
<b>PERCENTAGE</b>	<b>57.1</b>	<b>42.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
2. Relevance of stated objectives	5	2	0	0	0
<b>PERCENTAGE</b>	<b>71.4</b>	<b>28.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
3. Fulfilment of scope and objectives	5	2	0	0	0
<b>PERCENTAGE</b>	<b>71.4</b>	<b>28.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>OVERALL PERCENTAGE (A)</b>	<b>66.7</b>	<b>33.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(B) QUALITY OF AUDIT REPORT</b>					
1. Clarity of report	5	2	0	0	0
<b>PERCENTAGE</b>	<b>71.4</b>	<b>28.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
2. Accuracy of findings	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
3. Presentation of conclusions	5	2	0	0	0
<b>PERCENTAGE</b>	<b>71.4</b>	<b>28.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
4. Value of audit recommendations	4	3	0	0	0
<b>PERCENTAGE</b>	<b>57.1</b>	<b>42.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>OVERALL PERCENTAGE (B)</b>	<b>75.0</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(C) COMMUNICATION</b>					
1. Feedback of findings during audit	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
2. Consultation by auditors	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
3. Helpfulness of auditors	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
4. Professionalism of audit team	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
5. Prompt delivery of the audit report	7	0	0	0	0
<b>PERCENTAGE</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>OVERALL PERCENTAGE (C)</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>PERCENTAGE OVERALL</b>	<b>83.3</b>	<b>16.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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# Agenda Item 8

Report to: **West Devon Audit Committee**  
Date: **7 July 2015**  
Title: **Housing Benefit Overpayment process and Recovery**  
Hub Committee: **Customer First: Cllr J Moody**  
Wards Affected: **All**  
Relevant Scrutiny Committee: **External Scrutiny Committee**

Key Decision:	<b>N</b>	Approval and clearance obtained:	<b>Y</b>
Urgent Decision:	<b>N</b>	Date next steps can be taken:	<b>N/A</b>

Author: **Gill Bray**                      Role: **Benefit Team Manager**  
Contact: [gill.bray@swdevon.gov.uk](mailto:gill.bray@swdevon.gov.uk) **01803 861163**

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**Recommendations:**

- 1. That the contents of the report be noted.**

## **1. Executive summary**

This report explains how Housing Benefit Overpayments arise and the processes the Council goes through to recover the debts before they are presented for write off.

The Authority has the power to recover overpayments of Housing Benefit under the Housing Benefit Regulations 2006 and the Housing Benefit (Persons who have attained the age for state pension credit) Regulations 2006.

### **Financial Implications**

The total Housing Benefit overpayments created in West Devon in the last financial year is £1,219,242.13

The total amount recovered was £1,065,461.77

Total amount written off was £47,706.29

The amounts recovered and written off do not necessarily apply to the last financial year, but to put this into perspective the total benefit paid in 2014/15 was £14,187,654.38 and the percentage of write off compared to the amount of benefit awarded/paid is approximately 0.33%

## **2. Background**

A report on Housing Benefit Overpayment process and the recovery procedure was requested by a meeting of the West Devon Audit Committee in April 2015.

Dealing with overpayments, their identification, calculation and recovery, is one of the most complex and important areas of Housing Benefit decision making.

Important, because of the detailed financial arrangements surrounding overpayments, the increasing priority given to identifying overpayments and preventing fraud and error, and the resulting effects on subsidy income to the LA.

Complex, because of the detailed regulations which apply to the decision making process. The sequence in which those regulations must be considered and the number of decisions of the Courts and The Appeals Service. These define the approach to the interpretation and application of those regulations.

An overpayment of housing benefit is defined as 'any amount paid to which there is no entitlement under the regulations' and can occur as a result of:

- claimant error or fraud when making a claim
- landlord/agent error or fraud

- a delay in reporting a change of circumstances
- a Departmental official error
- an LA official error, i.e. a mistake made by LA staff such as an input error
- an administrative delay, e.g. a delay by the LA in processing a change of circumstances
- payment irregularity, e.g. fraudulent encashment of a cheque

Housing benefit then continues to be paid using the incorrect information. Once the Council has the correct information, the claim is updated and this will generate an overpayment on our systems.

