

Report by the
Benefit Fraud Inspectorate

***The Isle of Anglesey
County Council
Processing of claims***

May 2006

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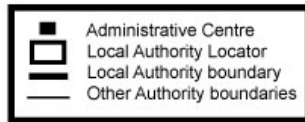
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The maps on this page show the area covered by Isle of Anglesey County Council in relation to neighbouring authorities, and its geographical location in the country.



Executive summary

Introduction

1.1 This report assesses the Isle of Anglesey County Council's performance in dealing with Housing Benefit (HB) and Council Tax Benefit (CTB) claims processing. We have limited the scope of this inspection to those Performance Standards components that have a direct impact on reported claims processing performance.

1.2 This report should be read in conjunction with the Performance Standards pack, which can be downloaded from the Department for Work and Pensions' (the Department) website:

<http://www.dwp.gov.uk/housingbenefit/publications/perf-stands/index.asp>

1.3 We are grateful to the Isle of Anglesey County Council for its help and cooperation throughout this inspection, the on-site phase of which took place in February 2006.

Context

1.4 The Isle of Anglesey County Council is located in North Wales. Although the Menai strait separates it from the mainland, the island is connected by 2 road bridges and by rail. The council's administrative centre at Llangefni is centrally located on the island.

1.5 The resident population of the island is approximately 68,400 and most of its working population are employed in service industries. The council is a major local employer with 3,325 staff. However, at 4.7%, it has the highest unemployment rate in Wales. Of the resident population, 62% speak Welsh as their first language.

1.6 The Benefits service has a HB and CTB caseload of 6,500 and paid out £15.7 million HB/CTB in 2004/05.

1.7 As the integrity and accuracy of the data returns the council has been submitting to the Department are questionable, and some data returns have not been supplied, the council was selected for a claims processing focused inspection. It has not previously been inspected by BFI.

1.8 The council has experienced problems with the calculation and reporting of statistics from its Benefits IT system since at least 2003. Despite extensive consultation with its IT supplier, these problems have not been resolved and a manual recalculation of data is required prior to submission of statistics to the Department. The council is committed to procuring a new Benefits IT system to replace its existing system, and is considering its options.

Overall performance

1.9 Following our scrutiny of the Isle of Anglesey County council's self-assessment and analysis of the evidence provided, we found that the council met Standard in 4 of the 9 relevant Performance measures and 3 of the 17 enablers in the Claims administration, Security and Resource management themes scoped into this inspection.

1.10 The council could not rely on the statistical information produced by its Benefits IT system. Software problems had created some inaccuracies but others were caused by user errors which need to be minimised by better management controls. The council was therefore, able to provide only limited assurance on the accuracy of its reported performance.

1.11 Despite the accuracy issues, we found there has been steady improvement in the time taken to process both new claims and changes of circumstances.

1.12 The council reported that the average time taken to process a new claim had improved from 69 days in 2003/04 to 62 days in 2004/05. Performance has also improved in the first 3 quarters of 2005/06 with the average time taken to process a new claim reported as 39 days. Our sampling showed an average of 29 days, which is not only an improvement but also better than the Performance Standard of 36 days.

1.13 Performance in respect of changes of circumstances has also continued to improve. The council reported that it had processed changes of circumstances in an average of 25 days in 2003/04 and 20 days in 2004/05. It reported that this had further improved to an average of 7 days in the first 3 quarters of 2005/06. However, this was not supported by our sampling, which showed that the average time taken to process a change of circumstances was 14 days. The Performance Standard is 9 days.

1.14 There was a lack of formal management control over the benefits workflow and very little formal written guidance on processes and procedures. As a result, there was no assurance that staff were prioritising work appropriately and uniformly.

1.15 There was considerable variation in the time taken to process individual claims. Some were being dealt with quickly, while, for no apparent reason, others of equal priority were subject to lengthy delays.

1.16 Although new claims were subjected to a management check, there was no management check of changes of circumstances decisions. This was the result of confusion over which team supervisor was responsible for carrying out these checks.

1.17 The council achieved its interventions target in 2004/05 and is on schedule to achieve its 2005/06 targets. The majority of reviews were done by visit in 2004/05 but, because of a reduction in resources allocated to interventions work, most reviews in 2005/06 will be carried out by post.

