

Report by the
Benefit Fraud Inspectorate

***Boston Borough Council
Inspection of Security***

October 2007

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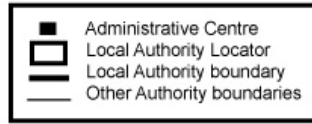
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The maps on this page show the area covered by Boston Borough Council in relation to neighbouring authorities, and its geographical location in the country.



Executive summary

Background

1.1 This report assesses part of Boston Borough Council's Security arrangements. We have limited the scope of this inspection to those Performance Standards' components that have a direct impact on elements of Boston Borough Council's Security performance.

1.2 Boston Borough Council was selected for a focused inspection by the Department's risk engagement process.

1.3 Our inspection, the on-site phase of which took place in May 2007, focused on how the council had managed its interventions activity during 2006/07 and its plans to manage performance against the revised Performance measure PM10, effective 1 April 2007.

1.4 In 2005/06, the council's Housing Benefit (HB) and Council Tax Benefit (CTB) expenditure was £14.8 million paid to 5,400 customers. This represented 47.4% of the council's gross revenue expenditure. The council's reported performance in processing new claims and changes of circumstances for 2006/07 was not meeting minimum requirements. Its reported performance for 2006/07 showed that processing new claims was taking, on average, 65 days and processing changes of circumstances was taking, on average, 17 days.

1.6 However, the council had cleared a backlog of filing by February 2007, including over 8,000 pieces of post and a backlog of work by March 2007. Although this adversely affected the reported performance for quarter 4 of 2006/07, performance for April 2007 had improved to an average of 30 days for processing new claims, and 8 days for processing changes of circumstances.

1.7 The council had restructured its management team in December 2006, introducing an Assistant Director of Finance post. The Director of Resources and Revenues and Benefits Manager posts had been filled on an interim basis at the time of our inspection. The Director of Resources continued to have direct responsibility for the Benefits service until an Assistant Director of Resources could be appointed.

1.8 The Revenues and Benefits Manager reported directly to the Director of Resources and had day-to-day responsibility for management of the Benefits service. The Revenues and Benefits Manager was supported by one team leader, one senior assessor, who also acted as training officer, and one monitoring officer. The team leader had line management responsibility for 11.5 full-time equivalent benefits service staff, including 2 clerical officers.

1.9 The fraud manager also reported directly to the Director of Resources, following the restructure in December 2006. The fraud team comprised one fraud investigator and 2 part-time clerical staff.

1.10 Customer services for benefits customers had been provided by the Customer Service team until 10 April 2007 when responsibility for dealing with face to face benefits customers transferred to the Benefits service.

1.11 Our work to establish the effectiveness of Boston Borough Council's interventions activity included:

- sampling 20 new claims decided between 1 January and 24 April 2007
- sampling 20 changes of circumstances decided between 1 January and 24 April 2007
- sampling 20 interventions completed between 1 January and 31 March 2007
- examining relevant policies and procedures
- analysing management information
- analysing 100 claims decided between 1 September 2006 and 31 March 2007, where benefit had reduced
- interviewing key managers and staff.

1.12 We are grateful to Boston Borough Council's managers and staff for their help and cooperation throughout this inspection.

1.13 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 at:

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

Overall performance

1.14 Boston Borough Council had demonstrated a commitment and ambition to address its past performance issues by undertaking a series of changes to its organisation. At the time of our on-site inspection in May 2007 work to finalise the new structure was ongoing.

1.15 Following its poor performance in deciding new claims and changes of circumstances and an increasing backlog of outstanding claims, the council concentrated its efforts on removing the backlog during the last quarter of 2006/07. At 30 April 2007 decision times had improved from an average of 65 days to 30 days for new claims and from 17 days to 3 days for changes of circumstances.

1.16 However, this focus on speed of processing diverted management's attention away from the council's poor interventions performance. For the first 8 months of 2006/07 it reported that it had completed 1,237 interventions against an annual target of 2,420. In December 2006 the council took a decision not to commence any new interventions activity.

1.17 In addition, the council's strategy to undertake all intervention activity by un-notified visit was ineffective and was another factor in its failure to meet the target set by the Department.

1.18 The council's restructure and its focus on clearing the backlog of work outstanding contributed to delays in preparing for the new Performance measure PM10 that commenced in April 2007. To help ensure it meets the

target set by the Department for 2007/08 it needs to develop a comprehensive action plan, that includes arrangements for monitoring and reporting of performance to senior officers and Members.

1.19 The verification of evidence provided to support claims was being undertaken to a generally good standard and reflected the knowledge and experience of staff.

1.20 We also found that the council could improve security by reviewing staff access to the Benefits IT system and analysing the results of management checks to inform training needs, identify and deal with adverse trends.