In all cases if officers believe that the customer would have been aware that the change would impact their benefit, the overpaid money can be recovered, so if their wages increase or they move house and don't notify us, this would be classed as customer (claimant) error and would therefore be recoverable.

In all cases if officers believe that the customer would have been aware that the change would impact their benefit, the overpaid money can be recovered, so if their wages increase or they move house and don't notify us, this would be classed as customer (claimant) error and would therefore be recoverable.

If the overpayment was created as the result of an error by the Council, either a processing error or a delay due to a backlog, then the overpayment can still be recovered depending on the circumstances. If it is considered that it is not in the Council's interests or is unfair to the customer to pursue then it is passed for write off.

When the overpayment is calculated, the assessor would look at ways to reduce the amount of the overpayment by using circumstances such as underlying entitlement to Benefit.

**Examples where the Council would recover the overpayment are:**

DWP benefits end and we do not get notification from DWP until after the change and the customer also fails to tell us.

Customer moves house and doesn't tell us. This would create an overpayment because the benefit is assessed not only on the customer's income but also on the property they live in.

Change in wages and not notifying us.

**Examples where the Council would not recover and therefore pass for write off are:**

If the overpayment is created as a result of the LA's error and it was considered unfair or not in the interests of the Council to pursue.

If the overpayment is created as a result of an error by the DWP.

If the debt is over 6 years old and has had no recovery action made on it during that time we would look to write off the debt. We would only do this once all other avenues have been exhausted – this is in line with the Council's policy and guidelines.

Customers have the right of appeal and all requests are considered and any information looked at that is subsequently provided. The whole claim would be reviewed again to double check the overpayment was correct and take into account any extenuating circumstances that may have contributed to the overpayment.

**For example:**

If they failed to tell us of an increase in income and their reason was because they didn't know they had to, we would look at their claim history and see how long they had been claiming benefit and if that seemed reasonable. If they had been claiming for a considerable length of time it would normally be assumed that they would have sufficient knowledge of the benefits system to know they needed to notify us.

A recent example of where the overpayment was customer error and the Council decided to write it off was a lady whose husband had died suddenly in May. She was awarded bereavement allowance (a DWP benefit) in July, backdated to May and failed to tell us because she had assumed that the DWP would. Her husband had always dealt with the family paperwork, she was new to the benefit system and we considered that under those circumstances it was reasonable for us not to recover the overpayment but to write it off.

Each case is considered on its merits and we would always take into consideration a customer's circumstances and look at issues such as vulnerability and the customer's ability to afford the repayments and make adjustments accordingly.

**The Recovery Process**

If an overpayment is deemed recoverable an invoice is raised and sent to the customer. The customer is given the option of paying by website, internet or telephone banking, debit or credit cards and the Council offer to make arrangements to pay weekly or monthly to clear the outstanding balance depending on the customer's circumstances.

If no response is received within 28 days, a reminder is sent. After another 28 days a final notice is sent. These are raised automatically by our systems.

At the final notice stage a list is produced which is looked at manually. The officer will make checks on the account and select the best course of action.

**These include:**

The customer is visited in their own home by a Visiting Officer to discuss their individual case and arrange a payment plan.

An attachment of DWP benefit – This depends on whether the customer is a current claimant and whether or not they already have attachment in force. Officers request the deduction from the DWP and they decide how much to deduct.

An attachment of earnings – This can be effective for those claimants now in paid employment.

The debt is passed to Ross and Roberts, working as Collection Agents.

Ongoing entitlement - If claimant goes back on to Housing Benefit officers can collect the outstanding debt by a deduction from the live benefit claim. If the claimant has moved out of area and is still claiming benefits, officers can request that their Local Authority collect the debt on our behalf.