1.18 The council was compliant with most elements of the Verification Framework but there were weaknesses in some areas. We found cases where evidence that did not fully meet the requirements of the Verification Framework

Summary of recommendations

1.22 The following tables list the recommendations we have made in this report in priority order.

Recommendations		
High priority		
We recommend that the Isle of Anglesey County Council:		Paragraph
1	<ul style="list-style-type: none"> is more proactive in its use of management information to analyse where and why delays in the processing of new claims and changes of circumstances occur. 	2.15, 2.20
2	<ul style="list-style-type: none"> develops clear written procedural guidance for the Benefits service, that includes the prioritisation of: <ul style="list-style-type: none"> changes of circumstances that would lead to a reduction in, or a cessation of benefit in order to prevent the occurrence of overpayments cases requiring referral to the Rent Service extended payment cases. 	2.34
3	<ul style="list-style-type: none"> sets a more stretching target for the processing of changes of circumstances. 	4.5
4	<ul style="list-style-type: none"> XX. 	3.18
5	<ul style="list-style-type: none"> XX XXXXXXXXXXXX. 	3.17
6	<ul style="list-style-type: none"> closely monitors progress against intervention targets and ensures that sufficient resources are allocated to achieve the targets set by the Department. 	3.13
7	<ul style="list-style-type: none"> proceeds as quickly as possible to resolve its inability to provide accurate statistics on its claims processing performance to the Department and other stakeholders. 	4.11

Medium priority		
We recommend that the Isle of Anglesey County Council:		Paragraph
8	<ul style="list-style-type: none"> • completes all pre-payment checks before the despatch of notification letters. 	2.56
9	<ul style="list-style-type: none"> • undertakes a formal analysis of management checks to: <ul style="list-style-type: none"> ○ identify trends ○ inform training plans ○ deliver continuous improvement in its performance and service delivery. 	2.59
10	<ul style="list-style-type: none"> • carries out management checks on changes of circumstances decisions. 	2.58
11	<ul style="list-style-type: none"> • introduces a formal, risk-assessed, management checking process. 	2.52
12	<ul style="list-style-type: none"> • reviews and improves the process used to obtain information from customers. 	3.19
13	<ul style="list-style-type: none"> • introduces management checks on the quality of work processed at the counter. 	3.20
14	<ul style="list-style-type: none"> • provides Benefits staff with regular refresher training on the Verification Framework. 	3.26

Low priority		
We recommend that the Isle of Anglesey County Council:		Paragraph
15	<ul style="list-style-type: none"> • ensures it provides regular feedback on the outcome of management quality checks and analysis to Benefits staff. 	2.60
16	<ul style="list-style-type: none"> • ensures that Internal Audit recommendations still outstanding after 12 months are formally referred to the senior management team for scrutiny. 	4.16

BFI findings

Claims administration

Claims processing

2.1 HB and CTB are vital payments made to help people on low incomes. As these groups of people are at risk, their claims should be dealt with quickly and accurately. The Best Value regime requires local authorities to measure and report the average time for processing new claims and changes of circumstances.

2.2 The council achieved Standard in 2 of the 6 relevant Performance measures and met 2 of the 8 enablers scoped into the inspection for Claims administration.

2.3 To enable us to comment on the council's effectiveness in claims processing, we:

- looked at its management information
- interviewed managers and Benefits staff
- obtained reports from the council's Benefits IT system, showing all new claims and changes of circumstances decided between July and December 2005
- analysed a random sample of 20 new claims and 18 changes of circumstances decided during the period July to December 2005.

2.4 Figure 2.1 shows reported performance for deciding new claims and changes of circumstances in 2003/04, 2004/05 and the first 3 quarters of 2005/06.

2.5 Councils were not required to report performance for Performance measures 2 and 4 before quarter 2 of 2005/06. The figures in respect of these measures are therefore, in respect of quarter 2 only.

Fig. 2.1: The Isle of Anglesey County Council's Performance measures – Claims processing

Performance Measure	Description	Standard	2003/04	2004/05	April to December 2005/06
PM 1	Average time for processing new claims (days)	36	69	62	39
PM 2	Percentage of new claims outstanding over 50 days	10	N/A	N/A	5.7
PM 3	Percentage of new claims decided within 14 days of receiving all information	90	53	64	78
PM 4	Percentage of rent allowance claims paid on time or within 7 days of a decision being made	90	N/A	N/A	64
PM 5	Average time for processing changes of circumstances (days)	9	25	20	7

Source: The Department and the Isle of Anglesey County Council

Average time for processing new claims

2.6 The council has reported a steadily improving performance for the average time to process a new claim. Performance has improved from an average of 69 days in 2003/04 to 39 days in the first 3 quarters of 2005/06.