Summary of recommendations

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

Recommendations		
High priority		
We recommend that Boston Borough Council:		Paragraph
1	<ul style="list-style-type: none"> • ensures that all staff responsible for receiving claims and supporting documentation are fully trained in the requirements of the HB/CTB Security Guidance, including identification of false documents. 	2.44
2	<ul style="list-style-type: none"> • ensures that its filing system is fully maintained so that an adequate audit trail of verification can be provided at all times. 	2.51
3	<ul style="list-style-type: none"> • reviews its management checking process by: <ul style="list-style-type: none"> ○ taking immediate action to formalise the management checking process to ensure that the monitoring officer cannot conduct management checks on their own work ○ developing a new management checking form that is more user-friendly and captures all of the relevant information for each type of check ○ revising its management checking analysis tool to ensure that it captures the information required to identify trends and patterns and can also be used as a management information tool. 	3.14, 3.16
4	<ul style="list-style-type: none"> • revises its declaration of interest procedures to ensure that it fully secures its Benefits service against the possibility of internal fraud and misuse. 	4.24
5	<ul style="list-style-type: none"> • reviews its controls over access to restricted claims by: <ul style="list-style-type: none"> ○ implementing the e-mail facility to alert a senior officer when access to a sensitive claim had been attempted ○ enquiring with its system supplier how to ensure that fraud correspondence cannot be viewed on a sensitive claim ○ ensuring that paper-based files for sensitive claims are secured and access restricted to authorised staff only. 	4.25

High priority		
We recommend that Boston Borough Council:		Paragraph
6	<ul style="list-style-type: none"> • develops an action plan showing responsibilities, milestones, deliverables and key success factors, in order to: <ul style="list-style-type: none"> ○ show how the service will be delivered and performance maintained in light of peaks and troughs or work and resource availability and ensure sustainability of the service ○ meet the reduction target in Performance measure PM10. 	2.36, 2.39 2.55, 4.6 4.8
7	<ul style="list-style-type: none"> • urgently reviews access levels for staff to the Benefits IT system and restricts this to view only for staff not directly involved in the assessment of HB and CTB. 	4.37
8	<ul style="list-style-type: none"> • ensures that all Best Value Performance Indicators and Performance measures are included in its performance monitoring system. 	4.19

Medium priority		
We recommend that Boston Borough Council:		Paragraph
9	<ul style="list-style-type: none">• reviews its post opening procedures to ensure full supervision throughout the operation.	4.45
10	<ul style="list-style-type: none">• ensures that the monitoring officer carries out the full range of his duties as a matter of urgency, to provide assurances to senior management that the council's data is valid and an accurate reflection of its performance.	4.46
11	<ul style="list-style-type: none">• reviews its processes for visiting customers by:<ul style="list-style-type: none">○ notifying the customer as appropriate○ revising its procedures for dealing with ineffective visits and ensuring staff are aware of, and complying with, procedures.	2.11, 2.13
12	<ul style="list-style-type: none">• develops a structured and documented training programme, which takes account of feedback from all available sources, including results from management checking and interventions activity.	3.17, 4.26
13	<ul style="list-style-type: none">• considers how the fraud team and the benefits assessment team can work together to achieve best performance against PM10.	2.29
14	<ul style="list-style-type: none">• ensures that its recruitment procedures are followed in all cases, including recruitment of temporary or agency staff.	4.21
15	<ul style="list-style-type: none">• communicates its business continuity plan to ensure all staff and stakeholders are aware of their roles and responsibilities.	4.15

BFI findings

Security

2.1 It is important that councils have effective measures and processes to prevent, deter and detect fraud. Councils should verify information supplied by customers and reconcile conflicts identified through data matching. Sufficient resources must also be employed to investigate suspected fraud thoroughly and professionally, and appropriate sanctions should be applied.

Security of administration

2.2 From April 2006, the Department changed Performance measure PM10 to measure the number of interventions for which review action had been completed, rather than commenced.

2.3 In 2006/07, Boston Borough Council was set a target to complete 2,420 interventions, including 810 by visit. At the end of the year it had only completed 1,237 (51%). Figure 2.1 shows the council's security of administration performance for 2006/07.

Fig. 2.1: Performance measures – Security of administration

Performance Measure	Description	Target 2006/07	Performance 2006/07	Target met?
PM 10	Number of interventions for which review action completed since 1 April	2,420	1,237	No
PM 11	% of data matches resolved within 2 months	100	46.3	No
PM 12	Number of customers visited	810	1,237	Yes

Source: The Department and Boston Borough Council

2.4 The council told us that its reported interventions performance was unreliable. A technical fault affecting the transfer of data from handheld computers to the Benefits IT system resulted in the loss of 503 completed interventions records. Therefore, the council could only identify 734 of the 1,237 completed interventions reported to the Department. In the absence of these records we were not able to confirm that 1,237 interventions had been completed as reported.

2.5 We were told that a number of contributing factors affected performance during the year. These included:

- a decision to undertake all interventions by un-notified home visit
- a decision to discontinue the use of handheld computers
- selecting cases for intervention manually, rather than using the facility within the Benefits IT system
- absence of a member of staff for a period of 7 months.

