

# INTERNAL AUDIT REPORT

**FROM:** Audit & Risk Manager                      **SUBJECT:** Test & Trace Scheme  
**TO:** Head of Revenues & Customer Services                      **DATE:** 17 September 2021  
**C.C.** Chief Executive  
Deputy Chief Executive  
Head of Finance  
Benefits & Customer Services  
Manager  
Portfolio Holder - Cllr Hales

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## 1 Introduction

- 1.1 In accordance with the Audit Plan for 2021/22, an examination of the above subject area has recently been completed by Nathan Leng, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

## 2 Background

- 2.1 On 20 September 2020, the Government announced a £500 Test and Trace Support Payment for people required to isolate during the Covid-19 pandemic. Local authorities administer the scheme on behalf of the Department of Health and Social Care.
- 2.2 The scheme was initially due to run until 31 January 2021. The end date was initially extended to 31 March and has since been extended further with the Government quoted as saying that it will continue into the summer.

## 3 Objectives of the Audit and Coverage of Risks

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 This was achieved through a 'risk-based audit' approach whereby key risks are identified and then processes are assessed to provide assurance that the risks are being managed effectively. This approach has been in place by WDC Internal Audit since only the start of this financial year following an external review of the function.
- 3.3 In terms of scope, the audit covered the following risks (overleaf):

- Loss of public funds due to support grant payments being made to ineligible applicants.
- Sensitive personal data is not collected and stored in line with the Council's data collection policy and obligations to GDPR.
- Negative stakeholder opinion arising from an ineffectively executed programme.
- Payments are intentionally made to ineligible applicants.
- Payments are made to ineligible applicants after receipt of inaccurate information.
- Sensitive and personal information is used to perpetrate fraudulent activities.
- The mental and physical health of eligible applicants is impacted by delays in receiving the support grant payment.
- The mental and physical health of eligible applicants is impacted by applications rejected in error.

3.4 These were drawn from a combination of risks identified in discussions with the Benefits and Customer Services Manager.

3.5 These risks, if realised, would be detrimental to the Council with regards to the meeting of the following corporate objectives as set out in the Fit for the Future Strategy:

- Safer Communities – Protecting our communities from harm, preventing outbreaks and reducing the spread of the virus, focusing on the most vulnerable to make them feel safer.
- Health and Well Being – A healthier community, minimising preventable deaths and illnesses.
- Narrowing the Gap – Reducing the financial impact of self-isolation for less affluent residents.
- Effective Staff – All staff: are properly trained, have appropriate tools, are engaged empowered and supported.
- Infrastructure, Enterprise, Employment – Reduce the need for economically damaging local lockdowns to support the local economy and protect local employment and income levels.

## 4 Findings

### 4.1 Recommendations from Previous Reports

4.1.1 There are no prior recommendations because this is the first audit of this area since the Test and Trace Support Payment scheme was introduced in September 2020.

### 4.2 Financial Risks

#### 4.2.1 **Loss of public funds due to support grant payments being made to ineligible applicants.**

Central government provides local authorities with a list of the criteria that applicants must meet to be considered eligible for the Test and Trace Support Payment.

Further information relating to the eligibility criteria can be found on the Local Government Authorities website and in the Test and Trace Support Scheme Implementation Guide for Local Authorities produced by the Department for Health and Social Care.

When the original Government guidance was issued on 28 September 2020, applicants were required to submit their application up to 14 days after their self-isolation period ended. From 18 January 2021, this was changed to 28 days after the first day of the self-isolation period. It changed again on 30 April 2021 to 42 days after the first day of the self-isolation period.

The other notable change to the eligibility criteria was the expansion of support payments to the parents or guardians of a child or young person who must self-isolate on 8 March 2021. To be considered eligible for the parent or guardian Test and Trace support scheme, individuals were required to meet all the means-tested eligibility criteria for the Test and Trace support payment. In addition, the child or young person must normally attend an education or childcare setting and have been told to self-isolate by NHS Test and Trace or by their education or childcare provider.