2.7 The trend of improvement was confirmed by our sample of new claims which showed the average time to process claims was 29 days. We discuss the differences in our findings under Resource management.

2.8 We used our sample of 20 new claims to analyse the time taken for each work step in the new claims process. Our findings are shown in Figure 2.2.

Fig. 2.2: The Isle of Anglesey County Council's new claims processing – days taken for each stage in the process

Work step	Range days	Average days
Date of receipt at designated office to date of first action	1 – 45	5
Date of first action to all information or evidence available	1 – 30	17
Date of all information or evidence available to date of decision	1 – 8	7
Total days from date claim received to date of decision	4 – 70	29

Source: BFI analysis

2.9 The average number of days from the date the claim was received to the date of decision was 29 days. Although this is better than the Standard of 36 days, we found there was still avoidable delay at some stages of the process.

2.10 While the average number of days from the date of receipt to the date of first action was only 5 days, we found that 4 (20%) of the cases in our sample had no action taken on them for over 8 days. In one case, the time taken to the first action was 45 days.

2.11 However, there was minimal delay in obtaining all of the required information from the customer once the need for further information had been identified. We found that the average number of days between the council first requesting further information and all of the required information being obtained was 17 days.

2.12 The council's performance in processing new claims in an average of 39 days for the first 3 quarters of 2005/06 represents a 43% improvement against its performance for 2004/05.

Percentage of new claims outstanding over 50 days

2.13 Reporting against this Performance measure was introduced from the end of the first quarter of 2005/06. The Department set local authorities a target of having no more than 10% of new claims outstanding over 50 days. The council's reported performance against this target was 1.6% for quarter 2 of 2005/06 and 9.8% for quarter 3.

2.14 The council told us that it monitors new claims outstanding for more than 36 days as part of its arrangements to improve the accuracy of the data returns it supplies to the Department. Exception reports are produced and passed to the

Benefits section for investigation. These reports are also used to report the percentage of claims outstanding over 50 days.

2.15 However, we found that no analysis of the reasons for delays of over 36 days was carried out. An analysis of all delayed cases would identify possible trends and common weaknesses, and enable the council to take remedial action. This would further improve its new claims processing performance. **See recommendation 1.**

Percentage of new claims decided within 14 days of receiving all information

2.16 Local authorities have a statutory duty to make a decision on all claims within 14 days of receiving all the necessary information, or as soon as practicable thereafter.

2.17 Departmental figures show that the council decided 53% of new claims within 14 days of receiving all information in 2003/04. This improved to 64% in 2004/05 and further improved to 78% in the first 3 quarters of 2005/06. However, this was still below the Standard of 90%.

2.18 Figure 2.3 shows the time taken by the council to make a decision on the 17 cases in our sample where all of the required evidence was provided.

Fig. 2.3: Time taken by the Isle of Anglesey County Council to decide new claims from receiving all information

Days	Number	Percentage
0 – 14	14	82
15 – 28	1	6
Over 28	2	12
Total	17	100

Source: BFI analysis

2.19 The figures confirm the trend of improving performance, with 14 (82%) cases in our sample being decided within 14 days of all information being held. The average time taken for these cases was 8 days.

2.20 However, the sample included 2 (12%) cases where the time taken had exceeded 28 days, with one claim taking 48 days from the date all information was provided. The council must ensure that it has procedures in place to identify cases where there is delay so that remedial action can be taken promptly. **See recommendation 1.**

Percentage of rent allowance claims paid on time or within 7 days of decision being made

2.21 Performance Standards require councils to make rent allowance payments on time, or within 7 days of the decision being made, in 90% of cases. However, councils were not required to report performance against this Performance measure until the end of the first quarter of 2005/06.

2.22 For the second and third quarters of 2005/06, the council reported that only 64% of its rent allowance claims had been paid on time or within 7 days of a decision being made. However, management believes that performance is better than the performance being reported by the Benefits IT system and the results of our sampling support this view. We discuss this under Resource management.

2.23 Our sample of 20 new claims included 7 rent allowance cases that required payment. Of these 7 cases, all (100%) were paid on time or within 7 days of the decision being made.

Average speed of processing changes of circumstances

2.24 The council's reported performance in respect of the time taken to process changes of circumstances improved slightly from an average of 25 days in 2003/04 to 20 days in 2004/05. The Standard was 9 days.