2.6 We consider that the decision to discontinue the use of handheld computers was correct at the time as the council told us it had experienced significant issues with data loss and synchronisation errors.

Interventions process

2.7 Each month the council received data from the Department's Housing Benefit Matching Service that detailed the council's caseload and attached a risk category of 1 (high risk) to 6 (lower risk) to each case.

2.8 The council told us its strategy was to carry out an un-notified visit on all cases selected for an intervention unless there were exceptional circumstances. For example, in our sample of intervention cases, the council had carried out a postal intervention where the customer's appointee lived outside the borough.

2.9 If the customer was not at home, a calling card would be left advising the customer to contact the council within 7 days. If the customer failed to respond to the calling card, a reminder letter was issued advising that benefit would be suspended if the customer failed to respond within a further 7 days.

2.10 We sampled 20 interventions completed in the period 1 January to 31 March 2007 and found that in 14 (74%) of the 19 cases where an un-notified visit was carried out the customer was not at home and a calling card was left. In 10 (71%) of these 14 cases the customer was successfully visited after the customer had responded to the calling card.

2.11 The council had suspended benefit in only one of the remaining 4 cases in our sample where the customer failed to respond to the calling card. We were told that in practice, benefit was unlikely to be suspended but a letter and a claim form would be issued after a further 14 days had elapsed. This showed that the council had an inconsistent approach and was not following its own procedures when dealing with interventions. **See recommendation 11.**

2.12 In order to test the effectiveness of the council's practice to carry out all its interventions by un-notified visit we analysed the results of all interventions commenced between 1 April and 30 November 2006. Our analysis showed that in 78% of these cases the first visit was unsuccessful and required a further notified visit.

2.13 This was a waste of the council's limited resources and one of the main factors contributing to the council's failure to achieve its 2006/07 interventions target. The council could have used postal or telephone interventions to improve its level of performance when it became clear that it was unlikely to meet its full year target by visit alone. We concluded that the council's decision to carry out all its interventions by un-notified visit was ineffective, inefficient and represented poor value for money. **See recommendation 11.**

Outcome of interventions

2.14 We found that in 4 (20%) of the 20 interventions cases in our sample the council had identified a change in the customer's circumstances that resulted in a decrease in benefit entitlement.

2.15 Figure 2.2 shows the results of all 20 cases in our sample.

Fig. 2.2: Interventions outcomes

Outcome	Number	Percentage
Referred to fraud – re-assessment outstanding	1	5%
Decrease in benefit	4	20%
Increase in benefit	2	10%
Decrease not resulting from intervention activity	1	5%
Intervention not resolved after 12 months	1	5%
No change	11	55%

Source: BFI analysis

2.16 The council had examined interventions completed in 2006/07, and found that 10% had resulted in a decrease in benefit entitlement. This is below the average level for 2006 across all councils. The Department's national interventions data shows that for the period 1 April to 31 December 2006, on average, 15% of interventions resulted in a reduction in benefit.

Analysis of interventions outcomes

2.17 Councils should analyse outcomes to establish the relative success of the different types of intervention. This would identify the need for changes to procedural guidance and staff training in order to improve performance.

2.18 The council did not undertake any analysis of the quality of its interventions activity and was therefore unable to provide assurance that its management of interventions was achieving the desired effect.

Speed of processing interventions

2.19 The aim of an intervention is to confirm whether the customer continues to satisfy the conditions for, and level of, entitlement to HB and CTB, and therefore each review must be actively pursued until resolved.

2.20 There are no timescales within Performance Standards for processing cases selected for intervention. However, councils are expected to act promptly on the outcome to ensure that benefit is paid correctly and overpayments and underpayments minimised.

2.21 Analysis of our sample of 20 interventions cases showed that the council took an average of 43 days to act on the outcome of a visit. This ranged between 1 and 140 days. In one case, a fraud had been investigated and referred for re-assessment on 14 March 2007, but at the time of our on-site inspection in May 2007 it was still awaiting action.

Liaison with counter-fraud

2.22 We found an effective working relationship between the council's interventions visiting officers and its fraud team. We also found a good level of fraud awareness amongst visiting officers.

2.23 Although there were no targets for referring cases to the fraud team, the visiting officers told us that they had regular contact with the fraud investigator. They could also seek advice and guidance in appropriate cases before a referral was made.

Management control

2.24 We found that there were no effective controls in place to manage the results of intervention activity. The council had no assurance that the synchronisation of information from handheld computer records to the Benefits IT system was timely, accurate and complete. In addition, changes of circumstances identified by visiting officers were not prioritised when referred to the assessment team.

2.25 We also found errors in the council's recording of its intervention activity that had distorted its reported performance. In 6 (32%) of the 19 cases in our sample, an incorrect completion date had been entered on the Benefits IT system.

Change management

2.26 In light of the impending changes to Performance measure PM10 and the need to restructure due to senior management changes, the council decided in December 2006 to remove the management of the interventions process from the Customer Services team.