The Government also provided funding for a discretionary support payment scheme. The eligibility criteria for the discretionary scheme differs from the above schemes because applicants do not need to be claiming benefits to apply. To access the discretionary support payment scheme, applicants must demonstrate that they are suffering severe financial hardship as a result of having to self-isolate. This might include providing evidence of being unable to meet financial commitments without a support payment.

However, funding for the discretionary scheme is limited. As a result, applicants are not automatically entitled to a discretionary Test and Trace self-isolation payment by meeting the minimum eligibility requirements. Discretionary payments are prioritised to applicants with the highest risk of financial hardship and is dependent on various factors including the number of individuals applying for the discretionary scheme at a given time.

A sample of applications awarded support payments was analysed to verify whether the essential eligibility criteria had been met. All but one of the applications sampled were correctly awarded the support payment.

The one application for which the correct decision may not have been made was due to the applicant's bank statement appearing to show a secondary income which was not explicitly disclosed in the application. In this instance, the application was reported to the Benefits & Customer Services Manager (BCSM) for further analysis. However, this does not necessarily prevent entitlement as an applicant only needs to demonstrate one form of lost income to be eligible.

The Test and Trace support payments are only transferred to the bank account of the eligible individual to whom the successful application relates.

Applicants must submit their bank details with the initial application. The bank details must be in the name of the isolating individual, even if the application

was submitted by somebody else on behalf of the isolating individual.

If an application is successful, the bank details are rechecked against the name of the isolating individual by the Financial Services Team (FS-Team) before any support payments are issued.

A sample of successful self-isolation support grant applications was inspected to determine whether payments were made to the intended recipient. In all cases, the payment was made to a bank account in the recipient's name with appropriate supporting evidence supplied.

There were some instances where applicants had not submitted the correct evidence with their application. These applications were not approved until the applicant supplied the Council with the appropriate evidence or the bank details were verified using existing Council records.

Analysis of a sample of unsuccessful applications highlighted several cases where an application was rejected due to insufficient bank detail evidence. In all these cases, the applicant had ignored multiple email requests for the evidence and the applications were consequently rejected.

#### 4.3 **Legal & Regulatory Risks**

##### 4.3.1 **Sensitive personal data is not collected and stored in line with the Council's data collection policy and obligations to GDPR.**

To apply for the Test and Trace Support Payment, applicants must complete the application form on the Council website.

Completed applications are sent to a secure Council email address accessible by only a limited number of staff involved in assessing the applications. Application data is stored in an internal web database. Access to the database is restricted to Council staff who require access for legitimate work purposes. There are currently 19 members of staff with access to the database. All changes to the database are recorded in an audit log and are attributable to staff members making the change.

However, not all follow-up information and evidence emailed to the Council has been uploaded to this database. Due to the time constraints, most of the data received via email has been saved in Outlook and is only accessible to the staff responsible for assessing applications.

While Outlook is reasonably secure, to reduce the risk of data being lost and to aid future assessments of the scheme, all data should be uploaded against the relevant case in the Test and Trace web database.

#### **Recommendation:**

**All data relating to applications should be saved in the Test and Trace database.**

Data is held in accordance with the Council's data handling policy. Data may be shared with the Department of Health and Social Care (DHSC) to help

understand public health implications, support anti-fraud checks and assess the performance of the scheme. Personal data may also be shared with Her Majesty's Revenue and Customs (HMRC) for tax and national insurance purposes and is held in accordance with the Records Management Code of Practice for Health and Social Care 2016 for a period of up to 8 years before being securely disposed of. The applicant's employer may be contacted for verification checks.

The Council is obligated to not share this data with organisations or individuals outside of the Council for any other purpose. The Council will hold this data for as long as it is needed during the COVID-19 emergency and for audit and payment purposes.