2.25 Reported performance in the first 3 quarters of 2005/06 showed that performance had further improved significantly to an average of 7 days.

2.26 However, the council told us that it was not confident that its statistical return to the Department in respect of changes of circumstances for 2005/06 was accurate because of the ongoing problems it has with the Benefits IT system.

2.27 This was confirmed by our sampling, which showed that the time taken to process a change of circumstances ranged from 1 – 71 days, with the average time being 14 days. This is double the number of days reported by the council.

2.28 Figure 2.4 shows a breakdown of the speed of processing from our sample of 18 changes of circumstances cases.

Fig. 2.4: The Isle of Anglesey County Council's speed of processing changes of circumstances

Days	Number	Percentage
0 – 9	11	62
10 – 15	3	16
16 – 23	2	11
Over 23	2	11
Total	18	100

Source: BFI analysis

2.29 The table shows that only 11 (62%) cases in our sample were processed within the Standard of 9 days.

Workload management

2.30 The processing of new claims and changes of circumstances is divided between two teams. One team is responsible for processing new claims and the other for processing changes of circumstances. There is a strong emphasis on

liaison and cooperation between the teams, and a high degree of flexibility exists in respect of working arrangements and use of resources.

2.31 The team supervisors monitor work received, actioned and outstanding on a daily basis and resources are temporarily switched as necessary to the work area considered to have the highest priority.

2.32 Management information reports are used to identify areas of work that require specific attention, such as new claims outstanding for more than 36 days, or changes of circumstances outstanding for more than 12 days. However, although this data is readily available, no proactive analysis of the data is carried out by supervisors or management to identify peaks, troughs or trends in workloads, or reasons for delay. Analysis of this nature is important as it can help in planning the use of resources and in delivering remedial training. **See recommendation 1.**

2.33 An informal process was in place to act on information received from Jobcentre Plus and give priority to the processing of claims for customers moving into work. Analysis of our sample confirmed that extended payments had been made where appropriate.

2.34 However, the council does not have any written procedural guidance that formally documents the process. This is necessary to ensure that all extended payment cases are processed in the same way. **See recommendation 2.**

Gathering information

2.35 Performance Standards require that the need for further information is identified within 7 days of receipt of a claim or notification of a change of circumstances.

2.36 We found that the council did not consistently identify when additional information is required from the customer, or third parties, within 7 days of a new claim or notification of changes of circumstances. Although our sample of new claims showed that it took an average of 6 days to issue a request for additional information, the number of days taken to request additional information ranged from 1 – 45 days. We found 4 (20%) cases where the time taken to request additional information had taken more than 7 days.

2.37 An initial reminder letter is issued to customers after 7 days if the additional information requested has not been provided. A second reminder is issued after a further 21 days. If there has still been no contact from the customer the claim is disallowed and recorded as not entitled on the Benefits IT system.

2.38 The reminder process has proven to be effective, as the additional information requested was provided within 4 weeks in 17 of the 20 (85%) new claims we sampled. In the remaining 3 cases, the customers failed to supply the missing information.

2.39 Analysis of our sample of new claims established that the process of obtaining Rent Office determinations did not comply with the Housing Benefit (General) Regulations 1987 reg.12A (3). Five cases in our sample had been referred to the Rent Officer but it had taken an average of 14 days to make the referral. Referrals should be made within 3 days of the claim being received, or as soon as practicable thereafter. **See recommendation 2.**

2.40 We were told that all changes of circumstances that could lead to a reduction, or a cessation of benefit were given priority by team supervisors to prevent overpayments. However, when we discussed prioritisation of work with staff they were not aware of exactly which type of cases were prioritised, and told us that cases were dealt with in date of receipt order.

2.41 The council has a combined English and Welsh HB/CTB claim form. The form is clearly laid out and uses prompts to guide the customer through it. The form meets the design and content requirements set out in Departmental guidance and contains a section where claimants can give their consent to information about progress on their claim being shared with a landlord.

Partnership working

2.42 The council has a good working relationship with some of its key stakeholders. It maintains regular contact with Registered Social Landlords and Citizens Advice. Quarterly meetings are held with both of these stakeholders and comprehensive minutes are kept.

2.43 The council has a service level agreement with one Registered Social Landlord and the agreement includes a commitment to formally monitor and review the effectiveness of the working arrangements between both parties. The council is also waiting for another Registered Social Landlord to sign up to a similar agreement.