2.27 As an interim measure the visiting officers were assigned to the fraud manager from January 2007 pending the outcome of staff and trade union consultations. From this time no new interventions activity commenced and visiting officers were engaged on other duties.

2.28 In May 2007, following the consultation period, 2 of the visiting officers joined the benefits assessment team. The reasons cited were to:

- assimilate the visiting officers into the benefits assessment team and train them to process claims thereby increasing capacity to handle peaks and troughs in workload
- spread the reduced visiting activity between all benefit processors
- help achieve the targets set by the Department for benefit reductions as measured by the new Performance measure PM10.

2.29 We were told that the fraud manager had only limited involvement in discussions about the council's approach to meeting the new Performance measure PM10. Counter-fraud activity could make an important contribution towards meeting the targets set for benefit reductions and the council needs to consider how the fraud team and benefits assessment team can work together to achieve this. **See recommendation 13.**

New Performance measure PM10

2.30 In December 2006 the Department advised councils of a change to the way that it would measure the activities that councils carry out to safeguard HB and CTB from fraud and error. Instead of the requirement to identify fraud and error from intervention activity, the new Performance measure focuses on the number of benefits reductions each council should achieve in a year. Circular A20/2006 details the changes, effective from 1 April 2007, and the targets for each council.

2.31 Part of this circular entitled *Planning for the changes* gives councils information on what action should be taken to prepare for the introduction of the new Performance measure.

2.32 Fig 2.3 details these actions and Boston Borough Council's progress against each at the time of our on-site inspection in May 2007.

Fig. 2.3: Boston Borough Council's preparation for the introduction of the new Performance measure PM10	
Actions required by 31 March 2007	Boston Borough Council progress
consider allocating responsibility for the co-ordination of new activities	Completed
review its current criteria for selecting cases for intervention	In progress
consider the effectiveness of its different intervention methods	Not started
focus and devote resources to encouraging claimants to report changes of circumstance, for example by better notifications and local publicity	Not started
co-ordinate case cleaning exercises to correct existing errors in the working age caseload	Not started

Source: The Department and BFI

2.33 This shows that the council had failed to plan effectively for the change in Performance measure PM10, as suggested in the circular. It had also failed to carry out any analysis of claims where benefit had reduced, which could have been used to inform its plans to meet the requirements of the new Performance measure PM10.

2.34 We sampled 100 claims where benefit had reduced between 1 September 2006 and 31 March 2007 to determine where the notification of change had originated.

2.35 Figure 2.4 shows the results of our analysis.

Fig. 2.4: Analysis of claims where benefit reduced 1 September 2006 to 31 March 2007	
Source of notification of change	Percentage of claims in sample
Customer	37%
Jobcentre Plus or the Pension Service	21%
Intervention activity	11%
HBMS referral	9%
DWP risk-based referral	5%
Other sources	17%

Source: BFI analysis

2.36 Our analysis showed that the majority of reductions in benefit for the period of our sample originated from external sources. We concluded that this type of data analysis, which was readily available to the council, could inform its planning and management of resources to increase the likelihood of meeting its new Performance measure PM10 target. **See recommendation 6.**

2.37 At the time of our on-site inspection in May 2007 only one month's reductions data was available. This showed that for April 2007 the council had achieved 219 (73%) reductions against a monthly profile target of 302.

2.38 We consider that the council's lack of forward planning had affected its ability to meet its April 2007 reduction target. The council needs to urgently consider the actions required to meet the number of reductions for subsequent months if it is to achieve its annual target.

2.39 We discussed the actions that the council could take to improve its performance with senior managers. These included:

- developing an interventions policy
- liaising with its stakeholders to promote the prompt reporting of changes of circumstances
- liaising with its IT Suppliers to ensure that the Benefits IT system is used to effectively manage its reductions performance
- undertaking analysis to target its interventions activity at those cases most likely to be result in a reduction
- establishing the resource requirements to meet its targets
- ensuring staff are properly trained to carry out interventions activities
- informing staff about the key interventions activities they will be responsible for
- developing performance management reports

- cleansing the data held on the Benefits IT system
- setting implementation dates for all key activities
- updating its website to promote the prompt notification of changes in circumstances
- considering other opportunities for external publicity.
See recommendation 6.

Departmental initiative

2.40 In January 2007 the council volunteered to take part in a Departmental initiative to target customers in risk groups one and 2. This involved sending letters to customers advising them to contact the council if there had been a change in their circumstances. The first batch of 296 letters were sent out in April and May 2007 and the council had received only 4 responses while we were on-site in May 2007. Although the council is unable to evaluate its success until all the forms had been returned, we commend its involvement in this initiative.

Compliance with HB/CTB Security Guidance

2.41 The council's main caller facilities were located in the municipal building in Boston. The council's largest Registered Social Landlord participated in the *Landlords Verification Scheme* allowing customers to hand in claim forms at 3 local area offices.

