

Big money - big risks

Audit Commission's approach to public subsidies



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Topics to be covered:

Background

Auditor's role

Case Study: our approach to housing benefits

Making it happen



Background

- **Our role** – independent watchdog, driving economy, efficiency and effectiveness in local public services
- **Our work** – audit, assessment, research, data matching and certification



Background

- **Big money** - we certify over £42 billion in subsidies per year
- **40 main schemes** - the biggest include:
 - Housing and council tax benefits
 - European Regional Development Fund
 - Teachers pension return
 - Single regeneration budget
 - Disabled facilities grant
- **Purpose** - to provide funding to help secure **Government** policy objectives.



What is the auditor's role

- **Our Powers** - Audit Commission Act 1998 – Section 28
- **Scope** - how this work differs from audit
- **Fees** - in excess of £18m in 2006/07
- **Volume** – 3,500 certifications

Case Study – Housing and council tax benefits

- **Housing Benefits** - largest public subsidy
- **New responsibility** – the Commission took over benefits inspection from April 2008

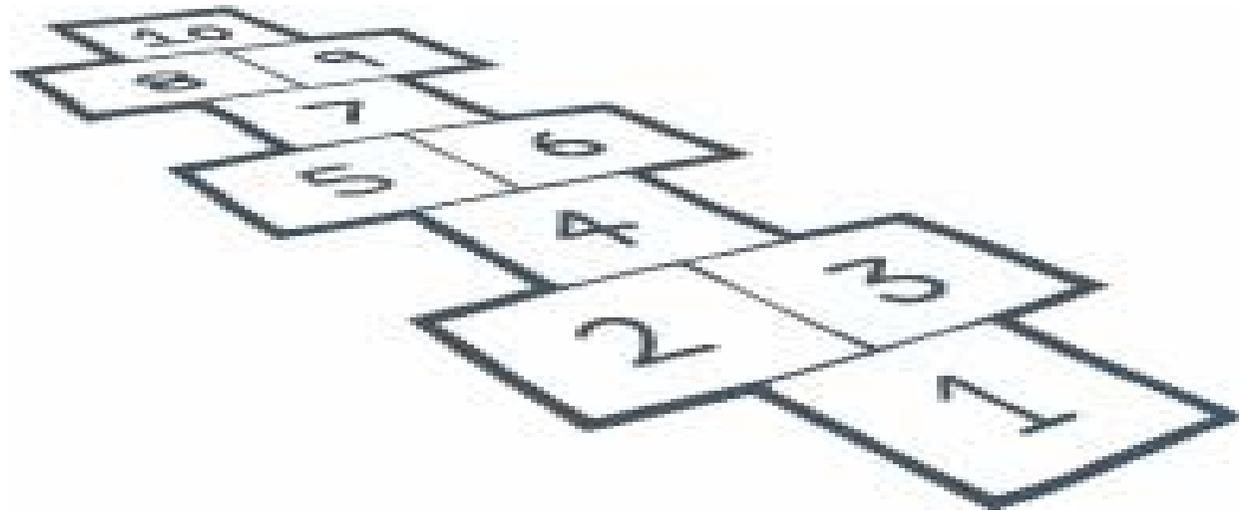
Issues and risks

- **Isolated and not integrated**
- **Known weaknesses** – in the system for benefits administration, speed of processing claims, fraud and error, overpayments
- **Fraud and error** – estimate in excess of £770 million
- **Assurance framework** – a robust assurance framework was required to meet the challenge of inspection work