2.44 Both Citizens Advice and Registered Social Landlords told us that the main issues they have with the Benefits service relate to:

- Benefits staff making repeated requests for the same and different items of supporting information
- some customers not being informed, when they deliver a claim form or notify changes of circumstances over the counter, of the need to provide further supporting information
- receipts being given to customers that do not fully record details of the documents received from the customer.

2.45 Registered Social Landlords also commented on the extra work generated by receiving payments by individual cheques, instead of a single electronic payment, accompanied by a detailed payment schedule.

2.46 However, both Registered Social Landlords and Citizens Advice acknowledged that the council is receptive to their concerns and works cooperatively and constructively to resolve issues.

2.47 The council does not make regular contact with private landlords. However, it is in the process of developing an information guide and code of practice for private landlords. The guide encourages private landlords to contact the Benefits service prior to evicting a tenant if rent arrears are due to a delay in processing a HB claim.

2.48 The council's rent arrears policy contains guidance to the Housing department that if rent arrears are the result of a delay in processing a HB claim, a notice seeking possession of a property will not be issued until the Benefits service has been contacted.

Quality and reducing error

2.49 Members and senior managers, who are accountable for the delivery of effective and secure HB and CTB administration, need assurance that the Benefits service and counter-fraud efforts are working as planned. Local authorities should therefore, ensure that arrangements are in place to make full use of management information and checking data across the full range of their benefits activities.

Performance measures

2.50 Figure 2.5 shows the council's reported performance in 2003/04, 2004/05 and 2005/06.

Fig. 2.5: The Isle of Anglesey County Council's performance measure – Quality and reducing error

Performance Measure	Description	Standard	2003/04	2004/05	April to Sept 2005/06
PM 6	Percentage of cases for which the calculation of the amount of benefit due is correct	98	92	99	95

Source: The Department and the Isle of Anglesey County Council

2.51 This shows the council's reported performance in respect of the percentage of benefit claims correctly calculated. Performance has fluctuated year by year. The council failed to achieve the Standard of 98% in 2003/04 but did so in 2004/05. However, performance dipped again in 2005/06 with only 95% of cases accurately calculated in the first 2 quarters.

Performance Standards Enablers

Quality checks

2.52 The council has a process in place to check claims for accuracy and compliance with legislation but the process:

- is not random
- does not use a formal risk assessment to select cases for checking
- does not cover changes of circumstances.

See recommendation 11.

2.53 The checking of claims for accuracy and compliance with legislation is carried out solely by the supervisor in charge of new claims and the counter service. A 10% check of claims decided is carried out and a record of checks completed is kept.

2.54 An informal risk assessment is undertaken when selecting cases for checking. The supervisor uses knowledge of the experience and capabilities of the staff and:

- targets cases that have been processed by new or inexperienced assessors
- includes some checks on new claims processed by experienced assessors
- includes checks on nil rate decision cases.

2.55 When the supervisor is absent, no quality checks are undertaken.

2.56 Our sample showed that 4 (20%) new claims had been subject to a quality check. This exceeds the 4% minimum, pre-payment target set by the Department. However, we were told that not all cases selected for checking are checked before the decision letter is issued or payment made, as occasionally a backlog of cases to be checked develops. When this happens, some cases may be checked after the decision notice has been issued and the payment made. **See recommendation 8.**

2.57 At the time of the on-site phase of the inspection, the council had a backlog of 3 weeks changes of circumstances. Five (28%) cases in our sample of changes of circumstances had resulted in an overpayment. In one case, we found that an avoidable delay had resulted in a 10-week overpayment.

See recommendation 2.

2.58 None of the cases in our changes of circumstances sample had been subject to a management check. We queried this with staff and it became evident that there was confusion between the Benefit supervisors over who was responsible for checking changes of circumstances decisions.

See recommendation 10.

Using quality checks to improve performance and reduce error

2.59 The council confirmed that the findings of the quality checks carried out by the new claims supervisor are not formally analysed to identify trends or inform individual or section training plans. However, we were told that the results of quality checks are discussed with the Operations manager and the Revenues and Benefits manager on an informal basis.

See recommendation 9.

2.60 Staff told us that weaknesses identified through the quality checking process were brought to the attention of the individual concerned. However, staff were generally unaware of current accuracy levels or targets to be achieved. When we discussed this with the Revenues and Benefits manager they were surprised, as staff had been given information about claims processing targets to be achieved in 2005/06 at a recent presentation.

See recommendation 15.