2.42 All staff in the 3 local area offices had received training in the verification requirements of the *HB/CTB Security Guidance*. This training was provided at the same time as the council's staff in October 2006 and included information on identifying false documentation. In order to help process claims, the council provided a useful reference booklet to all staff, which detailed the types of evidence that could be used to verify each aspect of a benefit claim.

2.43 Our sampling and discussions with managers and staff confirmed that there was no difference in the standard of verification provided by Registered Social Landlord staff and the council's staff.

2.44 At the time of our on-site inspection in May 2007 we were told that one of the council's staff recruited in January 2007, who handled postal claims and received documents, had not been trained on the verification or identification of false documentation. As this officer copied and returned documentation to the customer following post opening, no one else had sight of the documents. We considered this a serious security weakness that could compromise the officer and allow fraud to enter the system undetected. **See recommendation 1.**

2.45 To establish the level of compliance with the requirements of the *HB/CTB Security Guidance* we examined a sample of 20 new claims processed in the period 1 January to 24 April 2007. We reviewed 80 documents that had been provided as evidence to support the 20 new claims and found that they had all been correctly verified. This was commendable.

2.46 The council had difficulty locating the relevant documents for 6 (30%) of the 20 claims in our sample and although these documents were eventually provided, it indicated a lack of proper file management.

2.47 We found that in 6 (30%) of the 20 claims in our sample, not all documents had been individually authenticated as true copies of the original documents. We were told that this had been identified as an issue with customer service staff receiving documents over the counter. This was one of the reasons that the provision of the customer service for benefits customers had been transferred to the Benefits service.

2.48 The council assured us that this issue had been resolved since Benefits staff were responsible for receiving documentation at the customer reception. To confirm this we examined all claims received since the change of responsibility and found that all documents had been properly authenticated.

2.49 We also sampled 20 changes of circumstances processed in the period 1 January to 24 April 2007 to ensure that the standard of verification was maintained. We found that proper verification standards had been met in 19 (95%) of the 20 cases. In the other case, staff were unable to locate the relevant document and could not provide assurance that an increase in the customer's occupational pension had been correctly verified.

2.50 We were told that a backlog of filing had caused significant problems during 2006, but that the backlog had been cleared by February 2007. However, the council's difficulty in locating documents for the new claims and changes of circumstances samples indicated that poor filing still posed a potential risk to the security of the Benefits service. The difficulty in locating key documents can have a detrimental effect on all aspects of the Benefits service.

2.51 It is important that all claims are fully verified and that an audit trail is kept to show that verification has taken place. The council needs to urgently address this issue to ensure that all claim documentation is maintained securely in each file. **See recommendation 2.**

Compliance with data integrity

2.52 For the period 1 April 2006 to 31 March 2007, some aspects of the council's Housing Benefit Management Service performance did not meet minimum requirements.

2.53 The council had provided the Department with all required data in an appropriate format and within specified timescales. The Department's Housing Benefit Matching Service confirmed there were no data incidents outstanding and that 99.8% of customer and partner National Insurance numbers matched with Departmental records during the period.

2.54 However, the council had not performed well in dealing with data matches. Of the 322 data matches received from the Department's Housing Benefit Matching Service during 2006/07 it had only resolved 46.3% of these against a target of 100%.

2.55 Housing Benefit Matching Service data matches can assist the council in meeting its reductions target as data matches identify discrepancies in benefit claims that can result in a reduction of benefit. **See recommendation 6.**

Claims administration

Claims processing

3.1 It is important that new claims and changes of circumstances are processed rapidly and accurately in order to eliminate the risk of fraud and error entering the system.

Gathering information

3.2 The customer service function within Boston Borough Council was provided by the Customer Services team for all areas of the council's business. We were told that there had been some issues about the provision of customer service for benefits customers resulting in the piloting of a new service. From 10 April 2007 experienced benefits assessors, rather than customer service staff dealt with face-to-face customer enquiries. This improved the service in a number of ways, for example:

- benefits staff were best placed to provide expert advice to customers
- all supporting documentary evidence could be identified at the point of first contact reducing the need to request supplementary information
- some claims could be processed at the point of receipt.

3.3 The council told us that claims were not accepted without full supporting evidence and customers were asked to return with the claim form when they had all the necessary documents.

3.4 We were told this only happened in cases where the customer could easily provide the additional information quickly, otherwise the claim form was accepted, recorded onto the system and passed through to the assessment team for further action, including any follow up requests for further information. To ensure this did not affect the customers' entitlement the claim form was annotated with, and treated as made from, the date of the customer's first visit.

3.5 Boston Borough Council's claim form was based on the Department's HCTB1 and met all requirements. In particular, it had clear instructions on the evidence required for each part of a claim, including when a certificate of earnings would be appropriate. The claim form also included a statement setting out the customer's obligation to notify the council of any changes in their circumstances.

