

## Final Audit Report

**Client:** Revenues and Benefits Manager (RBM)

**Audit Area:** Discretionary Housing Payments

### Distribution List:

Direct field work with: Benefits Team Leader, Benefits Officers, Support Team Leader, and Revenues and Benefits Manager  
Draft report issued to: Revenues & Benefits Manager, Benefits Team Leader, Head of Corporate Services, Head of Finance and Asset Management  
Final report issued to: as above

### Introduction:

This audit was completed as part of the 2019/2020 Internal Audit Plan. The Council has the power to award Discretionary Housing Payments (DHPs) to provide additional financial assistance towards housing costs where claimants are in receipt of Housing Benefit or Universal Credit. An annual funding allocation is provided by the Department of Work and Pensions, with £108,061.00 of funding paid for 2019/20. The Council is able to top up this funding from its own resources by up to an additional 150%.

Due to reported increased pressures on the DHP budget, the Executive Committee was asked to consider topping up this funding from its own resources with an additional £40,000.00 of council reserves. As part of the request, the RBM stated that "to ensure that we are making the best use of resources a review will be undertaken by Internal Audit to ensure that awards are being made consistently and only to those demonstrating a real need for financial support". This audit constitutes 'the review'.

**Chief Audit Executive:** G Simpson

This audit has been completed in line with the Public Sector Internal Audit Standards.

## Draft Audit Report

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
<p><b>Operational</b>  <b>O1:</b> Financial loss due to DHPs being paid to claimants who are ineligible. This would mean that the council would have to top up funding with their own resources and may not be able to help those most in need.</p>	<p>Unsatisfactory</p>	<p>The council's updated Discretionary Housing Payment (DHP) policy was approved by Executive Committee in March 2018 and has been subject to annual review. The policy reflects government guidance and provides financial assistance towards housing costs to claimants who are in receipt of housing benefit or universal credit.</p> <p>Key elements of the policy were reviewed against a sample of applications during the audit in order to ensure that DHPs are awarded in line with policy. Findings are summarised below:</p> <p><u>An application form should be completed.</u>  A comprehensive application form is available online and had been completed in all cases sampled. To support the application, 3 months of bank statements must be provided by the applicant. In 7 out of the 9 cases sampled, bank statements had not been provided. This information is essential in order to confirm the accuracy of the claimant data and mitigate potential fraud or overpayment of DHP. Of the 2 applications where bank statements had been provided, no further checks had been carried out to verify this information e.g. audit testing identified evidence of other accounts that had not been declared by the claimant on their application <b>[R1]</b>.</p> <p><u>Applicants must engage with housing services.</u>  The audit confirmed that for the sample of DHPs tested, all applicants were in communication with Housing Services, with the majority being on the housing register.</p> <p><u>Applicants must demonstrate financial hardship or personal exceptional circumstances.</u>  As part of the application, a 'personal budget sheet' must be completed; the audit found that there is limited review and/or challenge of this information. For example; the level of expenditure on non-essential items (i.e. cigarettes, cable/satellite, alcohol, leisure) ranged from £50 to £350 per month. It is therefore recommended that as part of the annual policy review consideration should be given to the inclusion of these items <b>[R2]</b>.</p> <p><u>Applicants must demonstrate steps taken to achieve financial independence.</u></p>	<p><b><u>R1</u></b>  <i>Recommendation priority:</i> High</p> <p><i>Recommendation Details:</i>  A checklist should be developed to support the collection and assessment of DHP information, to include:</p> <ol style="list-style-type: none"> <li>1) Obtaining 3 months of bank statements.</li> <li>2) Using bank statements to verify amounts stated on the application form.</li> <li>3) Obtaining tenancy agreements to confirm rent liability.</li> <li>4) Obtaining supporting evidence for reported health issues.</li> <li>5) Obtaining information on claimants housing status.</li> <li>6) Details of conditions applied to the award (for any renewed application confirmation that conditions have been met).</li> <li>7) Details of the exceptional circumstances where DHP is awarded in excess of 13 weeks.</li> <li>8) The provision of personal budgeting support either internally or through partners.</li> </ol> <p><i>Implementation date:</i> April 2020</p> <p><i>Responsible Officer:</i> Revenues &amp; Benefits Manager</p> <p><i>Recommendation accepted/ not accepted:</i> Accepted  <i>Managers response:</i> <u>It is noted that personal budgeting support had not been provided to claimants, despite clear instructions to assessing officers that this should take place.</u></p> <p><b><u>R2</u></b>  <i>Recommendation priority:</i> Medium</p> <p><i>Recommendation Details:</i>  The inclusion of non-essential items should be considered as part of the scheduled review of the DHP policy.</p> <p><i>Implementation date:</i> April 2020</p>

**NB:** please note that the agreed recommendation implementation date should be achievable and in line with the scoring according to the risk priority. Should a recommendation not be implemented by the agreed timescale, this will be raised at Management Team and the responsible officer may be asked to attend the Audit & Governance Committee.