Security

Security of administration

3.1 It is important that effective measures and processes are in place to deter and prevent fraud entering the system. Information supplied by customers in support of claims to benefit must be verified and local authorities should carry out interventions to ensure that risks identified through data matching are reconciled.

3.2 The council achieved Standard in 2 of the 3 relevant Performance measures but did not meet any of the 3 enablers scoped into the inspection for Security.

3.3 The council's strategy for interventions in 2004/05 included a commitment to conduct interventions by visit, wherever practicable. The target for interventions in 2004/05 was set at 2,370 and was exceeded with 2,595 intervention visits made.

3.4 The number of staff allocated to interventions work has reduced from 4 visiting officers to 2 because of sick absences and vacancies. As a result, the council reviewed its strategy for 2005/06, and now has a greater emphasis on conducting reviews by post. Initially, 2 staff were employed on postal intervention work but this was reduced to one person from February 2006.

3.5 Visits are organised on a geographical basis to maximise coverage, and the council's aim is to review the claims of customers under 60 years of age by un-notified visit every 12–14 months and customers over 60 years of age by notified visit every 3 years.

3.6 A shortened version of the claim form is used to conduct reviews and a separate form is used to record any changes of circumstances reported. However, no formal analysis of the impact on benefit entitlement is carried out. At the time of our visit an ad hoc report was produced that showed 137 (6%) changes of circumstances had been identified out of 2,322 interventions. Of these, 52 (38%) had resulted in a decrease in benefit entitlement, 10 (7%) had resulted in an increase in benefit entitlement and 75 (55%) had resulted in no change to benefit entitlement.

3.7 Figure 3.1 shows the council's performance in respect of interventions conducted, data matches resolved and claimants visited in the first 3 quarters of 2005/06.

Fig. 3.1: The Isle of Anglesey County Council's performance measures – Security of administration

Performance Measure	Description	Standard to Quarter 3 2005/06	Performance to Quarter 3 2005/06	Standard met
PM 10	Number of interventions	2,227	2,322	Yes
PM 11	Percentage of data matches resolved within 2 months	100	92	No
PM 12	Number of customers visited	892	1,055	Yes

Source: The Isle of Anglesey County Council

3.8 The council is on schedule to achieve its performance measure target of starting 2,970 interventions in 2005/06 as it had completed 2,322 (78%) interventions by 31 December 2005.

3.9 Figure 3.1 also shows that it is on schedule to achieve its performance measure target of 1,190 interventions carried out by visit as it had completed 1,055 (88%) visits by 31 December 2005.

3.10 The council had only resolved 92% of data matches, against a Standard of 100%. We were told this was due to a temporary staffing problem and managers were confident the target would be achieved.

3.11 To ensure intervention visits are effectively spread throughout the year, the Department sets a minimum target of starting interventions for 10 out of 12 months. The council's target for 2005/06 was a minimum of 240 interventions per month. However, this target was not achieved in 5 of the first 9 months of 2005/06. We were told that this was mainly due to competing priorities on the workload of Visiting Officers.

3.12 At the time of our inspection, 141 postal interventions had not been returned. No follow up action had been taken on these reviews but we were told that it was proposed to visit these cases.

3.13 Overall, we found that the council is committed to achieving its intervention targets but we are concerned that the resource allocated to this important area of work has been significantly reduced. However, we were assured that resourcing would be kept under review and adjusted where appropriate. **See recommendation 6.**

Compliance with the Verification Framework or to equivalent standard

3.14 The council became compliant with the Verification Framework in September 2002. Since then, it has used the Department's *Security Manual*

to provide guidance for staff on the correct procedures to be followed to verify the authenticity of information provided on new claims and changes of circumstances.

3.15 Although compliant with almost all of the elements of the Verification Framework, we found some small weaknesses. The council does not:

- use ultraviolet scanners to verify the authenticity of documents
- train staff to use ultraviolet scanners
- deliver regular refresher training on Verification Framework procedures.

3.16 An over-the-counter service is provided at the council's main office in Llangefni and its caller office at Holyhead. The counter service enables customers to submit completed claim forms, notify changes of circumstances and present supporting documents. Documents received by hand are checked for authenticity by counter staff and then photocopied. The photocopies are stamped to show that they are certified copies of the original, and are then passed to assessors to support the processing of claims.

3.17 [REDACTED] See recommendation 5.

3.18 [REDACTED] See recommendation 4.