3.6 Our sampling of 20 new claims processed in the period 1 January to 24 April 2007 showed that reminders for further information were not issued within 14 days of the original request. We found that a reminder had not been issued in the 4 (20%) cases in our sample where it was appropriate. These cases had been determined as defective. We were told that this practice had

been adopted during the council's efforts to clear a backlog of work. This backlog had been cleared by March 2007 and we were told the process for issuing reminders had been reinstated at that time.

3.7 To confirm this we examined all outstanding claims received after the backlog had been cleared. Our analysis showed that, in all cases reminders were being issued within the required timescales.

3.8 Clerical staff were responsible for receiving, authenticating and recording all mail received by the Benefits service onto the Benefits IT system. All post was recorded onto the system on the day of receipt.

Quality checks

3.9 The council appointed a full-time monitoring officer in January 2007 to carry out quality, management and accuracy checks for the Benefits service. This officer had no benefits experience and was given intensive training including learning how to assess benefit claims. We were told at the time of our on-site inspection in May 2007 that the monitoring officer was not fully deployed on checking work and was assisting the Benefits service by processing benefit claims.

Management checks

3.10 Each day the monitoring officer received a system report detailing a random sample of 10% of all benefits assessments carried out on the Benefits IT system, which covered the full range of benefits decisions.

3.11 For each assessment, the monitoring officer completed a 7-page *Stats 128 and Pre-payment decision notice checking form* which was used for carrying out management checks in the following work areas:

- *Stats 128 returns*
- *New claims*
- *Changes of circumstances*
- *Internal controls.*

3.12 At the time of our on-site inspection in May 2007 the monitoring officer had not identified any errors in the management checks conducted. The officer who had previously carried out management checking duties told us that any errors found would be raised with the assessor responsible and corrected on the day it had been identified.

3.13 We were told that no analysis of management checks had been undertaken since July 2006. However, the Benefits Team Leader advised that recurring errors identified from management checks would result in the issue of a desk aid for staff to refer to.

3.14 We agreed with the council's view that the 7-page *Stats 128 and Pre-payment decision notice checking form* was overly complex and considered that it should be redesigned. We were told that a revision of the form was planned and that the monitoring officer had made arrangements to meet with a neighbouring council to progress this issue. **See recommendation 3.**

3.15 At the time of our on-site inspection in May 2007 the monitoring officer was assessing benefit claims. We were told that safeguards were in place to ensure that the monitoring officer did not carry out a management check on any of their own assessments, and that in these circumstances the management check would be passed to the Benefits Team Leader for completion.

3.16 However, as this was not a formally documented process, we considered it an unnecessary risk to the security of the system that could compromise the monitoring officer. The council told us that it would be putting a procedure in place to mitigate this risk by ensuring that the monitoring officer could not carry out a management check of his or her own work. **See recommendation 3.**

Using quality checks to improve performance and reduce error

3.17 During our on-site inspection in May 2007 the council told us that it did not analyse the results of its management checks. This was a missed opportunity for the council to obtain useful information to inform training plans, the staff appraisal process or to continuously improve performance and service delivery. **See recommendation 12.**

Resource management

4.1 Benefit administration, including counter-fraud activity, has to be set within the broader context of a local authority'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.

Managing the Benefits service

4.2 Boston Borough Council's *Corporate Plan 2004-2009* had 7 priorities. We were told that the Benefits service contributed towards the priority to make the council *A Listening and Improving Place*. However, none of the actions in the council's *Performance Improvement Plan 2006-2007* related specifically to the Benefits service.

4.3 We were told that although in the past the Benefits service had lacked strategic emphasis it was now recognised corporately that the service had failed to deliver an effective and efficient service. However, the council's *Corporate Plan 2004-2009* had a priority to challenge *...performance and service provision through listening to people and responding to their needs*.

4.4 Service Development Plans were in place to encourage improvement in the development and performance of individual services. The council's Performance Improvement team worked with managers in the Benefits service to ensure that service objectives supported the delivery of corporate aims and objectives.

4.5 We were concerned that the *Benefits Service Development Plan* lacked detail of how objectives would be achieved and any milestones to monitor progress. For example, one objective to undertake business process improvements to current HB and CTB processes only showed a target for completion by March 2008. This objective committed the Revenues and Benefits Manager to a significant amount of work that we were told would not commence until a Performance Standards self-assessment had been undertaken in June 2007. This self-assessment would identify areas for improvement before any prioritisation could take place.

4.6 The Benefits service did not have a documented work plan to show how the service would be delivered and performance maintained in light of expected peaks and troughs of work and resource availability. This is a high-risk approach and can threaten the sustainability of the service. We were told the council intended to produce and finalise a work plan in July or August 2007.

See recommendation 6.

4.7 Three-year targets had been agreed for the Benefits service and were subject to annual revision based on year-end data. A performance management framework and appropriate training was available to managers to assist in target setting. The Performance Improvement team provided challenge using validated year-end data. Individual targets for processing claims had been agreed with Benefits staff based on recent performance with an expectation that a 20% improvement would be achieved.