The Council are authorised by the Department for Work and Pensions (DWP) to use Council records to validate an applicant's eligibility to receive a support grant payment.

#### 4.4 **Reputational Risks**

##### 4.4.1 **Negative stakeholder opinion arising from an ineffectively executed programme.**

The Government announced the new legal duty to self-isolate in a press release on 28 September 2020. The press release provided information on the Test and Trace support payment scheme and announced that local authorities would be setting up and administering the scheme by 12 October 2020.

The Government provided Local Authorities with an Implementation Guide for the scheme on 25 September 2020 which was updated on the 30 September 2020 and 7 October 2020.

On 29 September 2020, the Council published an update on the WDC COVID-19 webpage explaining that they were in the process of establishing the scheme and linking users the Government press release mentioned above. Further information about the scheme was published to the WDC website on 9 October 2020.

The current government-mandated eligibility criteria for the Test and Trace scheme is accessible via the Council website. A review of the webpage revealed that the criteria had not been updated to reflect the latest eligibility criteria, incorrectly stating that potential applicants must submit their application 28 days after the self-isolation period commenced rather than the correct 42 days. This was reported to the BCSM and promptly rectified.

The Test and Trace Support Payment Scheme Implementation Guide states that each local authority should have its own online application system and an alternative system for non-digital users.

Applicants without access to the internet or an internet compatible device can ring the Council and a member of staff responsible for administering the scheme will help complete the form on the applicant's behalf.

There are two key factors that may impact the time taken to process an application:

- The volume of applications received at a given time.
- An applicant's failure to provide all mandatory supporting evidence.

Government guidance for administering the Test and Trace self-isolation support scheme does not include a specific timeframe in which eligible applications should be awarded a support payment. However, there is an emphasis on providing timely financial support to applicants. This ensures that individuals facing financial hardship as a result of self-isolation can afford to self-isolate and thereby reduce the risk of spreading COVID-19 within the community.

The DHSC's Implementation Guide states that all Test and Trace support payments should be made within three days of the local authority receiving an application as a single payment to the bank account matching the bank statement provided by the applicant.

A sample of applications awarded support payments was analysed to determine the timeliness of payments. In all sampled cases, support payments were made within a few days of an application being validated.

It was noted that there is no record kept for the date when an application is first assessed. This prevents any analysis of the amount of time between an application being submitted and the case being opened by Council staff. These records would be particularly useful when there is a high volume of applicants to help determine whether there are sufficient resources to process applications in a timely fashion.

**Advisory:**

**Consideration should be given to keeping records for the date applications were first assessed.**

Although there are no Government-mandated timescales attached to the application process, it may be beneficial to implement internal timescale targets to monitor performance.

**Advisory:**

**Consideration should be given to creating internal timescale targets to monitor performance.**

The Implementation Guide states that local authorities should provide low-level information to NHS Test and Trace to allow reporting on the delivery of the Test and Trace Support Payment and discretionary fund

The Benefits and Customer Services Manager (BCSM) demonstrated the NHS Eligibility Checker during a video call. The Checker allows the team to validate applications and provides NHS Test & Trace with the information outlined above.

The BCSM also shared the Test and Trace monthly HMRC spreadsheet which

contains information relating to payments made during the period. HMRC use this information for tax purposes.

Official nationwide statistics on the number of payments made have not yet been published by the DHSC, although they plan to publish this information in due course. However, the BCSM provided some statistics relating to applications submitted to WDC. There have been 1,352 applications submitted to WDC since the scheme's inception. Out of 1,352 applications, 463 (34%) were successful and 889 (66%) were unsuccessful.

The team do not collect or report comprehensive data relating to the reasons why an application has been rejected. The BCSM advised that when the scheme started, the database was built with a few basic rejection reasons. However, as time went on and the scheme changed, it became 'impossible' to keep a record of them all.

Where there is a record on the DHSC eligibility checker, the rejection reasons are recorded. However, not all unsuccessful results will be recorded on the checker as in some cases, the applicant did not have a record on the eligibility database.