3.19 Counter staff issue customers with a receipt to confirm that documentation to support their new claim or change of circumstances has been produced. The receipt does not have a tick box format and details of the documentation supplied are written out in full. By adopting a tick box format, the receipt could be used as a verification checklist. The time taken to issue a receipt would also be reduced and duplicate requests for information would be minimised. **See recommendation 12.**

3.20 We found that not all staff checked claim forms for completeness when receiving them over the counter. This could lead to unnecessary delays in the processing of claims, should information or details be missing that could have been obtained at the counter. **See recommendation 13.**

3.21 Our sample of 20 new claims and 18 changes of circumstances confirmed that customers are required to provide the same level of supporting evidence for changes of circumstances, as for new claims.

3.22 The Benefits IT system incorporates a verification checklist database. Staff populate the database with information provided by the customer to support their claim and the system is programmed to ensure that a claim can only progress if the required information has been provided and verified.

3.23 Figure 3.2 shows the council's compliance with the Verification Framework in our new claims sample.

Fig. 3.2: The Isle of Anglesey County Council's performance in verifying claims

Verification item	Number requiring verification	Number where sufficient evidence held on file	Percentage verified
National Insurance number – customer	20	20	100
National Insurance number – partner	6	6	100
ID – customer	20	20	100
ID – partner	6	6	100
Rent liability	20	18	90
Residency	20	20	100
Income – customer	20	20	100
Income – partner	6	6	100
Capital – customer	20	20	100
Capital – partner	6	6	100

Source: BFI analysis

3.24 The council correctly followed Verification Framework procedures in all of the cases in our sample, except for 2 cases involving rent liability. In these 2 cases, we found that staff had accepted evidence that did not fully meet the requirements of the Verification Framework. They had failed to establish what was included in the weekly rate of rent confirmed by the landlord.

3.25 In our sample of changes of circumstances cases, we found that in 2 (11%) of the 18 cases, the council had accepted evidence that did not fully meet the requirements of the Verification Framework. In one case, the receiving officer had not signed for the receipt of a document. In the other case, the date of moving house had been accepted as *1 month's time*. The precise date of moving house should have been established and recorded.

3.26 The council's training records showed that staff had undergone Verification Framework training in 2000/01. However, no refresher training had been delivered since then. This is a lengthy gap and refresher training should be delivered regularly to ensure that knowledge and understanding of the Verification Framework process and procedures is always up to date. **See recommendation 14.**

3.27 The requirement for customers to notify the council of changes in circumstances, and details about the specific information that customers need

to provide to support a claim, is clearly stated in the council's *HB1 Council Tax Benefit and Housing Benefit Claim Form*.

Compliance with data integrity

3.28 Circular *F10/2004* requires local authorities to provide claim data that is then matched with other Departmental records by the Housing Benefit Matching Service.

3.29 Data matching information from different sources can highlight inconsistencies in the information provided by customers and may indicate a possible fraudulent claim. The Housing Benefit Matching Service confirmed that the council had provided the required claim data at the appropriate time and in the correct format.

3.30 However, the council had failed to clear 3 data incidents reported to it by the Department. These incidents are raised when a key field, used to produce data matches, is inadequately populated and as a result cannot be used for data matching or risk scoring. The incidents had arisen in September 2001, and were rated as category 1 incidents, but were still outstanding. All incidents rated 1 and 2 by the Housing Benefit Matching Service must be resolved in a maximum of 3 months.

3.31 To ensure the accuracy of the data matched by the Housing Benefit Matching Service, it is important that customers' details are accurately recorded. We found that the National Insurance numbers of customers recorded on the Benefits IT system matched with 99.6% of the numbers held by the Department. This exceeds the required target of 98%.

Resource management

Strategic management

4.1 Benefits administration has to be set within the broader context of a council's overall strategies and responsibilities. Members, managers and staff should, therefore, have a clear sense of direction, purpose and focus for their work. Members and senior officers should also have assurance that HB and CTB administration is effective and secure.

Performance Standard Enablers

4.2 The council met only one of the 6 enablers scoped into the inspection for Resource management. There are no Performance measures attached to this theme.

4.3 The council's focus and objectives are set out in its corporate *Improvement Plan 2005-2006*, which is underpinned by the *Benefits Service Action Plan*.

4.4 Senior management monitor the delivery of plans and targets on a quarterly basis. Performance management information is also reported to the corporate Performance management panel on an annual basis. However, the Head of Finance also takes the opportunity to brief the Performance management panel of any major issues affecting the Benefits service on an ad hoc basis.