County Court Judgement. The Council would only consider this if the debt is over £500.00.

High Court Enforcement (debt must be over £600 & have a CCJ). The Council would only consider this if the debt is over £600.

If a customer moves address officers have access to tracing software to help with locating them.

When all avenues are exhausted the Council would consider whether the debt should be written off. Other scenarios when the debt would be written off is when the claimant has gone bankrupt, applied for a debt relief order, has a very small balance which is not cost effective to pursue or where the claimant is considered to be vulnerable.

Even after a debt has been written off, if that customer's circumstances change or new information comes to light, officers are able to write the debt back on to the system and collect the outstanding debt.

On average the team spend 22.5 hours per week (for both authorities combined) attempting to collect the outstanding Housing Benefit Overpayments. Depending on other workloads within the team officers would then carry out a review of debts that need might need putting forward for write off.

### **3. Outcomes/outputs**

- To increase awareness and understanding of the implications of Housing Benefit overpayments to the Authority.
- We will never be able to eradicate overpayments completely so we need to develop strategies for reducing the occurrence of overpayments.

#### 4. Options available and consideration of risk

Loss of income – uncollected Housing Benefit overpayments represent lost income to the Authority. Whilst all attempts are made to recover debts, in a climate of increasing austerity, it is becoming more difficult to do this.

Reputation – Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible with due regard to an individual's circumstances.

Write Off – The risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the ability to write debts back on to the system to be recovered if the means to do so is identified ie by the debtor falling back into entitlement to benefit. Individual debts over £5,000 are referred to Members for consideration prior to write off in accordance with Financial Regulations.

#### 5. Proposed Way Forward

A business case is prepared for consideration by the Senior Leadership Team for increasing the level of resource to recover Housing Benefit Overpayments.

#### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Authority has the power to recover overpayments of Housing Benefit under the Housing Benefit Regulations 2006 and the Housing Benefit (Persons who have attained the age for state pension credit) Regulations 2006. However, the Authority has the power to use its discretion and treat each case individually on its own merits.
Financial	Y	The total Housing Benefit overpayments created in West Devon in the last financial year is £1,219,242.13  The total amount recovered was £1,065,461.77  Total amount written off was £47,706.29  The amounts recovered and written off do not necessarily apply to the last financial year, but to put this into perspective the total benefit paid in 2014/15 was £14,187,654.38 and the percentage of write off compared to the amount of benefit awarded/paid is approximately 0.33%
Risk	Y	Loss of income – uncollected Housing Benefit overpayments represent lost income to the Authority. Whilst all attempts are made to recover debts, in a climate of increasing austerity, it is



		<p>becoming more difficult to do this.</p> <p>Reputation – Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible with due regard to an individual’s circumstances.</p> <p>Write Off – The risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the ability to write debts back on to the system to be recovered if the means to do so is identified ie by the debtor falling back into entitlement to benefit. Individual debts over £5,000 are referred to Members for consideration prior to write off in accordance with Financial Regulations.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		Due consideration needs to be given to each customer's individual circumstances to ensure they are not disadvantaged in any way.
Safeguarding		There needs to be regard to the vulnerability of the customers that we deal with as part of the recovery process to ensure that they are protected.
Community Safety, Crime and Disorder		There are no crime and disorder considerations to this report.
Health, Safety and Wellbeing		The health, safety and wellbeing of our officers needs to be monitored as dealing with vulnerable customers at a difficult stage in their lives can have an adverse impact on them.
Other implications		

**Supporting Information**

**Appendices:**

None

**Background Papers:**

None

<b>Process checklist</b>	<b>Completed</b>
Hub Committee Lead	<b>Yes</b>
SLT Rep briefed	<b>Yes</b>
Relevant Exec Director sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
If exempt information, public (part 1) report also drafted.	<b>N/A</b>