4.8 At the time of our on-site inspection in May 2007 the council had not developed a strategy for achievement or monitoring performance against the Departmental target for the revised Performance measure PM10. As the council failed to meet its interventions target for 2006/07 we would have expected a more structured approach to prepare for the introduction of the new Performance measure for 2007/08. **See recommendation 6.**

Monitoring delivery of targets and plans

4.9 The council had introduced an interactive performance monitoring system for 2006/07. This held Service Delivery Plan actions, performance indicators for each service area and recommendations together with associated action plans arising from internal audit reports. All relevant staff including the Chief Executive, strategic directors and senior managers had access to the system and had received appropriate training in its use. Senior management had the facility to add commentary to any part of the system, which required the responsible officer within the relevant service to provide an answer. Members also had access to the performance monitoring system.

4.10 The Performance Improvement team extracted and analysed comprehensive data from the performance monitoring system. This information was provided quarterly to the Corporate Management Board and 6-monthly to the Audit Governance committee. On a quarterly basis each Member received a newsletter, which provided a summary of key performance indicators, including 3 relating to the Benefits service.

Managing risk to service provision

4.11 Individual actions within service plans were rated A to D with A for high priority and D for low priority. Any actions rated as A or B had to be risk-assessed and details entered on the performance monitoring system. Any timescales that were not achieved were discussed between the responsible manager and the Head of Service at monthly one-to-one meetings and quarterly at the Corporate Management Board.

4.12 The council had local knowledge of trends in work activity as a result of claims from seasonal workers. However, none of this information had been documented and used to manage any risk to service provision.

4.13 The council had a business continuity plan that included actions for the Benefits service to take in the event of an emergency. At the time of our on-site inspection in May 2007 certain key personnel had not familiarised themselves with its content and other staff were unaware of what would happen in the event of an incident occurring.

4.14 The council's largest Registered Social Landlord had been involved in the development of the plan. Service level agreements with Jobcentre Plus and The Pensions Service referred to the plan. However, neither of these agencies had a nominated contact for the council to notify of a service failure, and would have no information about continuity of service for its customers should an incident occur.

4.15 We were concerned that inadequate communication of its business continuity plan meant that this risk to service delivery was not being adequately managed. **See recommendation 15.**

Monitoring performance

4.16 The council's performance monitoring system used a red, amber, green traffic light system to indicate performance against targets. In the absence of any analysis, during the first year of the performance system's operation, tolerances had been set at +/- 5% for all corporate services. There were plans to review the tolerances and to reconsider the frequency of reporting performance to the Corporate Management Board at the end 2006/07.

4.17 The corporate Performance Improvement team monitored performance indicators for the speed of processing of new claims and changes of circumstances and the accuracy of payments. The Revenues and Benefits Manager entered quarterly performance information onto the system and provided comments against each service objective.

4.18 Where performance targets had not been met and were highlighted 'red' by the system the Revenues and Benefits Manager was required to enter details of proposed corrective action. These performance indicators were escalated to the Corporate Management Board where the Director of Resources was required to explain the variation in performance and endorse the Revenues and Benefits Manager's proposals.

4.19 In 2006/07, the Performance measure PM 10 was not included in the performance monitoring system. As a result, poor performance against the target was not reported strategically and corrective action was not taken. **See recommendation 8.**

Providing for a skilled and competent workforce

4.20 The council had a comprehensive recruitment and retention policy in place that applied to all its services. We were told that the council provided secure and well-paid employment and that as a result turnover of staff was very low. When necessary, agency staff could be used from a select number of agencies, whose recruitment policies met the council's own standards.

4.21 However, we were told that the council's corporate recruitment policy was not always followed. Agency staff had recently been recruited to the Benefits service without confirming that the agencies involved had recruitment policies that fully met the council's standards. This practice undermines the council's own policies and presents a significant risk to the security of the Benefits service. **See recommendation 14.**

4.22 We examined the council's induction programme for new staff and found it to be comprehensive. It covered IT security and protocols as well as the council's governance procedures, including disclosure of interests. A corporate monitoring officer, appointed in January 2007, had developed the declaration of interest procedures.

4.23 A record of declarations of interest was held. However, this did not include details of staff who:

- had declared no interests
- were landlords or agents
- had relatives or friends who were landlords or agents.

4.24 In addition, the council did not monitor the return of declarations and could have no assurance that the information held was accurate or up-to-date. **See recommendation 4.**

4.25 The Benefits IT system administrator used this information to identify relevant cases and restrict access to 'view only' as appropriate. **See recommendation 5.**

4.26 Boston Borough Council did not have a structured training programme. It did not carry out any analysis of work, such as interventions activity and results from management checking, which could be used to inform training requirements or plans. Training was provided as the need arose but there was no documented strategy or planning process to identify or meet future training needs. **See recommendation 12.**

4.27 An experienced member of staff provided training when necessary. Training for new staff included use of the Department's training modules, together with additional material from the Association of London Government's website. This was supplemented by a series of one-day courses, provided through joint procurement with other councils, covering specialist areas such as the self-employed, students and persons from abroad.