4.5 Performance levels are reviewed annually by senior management and are used as a baseline for year on year improvements and target setting. However, the target for the time taken to process changes of circumstances in 2005/06 has been set as 12 days. We do not regard this as stretching as top quartile performance in the last two quarters of 2005/06 was 8 days.

See recommendation 3.

Monitoring performance

4.6 We found that the council cannot effectively control its HB/CTB claims processing performance because it cannot rely upon the accuracy of the statistical data produced by its Benefits IT system.

4.7 Our sampling of new claims and changes of circumstances, using a cross check of data held on customers' clerical files against data held on the Benefits IT system, showed a significant level of inconsistency between the two sets of data.

4.8 We found 5 (25%) cases in our sample of 20 new claims where key dates on the customer's clerical file were different to the key dates recorded on the Benefits IT system. In our sample of 18 changes of circumstances, we found 7 (39%) cases where key dates also differed from the key dates shown on the Benefits IT system.

4.9 Other anomalies included:

- duplicate entries that had resulted in processing times being calculated twice in the statistical return
- new claims recorded as changes of circumstances and vice versa
- claim status indicators that had not been amended.

4.10 The council has been aware for some time that the statistical data produced by its Benefits IT system may not be accurate because of user input errors and software problems. To rectify this, the council's Performance and Development team check all new claims outstanding for more than 36 days and all changes of circumstances cases outstanding for more than 12 days for accuracy of data. If a discrepancy is found, a clerical calculation of the correct processing time is made and the statistical data report is adjusted. The check is carried out each month and it takes between 1 – 3 weeks to cleanse the data.

4.11 While the council is taking positive action to improve the accuracy of the performance statistics that it is reporting to the Department, the process is flawed. This is because it does not look at cases processed in less than 36 and 12 days. Errors in these cases will affect the calculation of the average time taken to process a claim. The council can only therefore, give limited assurance to the Department, and other stakeholders, about the accuracy of its reported performance. **See recommendation 7.**

Secure administration

4.12 The council has a 4-year, rolling, Internal audit programme with an objective to audit all areas of council business at least once within the programme's life cycle.

4.13 An audit plan is prepared annually, setting out the areas of council business to be audited during the year. Senior officers and the council's Audit committee approve both the rolling programme and the annual plan.

4.14 The Internal audit team comprises 7 staff, including the Head of Service. Audit resources are allocated using a locally devised risk assessment that takes into account a variety of factors, including:

- previous audit findings and experience
- business risk
- potential for fraud and corruption
- size and complexity of systems.

4.15 Figure 4.1 shows that the number of Internal audit days allocated annually to Benefits service work since 2003/04 has been 20 days. This was 2% of the total number of audit days available. However, because of the rolling nature of the Internal audit programme, 30 days will be spent examining the Benefits service in 2005/06, primarily focusing on the processing of overpayments of HB and CTB.

Fig. 4.1: The Isle of Anglesey County Council's Internal audit activity

Description	2003/04	2004/05	April 2005 to February 2006
Total number of Internal audit days allocated (all services/departments)	1,085	1,109	1,123
Total number of Internal audit days used (all services/departments)	969	1,001	916
Number of Internal audit days allocated to HB and CTB administration	20	20	20
Number of Internal audit days used on HB and CTB administration	19	9	30

Source: The Isle of Anglesey County Council

4.16 We were told that the working relationship with the Benefits service could be improved. The main problem is the length of time it takes for Internal audit and the Benefit service to consider, discuss and agree audit recommendations. For example, the Internal audit report on the Benefits system was drafted in March 2003, but the final report was not published until June 2005, some 15 months later. Changes have been made to Internal audit's working practices to improve the process but lengthy delays in considering audit recommendations should be avoided as they limit the effectiveness of the recommendations, and reduce the level of assurance that audit can give to senior officers and Members about security and control of HB administration. **See recommendation 16.**

4.17 We discussed the arrangements for External Audit with the council. It confirmed that External Audit is undertaken in accordance with the Audit Commission's Code of Audit Practice and guidance issued by the National Assembly of Wales.

4.18 External Audit uses a planned audit approach, which means it relies on Internal audit to conduct reviews of the council's internal financial systems, including the Benefits IT system.

4.19 Internal audit reports and associated files are reviewed by External Audit to confirm the quality of the reviews being carried out on its behalf. External Audit reported in its *Annual Audit Letter 2005* that the work of Internal audit had been planned and performed effectively.

