



Auditing Social Welfare Benefits

Clive Portman - District Auditor

Introduction

Social welfare benefits in England cover a wide variety of areas related to people in need. Schemes can be complex and many are administered by Central Government and audited by the State Audit Office, the National Audit Office (NAO).

One significant benefit scheme is administered by local government on behalf of Central Government and this is Housing Benefit which is a major area of work for the Audit Commission in England.

What is Housing Benefit?

Housing Benefit is paid to people in financial need to help with housing costs including rent and property tax payments. It is an important part of local authority work in addressing poverty, homelessness and deprivation.

It is a complex scheme and the total expenditure in 2007/08 was £16.8 billion. The payments are made initially by local councils who then reclaim the cost from central government.

Councils are monitored through a number of performance indicators including how fast applications are processed. The current average is 25 days.

The complexities and the high volumes of transactions and regulations mean that Housing Benefit is prone to error and fraud and due to the current recession, it is also a growing area with more people in need.

Auditing Housing Benefits

The audit process focuses on reviewing the Housing Benefit System and the subsidy claim with a view to 4 objectives from the audit work:

1. Supporting the auditors opinion on the financial statements by reviewing the controls in the system,
2. Supporting the auditors opinion in respect of Value for Money including a judgement on the arrangements for collecting and reporting performance indicators,
3. Certification of the subsidy claim,
4. Review of controls to prevent fraud and corruption.

Fraud and Housing Benefits

A major initiative to combat fraud and corruption is the National Fraud Initiative (NFI). This is a national data matching exercise that seeks to identify potential frauds by matching personal data records in different systems in public authorities.

Where data matches suggest areas that could be potential frauds, these are followed up and in 10 years, £450million has been identified.