The Coronavirus: Self-isolation and Test & Trace Support Payments document, published 26 July 2021, cites a BBC Reality Check report containing findings from an analysis of responses to Freedom of Information requests sent to local authorities. They received data from 104 councils on the reasons why applications were rejected.

The data included in this analysis suggests that there is scope and precedent to collect and report on data relating to unsuccessful applications. Given that 66% of applications to WDC are unsuccessful, it might be useful to collect and report this data to analyse the performance of the scheme.

The BCSM also advised that they do not currently report information relating to the running or performance of the scheme to SMT and/or Councillors. While it is acknowledged that there does not appear to have been any request for them to do so, and the Head of Revenues confirmed that there have been no complaints or requests for performance reports from senior officers, elected members or residents, it is still considered that ongoing performance monitoring and evaluations could be of interest and beneficial to the service.

The scheme was created in emergency and exceptional circumstances to provide urgent financial support. The BCSM emphasised that the scheme has been extremely time-consuming to administer, with frequent changes at little notice. The scheme has had to be administered within existing resources, alongside the normal workload, as no additional resources have been provided to administer the scheme. Although the audit has found that the scheme has been well-administered, ongoing performance monitoring could improve efficiency and identify areas of improvement.

### **Advisory:**

**Consideration should be given to reporting information relating to the running and performance of the scheme to SMT and Councillors.**

The Briefing and Q&A for Local Authorities document states that there is an expectation that local authorities launch a communications campaign to advertise the Test and Trace Support Payment scheme.

Analysis of WDC Facebook and Instagram accounts reveals that the scheme was first highlighted on 9 and 11 October 2020. There are then no posts on this topic until 25 May 2021. There are four posts between 25 May and 8 June 2021.

As part of this audit, there was only one reference to the scheme found in an online local media source.

Overall, there seems to have been an underutilisation of available media resources to publicise the scheme to residents.

**Recommendation:**

**The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.**

4.5 **Fraud Risks**

4.5.1 **Payments intentionally made to ineligible applicants.**

Applications are assessed by all staff members responsible for administering the scheme. The BCSM believes that this collective approach helps to ensure applications are assessed accurately. It also facilitates a balance of perspectives which would not be possible with a single assessor.

The Financial Support Team (FS-Team) are responsible for ensuring the payment is made to the applicant's bank account.

4.5.2 **Payments made to ineligible applicants after receipt of inaccurate information.**

Advice and guidance on the administration of the scheme are provided by the Government Department for Health and Social Care (DHSC) and can be found in the Test and Trace Support Scheme Implementation Guide for Local Authorities. General information on the Test and Trace scheme is available via the Government website. Updates and changes to the scheme are communicated via email and monthly discussion workshops.

The Implementation Guide states that local authorities are responsible for fraud-prevention measures. Local authorities have the right to recover costs from people who claim payment fraudulently and can keep any money recovered to put towards the cost of running the scheme. Local authorities are not liable for any unrecoverable costs due to fraud.

As stated on the Council website and at the end of the application form, any attempts to defraud the Council will be referred to the police.

The Council are planning to undertake a full review of all applications which were successfully granted a support payment to identify evidence of fraud and begin the process of recouping those funds.

#### 4.5.3 **Sensitive and personal information is used to perpetrate fraudulent activities.**

As previously discussed, applicant data is securely held in compliance with the Council's data processing policy. Since access to this data is restricted to staff with a legitimate work interest, the risk of the data being used to perpetrate fraud is considered low.

However, ensuring that the data is consolidated in a single location could help protect it from internal misuse and external malicious cyber-attacks.

Staff are obligated to protect the data that they are exposed to while carrying out their work duties. Breaches of trust may result in disciplinary action being taken up to and including dismissal. Individuals who breach the trust may also be subject to fines and barred from holding positions of trust in the future.

