

CABINET

4 July 2012

UPDATE - COUNCIL TAX DEMANDS AND COUNCIL TAX BENEFIT  
NOTIFICATION

REPORT OF HEAD OF REVENUES

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RECENT REFERENCES:

CAB 2315 – Review of Data Protection for Council Tax Demands and Council Tax Benefit Notification, 11 April 2012

EXECUTIVE SUMMARY:

An error occurred when the Council's Council Tax Demands and Council Tax Benefit (CTB) Notification letters for 2012/13 were issued together on Friday 16 March. CTB information was mismatched to the incorrect Demand, and therefore sent to the wrong recipient. The information received related to another individual. This incorrect information caused inevitable concern amongst recipients about their true situation. It also constituted a potential breach of the Council's obligations on the protection of personal data.

The Chief Executive investigated the matter, reported to Cabinet on 11 April and recommended that the Council's Internal Audit Team review relevant processes and recommend principles for data sampling and checking. The review is complete and has been considered by the Head of Revenues who will implement additional controls, as recommended, and these have been agreed with the Contractor.

RECOMMENDATIONS:

That Cabinet note the findings of the review and endorse the remedial actions proposed.

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#### REPORT OF HEAD OF REVENUES

##### DETAIL:

#### 1. BACKGROUND

- 1.1. The Council issued Council Tax Demands and Council Tax Benefit (CTB) Notification letters for 2012/13 on Friday 16<sup>th</sup> March to 5,975 residents. On Monday 19<sup>th</sup> March the Council was alerted to an error in the information provided which meant that, in 1,254 cases, the CTB information had been mismatched to the incorrect Demand, and therefore sent to the wrong recipient. The information received related to another individual. This incorrect information caused inevitable concern amongst recipients about their true situation. The error also constituted a potential breach of the Council's obligations on the protection of personal data.
- 1.2. The Leader of the Council asked the Chief Executive to investigate the circumstances of this error and advise on what steps the Council should take. A report was presented to Cabinet on 11 April 2012.
- 1.3. Although it was apparent that the errors in data handling which led to the mis-match of personal data resulted from the manipulation of those data by the Council's contractor (Computastat), the responsibility for taking action to avoid a repeat lies with the Council. Two recommendations were made to ensure data are handled appropriately:
  - Commission the Council's Internal Audit Team to review the processes by which data supplied to Computastat or their sub-contractors are managed. The scope of this review – which will be agreed with the Chief Executive and Corporate Director (Governance) - is not to review the contractor or their sub-contractor's systems, but rather to assist the Council in reviewing our contractual arrangements and checking procedures. The review should conclude by outlining the principles Internal Audit consider the Council should adopt for data sampling and checking, and advise on any appropriate direction which should be given to our contractors on data management.
  - On the basis of the Internal Audit review recommended above, require the Head of Revenues to:

- review the contract with Computastat to ensure that, without seeking to unduly circumscribe the process, it provides for sufficient direction on data handling;

- review our arrangements for requesting and checking samples of Demands and Notifications, and the provision of the contract relevant to this checking to ensure they provide a robust basis for quality control of work undertaken under the contract.

1.4. The conclusions of the two reviews to be reported to the Cabinet, along with appropriate actions agreed with the contractor. This report should be made by July 2012, in good time for any changes to be implemented for preparation.

1.5. As noted above, Officers believed that the error may have caused a breach of the Council's data protection obligations the matter was therefore reported to the Information Commissioner's Office (ICO). The ICO was informed of the action taken by the Council to mitigate the implications of the error and the ICO decided that no further action was necessary. Further enquiries may be made if new information which affects the circumstances of the case is identified.

## 2. AUDIT REVIEW

2.1. The Audit Review confirmed that the following processes are adequate.

2.1.1. Process for generating and checking demands fully completed on test system prior to actual annual billing process

2.1.2. Process followed for transferring data files to Contractor, including control checks on completeness of files

2.1.3. Samples selection

- Council Tax Demands – the purpose is to confirm accuracy, checking that charges are calculated correctly in line with new rates. Selected through a combination of attribute and random sample methodology.
- Council Tax Demand Combined (including Benefit Notifications) – the purpose is to confirm name and addresses match, calculation of entitlement correct, details on Council Tax Demand correct. Sample selected focusing on cases with more complicated calculations (high risk) taken from data file spread across the whole of the vertical flat file report.

2.2. The Review identified that the following additional controls should be considered.

2.2.1. Taking an additional sample purely for the purposes of checking the name, address and account details match for the combined

demand and notifications. **This additional control will be implemented.**

2.2.2. Discuss with Computastat the feasibility of developing an output report which lists the matched Council Tax Demands and Notifications, potentially a spreadsheet file of rows which may allow for interval sampling to be completed. This must be produced from the final version of the merged file to be printed. **This additional control will be implemented.**

2.2.3. Consider whether it may be appropriate for officers to view the printed matched Council Tax Demands and Notifications to complete the testing process and to confirm name, address and account match. **This additional control will be implemented.**

### 3. ADDITIONAL CONTROLS TO BE IMPLEMENTED BY CONTRACTOR

3.1. The Head of Revenues has met with the Contactor and agreed that the following additional controls will be put in place by the Contractor –

3.1.1. a report will be provided to the Council, which lists the matches of Council Tax Demands to Notifications from the final print file, which the Council may use for interval sampling purposes

3.1.2. sample proofs provided to the Council will be extracted from the final print files after all data manipulation and matching has been completed

3.1.3. additional automation will be implemented to the matching procedure to minimise the amount of human intervention required and to improve data integrity checks

3.1.4. following any manual stages of the matching procedure separate checks will be carried out by another programmer to ensure that the procedure has been followed correctly

3.1.5. checks of the Demand and Notification match will be made during other relevant processes e.g. binding

3.1.6. checks will be made on the finished product, of the Demand and Notification match, which will be extracted from the start, middle and end of all demand / notification batches

3.1.7. arrangements will be made for Council officers to view the printed, matched Demands and Notifications either at the Contractor's premises or at the Council's offices.

3.2. The Head of Revenues will ensure that any necessary contractual changes are made to reflect the requirement for these additional controls in consultation with the Head of Legal Services.

#### 4. SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS

4.1. The Council aims to provide customer service we're proud of. Clearly it did not do so in this case and, regardless of where fault lies, it is the Council's responsibility to correct matters.

#### 5. RESOURCE IMPLICATIONS

5.1. These actions require officer time from within the Revenues Teams.

5.2. The contract with Computastat contains a clause which requires the contractor to indemnify the Council against all loss, damage or liability suffered and legal fees incurred resulting from a breach of the agreement. It also requires to contractor to hold appropriate professional indemnity insurance.

5.3. The invoice for annual billing is split into two elements - £5,152 for the main batch of demands and £2,748 for the demand / benefit notification match. The Contractor has agreed to issue a credit note for the full cost of the demand / benefit notification match element.

#### 6. RISK MANAGEMENT ISSUES

6.1. The recommendations are intended to reduce the risk of errors and possible liabilities due to poor handling of personal data.

#### BACKGROUND DOCUMENTS:

None

#### APPENDICES

None