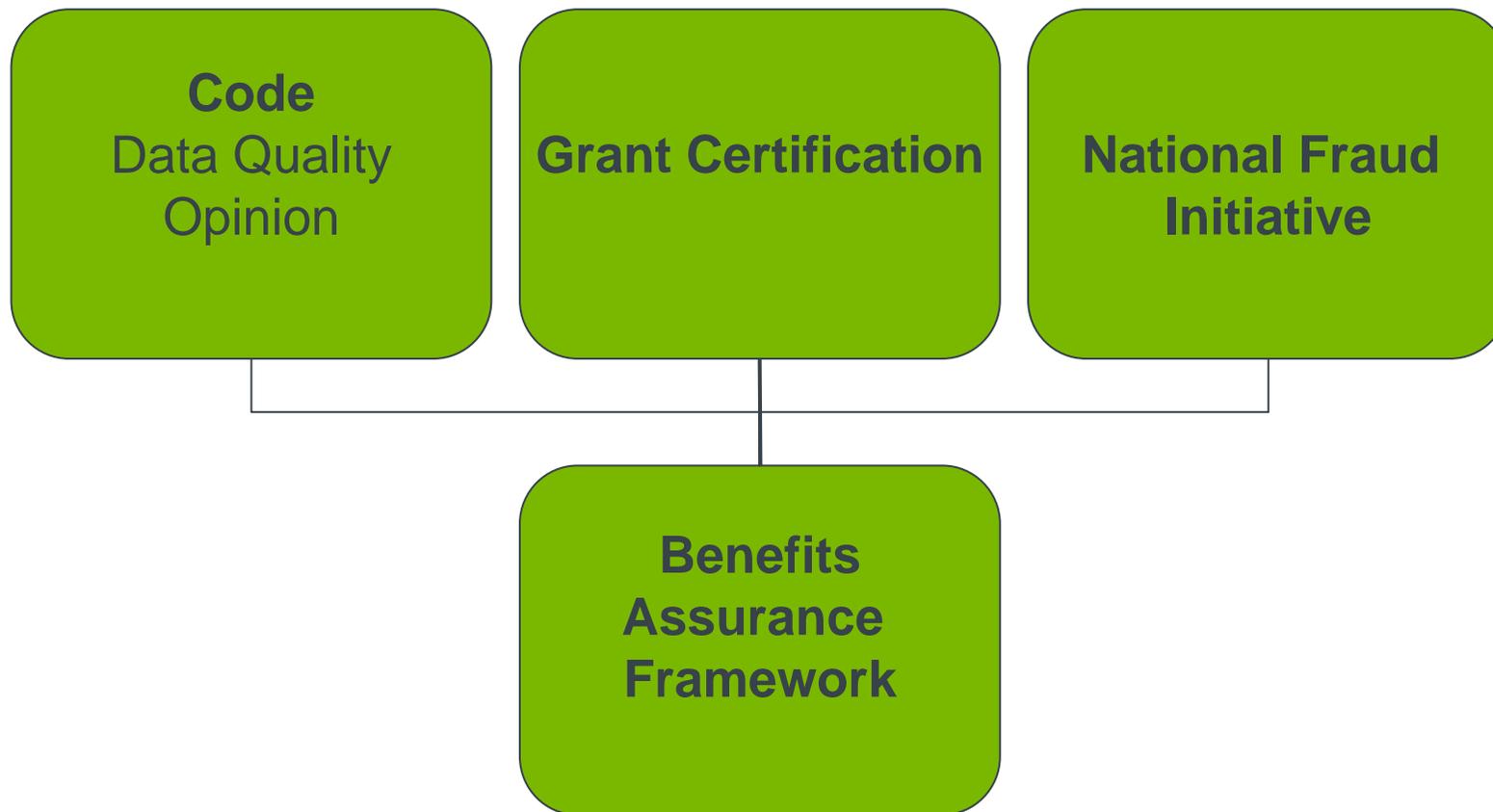


The Approach – HB COUNT

Check once use numerous times



HB COUNT the future



Modules of HB COUNT

- **Module 1** – the approach and qualification letters
- **Module 2** - up rating checklist
- **Module 3** - workbooks
- **Module 4** - analytical review tool
- **Module 5** - software diagnostic tool
- **Module 6** – Certification Instruction
- **Module 7** – Output from the Benefits Assurance Framework

Auditor's Certificate

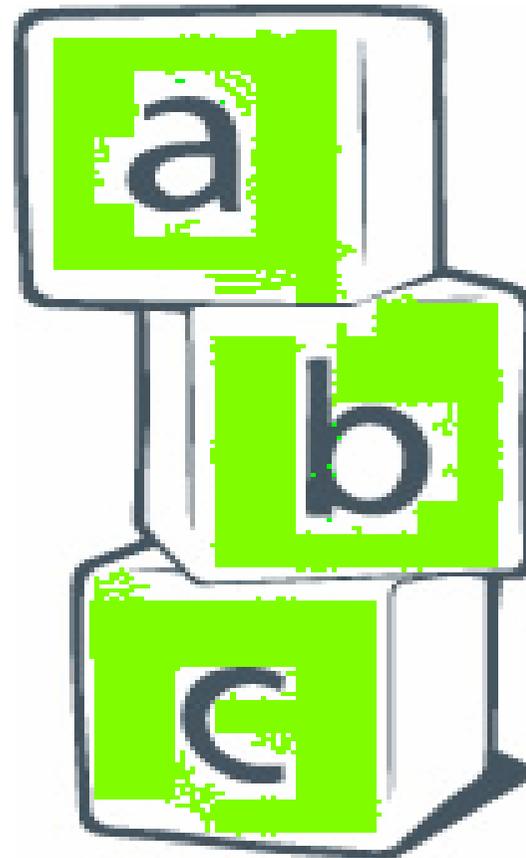
I have examined the entries in this form ... and I have:

- *obtained such evidence and explanations as I consider necessary.*
- *concluded that the claim or return is in accordance with the underlying records.*
- *assessed the control environment for the preparation of this claim....*

I have therefore concluded that the claim is:

- a. fairly stated; and*
- b. in accordance with the relevant terms and conditions.*

Making it happen



Making it happen

- **Project management** – maintaining a sound project management approach
- **People** – using the right people with the right skills
- **Changing views** – consulting early and challenging perceptions both internal and externally

Conclusion

- Big money so big risks
- Purpose of assurance
- The outcome matters