4.28 Changes to benefits regulations were dealt with by e-mail or team discussion depending on the complexity of the change. In an innovative initiative, e-mails were followed by a short quiz to check whether staff had read and understood the information.

Value for money

4.29 Although there is no definitive costing structure for benefit administration, councils should have regard to Departmental guidance that covers efficiency.

4.30 Boston Borough Council was engaged in a number of partnerships and joint working initiatives with its neighbouring councils. These included provision of training and procurement of agency staff.

Assurance

4.31 Large numbers of HB and CTB claims pass through a council's accounting and payment system. It is therefore essential that there are rigorous internal control mechanisms to provide assurance that the benefit system is secure.

IT systems

4.32 We were told that the Benefits IT system interfaced effectively with the council's rent, council tax, counter-fraud and debt recovery systems and that it could produce management reports as required and accurate statistical information to allow the council to submit its performance data to the Department.

4.33 At the time of our on-site inspection in May 2007, the Benefits IT system was due to be upgraded to allow the council to accurately report its performance against the new Performance measure PM10.

Systems access

4.34 Access to Boston Borough Council's IT systems was on 2 levels. Initial access to the council's mainframe system was managed by the corporate IT section while access to the Benefits IT system was controlled by the system administrator within the Benefits service.

4.35 We found that there were controls in place to secure access to the systems. These included:

- the use of unique passwords that needed to be changed every 30 days
- an audit trail of system access requests
- a record of all failed access attempts.

4.36 In addition, staff were required to read the *IT Security and Virus Protection Policy Guidelines* and the Benefits service's *IT Security Policy* before being granted access to the system.

4.37 At the time of our on-site inspection in May 2007 the council provided us with a list of all users who had access to the Benefits IT system. This list showed a number of staff with full access to the system who we considered would not need that level of access. This was a security weakness that Boston County Council needs to address as a matter of urgency.

See recommendation 7.

Access to sensitive records

4.38 Staff had to declare if they had a personal interest in a benefit claim. Action would be taken to restrict the staff member's access to that claim to 'view only'. This meant that the member of staff could not make any amendments to the claim.

4.39 The Benefits IT system also had the functionality to restrict the 'Information messages' view to ensure that any fraud related messages were not displayed on a sensitive claim. This is a useful function of the system and would help to avoid a fraud investigation being compromised.

4.40 However, when we asked the council to demonstrate access to a sensitive claim we found that the Benefits IT system was not secure. While the user could not change any of the claim details, it was possible to access the correspondence screen on a sensitive claim. This screen detailed all correspondence issued on a claim, including fraud correspondence, and this information could compromise an investigation.

4.41 The council also told us that there was a function within the Benefits IT system that could be used as an alert when an attempt had been made to access a sensitive claim. Although we considered that this could be a useful management tool to identify staff who had attempted to access a sensitive claim, at the time of our on-site inspection in May 2007 this function was not being used.

4.42 We considered that the council had not made the most of the functionality within the Benefits IT system to ensure the security of sensitive claims and that the weaknesses identified needed to be addressed as a matter of urgency. **See recommendation 5.**

4.43 This was compounded by the access to sensitive paper files. These were not removed from the filing system and could be retrieved by any member of staff. The council needs to address this potentially serious risk to the security of its Benefits service. **See recommendation 5.**

Internal control mechanisms

4.44 Post opening operated under secure conditions and we observed that staff followed the council's procedures for the secure control of documents.

4.45 During our observations we noted that the supervisor also recorded the receipt of cheques and valuables during the post opening process. We were concerned that this compromised their ability to supervise the process effectively. The council should consider providing additional resources, or more effective segregation of duties, to ensure that post opening is as secure as possible. **See recommendation 9.**

Performance data checks

4.46 This function forms part of the duties of the newly appointed monitoring officer. However, at the time of our on-site inspection in May 2007 we were told that the monitoring officer had yet to carry out this check.

See recommendation 10.

Secure administration

4.47 The council used a risk-based approach to develop an audit programme. The internal audit plan, scope and staff days had been discussed and agreed with the contractor. The Benefits service was designated as high risk and therefore audited each year.

4.48 Internal Audit recommendations had been included in the *Benefits Service Development Plan* and were therefore subject to ongoing review. Outstanding recommendations were also included as part of the scope of subsequent audits to confirm they had been implemented.

4.49 The latest internal audit review of the Benefits service issued in February 2007 identified 2 high-risk weaknesses in control and made recommendations to address these. They were the inability of the council to supply key documents and supporting evidence for some claims sampled, and a lack of management checking.

4.50 The assurance statement issued by Internal Audit was *...no assurance could be given over the adequacy and operational effectiveness of controls in place....*

4.51 At the time of our on-site inspection in May 2007 the Benefits service had responded positively to the Internal Audit report and work was ongoing to address these weaknesses.