#### 4.6 **Health & Safety Risks**

##### 4.6.1 **The mental and physical health of eligible applicants is impacted by delays in receiving the support grant payment.**

As previously discussed, government guidance for administering the Test and Trace support scheme does not include a specific timeframe in which eligible applications should be awarded a support payment. However, there is an emphasis on providing timely financial support to applicants.

A local Councillor is quoted in the media and on the Council website, emphasising the connection between receiving these payments and minimising the spread of COVID-19 in the community.

There is an unsubstantiated, although plausible, risk that delays in issuing payments could contribute to the spread of COVID-19 in the community.

Once applicants have submitted their application, they receive an automated email confirming that the form has been submitted along with their unique reference number and a downloadable document summarising the application.

The BCSM provided several email templates that are used to request additional information and to update applicants on the status of their application. The BCSM confirmed that these templates are personalised for each applicant.

A review of the email templates showed that all templates are fit for purpose and provide a sufficient level of information along with any suggested actions.

##### 4.6.2 **The mental and physical health of eligible applicants is impacted by applications rejected in error.**

A sample of rejected applications was reviewed to determine whether the eligibility criteria had been correctly applied.

In all cases, the application was rejected for failing to meet at least one mandatory eligibility criterion. Applications for the discretionary fund were judged to be fairly and consistently considered throughout the scheme.

The BCSM advised that the likelihood of rejecting an application in error is minimised due to the collective approach to assessments.

Local authorities are not required to provide a right of appeal against any decision not to award a Test and Trace Support Payment or discretionary payment. The DHSC guidance emphasises that local authorities should work with applicants to make sure they provide the necessary evidence to support their application and to give them the opportunity to provide further evidence if required.

In all cases, the BCSM emailed applicants requesting essential evidence that was not submitted with the initial application. Applications were only rejected if this information was not returned.

Rejected applicants receive a personalised email explaining why their application was not successful.

## 5 Conclusions

5.1 Following our review, in overall terms we are able to give a **substantial degree of assurance** that the systems and controls in place in respect of Test and Trace are appropriate and are working effectively to help mitigate and control the identified risks.

5.2 The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3 The main issues that require further action are summarised below:

- Application data should be transferred to the Test and Trace database.
- The Council should increase their use of available media resources to publicise the scheme to residents.

5.4 Three further, more minor, 'issues' were identified where advisory notes have been reported. Addressing these issues is discretionary for the service.

6        **Management Action**

- 6.1        The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr  
Audit & Risk Manager

## Action Plan

## Internal Audit of Test and Trace Scheme – September 2021

Report Ref.	Risk Area	Recommendation	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Financial Risk	All data relating to applications should be saved in the Test and Trace database.	Low	Benefits and Customer services Manager	I do not have the resource to go back and save all the information in the database. (I have contacted ICT to check that the same level of security exists on all servers where T and T information is held.) However, a team member has attended a surgery with the DHSC and, coincidentally, this is a question that Sam Lowe, the senior policy advisor for the test and trace scheme, raised with his managers. His view is the same as ours i.e. that we should be able to delete the evidence once the claims have been audited and just retain the applications. Mr Lowe will update us as soon as he receives a response. I will therefore be able to update this recommendation to reflect that - hopefully by the end of the calendar year.	End Dec 2021

<b>Report Ref.</b>	<b>Risk Area</b>	<b>Recommendation</b>	<b>Risk Rating*</b>	<b>Responsible Officer(s)</b>	<b>Management Response</b>	<b>Target Date</b>
4.4.1	Reputational Risk	The Council should establish a communications strategy to share the details of the Test and Trace support scheme as widely as possible.	Low	Benefits and Customer services Manager	Agreed.	19 Nov 2021

\* Risk Ratings are defined as follows:

- High: Issue of significant importance requiring urgent attention.
- Medium: Issue of moderate importance requiring prompt attention.
- Low: Issue of minor importance requiring attention.