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Risk identified:	Level of Control:	Overall opinion:	Recommendations:
		<p>Personal budgeting support should be provided as part of the application process. Of the applications reviewed, there was no evidence of this having been provided. The provision of this support, whether internally or by partners, should be included within the recommended checklist [R1].</p> <p><u>Applicants must demonstrate attempts to move to more suitable accommodation where appropriate.</u></p> <p>6 of the applications reviewed as part of the audit sample had been approved for DHP. Of these 6 cases, 3 were under-occupying social housing. 2 of which were not actively bidding on more suitable accommodation. One of these applicants had been receiving DHP since 2011 (to date this equates to £15,881) [R1]. It is acknowledged that there are issues with the supply of certain types of housing (particularly one bedroomed properties) but verification should be completed at the time of assessment/reassessment to ensure that more suitable accommodation had not been available.</p> <p><u>DHP should be awarded for a minimum period of 13 weeks and maximum period of 26 weeks (in cases of exceptional hardship). It is possible for an award to be renewed, amended or cancelled.</u></p> <p>The initial length of DHP awards approved were in line with council policy. The decision making processes should however demonstrate the exceptional circumstances for an award longer than 13 weeks. The approval process should also include setting conditions (i.e. where there is under-occupancy or clear evidence of the need to reduce expenditure). These conditions should be linked to any future claimant applications for DHP, however it is accepted that decisions must be in accordance with the ordinary principles of good decision making, i.e administrative law, and each case must be decided on its own merits. [R1].</p> <p><u>The council should issue a decision letter within 14 days.</u></p> <p>All of the applications sampled had been issued with an appropriate decision letter. This should be sent to the applicant within 14 days of the claim and 6 of the 9 applications exceeded this time period; on average by a further 14 days. Consideration should therefore be given to the introduction of performance reporting in respect of the delivery of the scheme [R3].</p> <p>Of the approved applications sampled as part of this audit (6), testing identified that 2 had been overpaid (potentially totalling £3089) due to errors in the assessment process. This was as a result of rent liability having been entered incorrectly and not all income having been taken into account i.e. rent overstated and income understated, creating a larger shortfall. It is acknowledged that there have been resource issues in respect of processing DHPs during 2019/20. The production of</p>	<p><i>Responsible Officer:</i> Revenues &amp; Benefits Manager</p> <p><i>Recommendation accepted/ not accepted:</i> Accepted</p> <p><b>R3</b></p> <p><i>Recommendation priority:</i> Medium</p> <p><i>Recommendation Details:</i> Consideration should be given to introducing performance reporting in respect of DHPs. This should be in consultation with the Lead Member for Finance and Asset Management..</p> <p><i>Implementation date:</i> April 2020</p> <p><i>Responsible Officer:</i> Revenues &amp; Benefits Manager</p> <p><i>Recommendation accepted/ not accepted:</i> Accepted</p> <p>Manager response: to offer context to the issues identified, the officer responsible for assessing DHPs was absent due to long term sickness and less experienced officers needed to be deployed instead which caused delays in the assessment process</p> <p><b>R4</b></p> <p><i>Recommendation priority:</i> High</p> <p><i>Recommendation Details:</i> An independent verification check should be carried out on a sample of DHP applications (10% of total applications received). This check should include a recalculation of the income and expenditure spreadsheet used by the assessors.</p> <p><i>Implementation date:</i> April 2020</p> <p><i>Responsible Officer:</i> Revenues &amp; Benefits Manager</p> <p><i>Recommendation accepted/ not accepted:</i> Accepted</p>

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Review Date: June 2019

Risk identified:	Level of Control:	Overall opinion:	Recommendations:
		<p>procedural notes has been agreed with the Benefits Team Leader but further mitigating controls such as a senior verification check should be introduced <b>[R4]</b>.</p> <p>The audit confirmed that there is budget monitoring in place which identifies potential shortfalls in finances for the scheme. In terms of accessibility of information, it is acknowledged that changes following the introduction of Universal Credit has resulted in data relating to tenancy agreements etc no longer being readily available.</p>	

### **OUTSTANDING RECOMMENDATIONS:**

#### **2017/18 Recommendation:**

In line with the scheduled review of the Council's DHP policy, consideration should be given to the recovery of overpayments, monitoring functions and the establishment of contingency funds.

**Audit Comments:** The Revenues and Benefits Manager explained that whilst discussions have been held with the Finance team as to the process for raising these overpayments (O/Ps) as Sundry Debtor Invoices, this is yet to be actioned. Each Council is able to agree its own policy for Discretionary Housing Payments, however the Department of Work and Pensions issue a Local Authority Good Practice Guide that states "we can only recover a DHP if it is considered that the payment has been made as a result of:

- a misrepresentation or failure to disclose a material fact by the claimant (either fraudulently or otherwise), or
- an error made when the application was determined".

Given that the council has exceeded the budget for DHPs for 2019/20, it is important that O/Ps are actively and effectively collected where appropriate to further support additional DHPs, to ensure that those who need additional financial support can be helped.

**Audit Conclusion:** Recommendation remains as partially implemented. Revised implementation date agreed as April 2020.

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