
EXTERNAL AUDITOR REPORT: GRANTS CLAIM AND RETURNS CERTIFICATION 2011/12

1 INTRODUCTION

1.1 This report draws Members' attention to the following document from PKF, the Council's external auditor - Grants Claim and Returns Certification 2011/12.

1.2 GRANTS CLAIM AND RETURNS CERTIFICATION 2011/12

1.2.1 In accordance with Audit Commission requirements the external auditor is required to certify to the accuracy of grant claims and returns. For Rochford these are the National Non Domestic Rates return and the Housing and Council Tax Benefit subsidy claim.

1.2.2 This report summarises the main issues and recommendations arising from the certification of grant claims and returns for the financial year ended 31 March 2012. The report is attached as appendix 1

1.2.3 In order to comply with an Audit Commission requirement that the Report must be made available to those charged with governance by the end of February a copy of the Report has been made available to members of the Audit Committee in advance of this meeting.

2 RECOMMENDATION

2.1 It is proposed that the Committee **RESOLVES**

That the Grants Claim and Returns Certification for 2011/12 be noted.

Yvonne Woodward

Head of Finance

Background Papers:- None.

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Grant claims and returns certification

YEAR ENDED 31 MARCH 2012

Rochford District Council

DECEMBER 2012



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Statement of Responsibilities of grant paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns

The [Statement of Responsibilities of grant paying bodies, authorities, the Audit Commission and appointed auditors](#) contains an explanation of the respective responsibilities of auditors and of the audited body. Appointed auditors act as agents of the Audit Commission when undertaking certification work. Reports and letters prepared by appointed auditors are addressed to the grant paying body, members or officers. They are prepared in accordance with the certification arrangements specified by the Audit Commission. This report is for the sole use of the audited body and no responsibility is taken by appointed auditors to any Member or officer in their individual capacity or to any third party.

1 Executive summary

This report summarises the findings of the work we have completed in respect of the year ended 31 March 2012.

SUMMARY OF HIGH LEVEL FINDINGS

Claim or return	Value (£)	Qualified?	Amended?	Impact of amendments Increase/(decrease) in subsidy (£)
Housing and council tax benefit subsidy claim	21,612,146	Yes	Yes	84
National non-domestic rates return	14,656,615	No	Yes	0

The National non-domestic rates return only had one minor amendment to a cell where the incorrect date had been included. There was no impact on the value of this return.

The Council has implemented all of the recommendations raised in our 2010/11 *grant claims and returns certification report*.

2 Introduction

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of grant claims and returns for the financial year ended 31 March 2012. We undertake grant claim certification as an agent of the Audit Commission, in accordance with the Certification Instructions (CI) issued by them after consultation with the relevant grant paying body. Our work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.

After completion of the tests contained within the CI the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed. Sample sizes and methodology for this work are prescribed by the Audit Commission.

ACKNOWLEDGEMENT

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit.

3 Key findings

KEY FINDINGS AND CONCLUSIONS

Whilst the Council does not operate formal, centralised, control environment checks on draft claims, the level of quantifiable error identified through audit is generally low. The Council typically only experiences difficulties with the Housing and Council Tax Benefit Subsidy claim, which is more complex and has a higher volume of transactions than most other claims, and is considered higher risk individually. To mitigate this risk the Council undertakes a number of internal checks on this particular claim prior to submitting it for audit, which has led to improved results year on year.

The grant claims and returns subject to certification this year both required amendment and/or qualification as part of the certification process. A summary of the results of our certification work is set out in the table below.

Claim or return	Value (£)	Qualified?	Amended?	Impact of amendments (£)
Housing and council tax benefit subsidy claim	21,612,146	Yes	Yes	84
National non-domestic rates return	14,656,615	No	Yes	0

The National non-domestic rates return only had one minor amendment to a cell where the incorrect date had been included. There was no impact on the value of this return.

Overall, there were a fewer number of errors identified with the Housing and Council Tax Benefit Subsidy claim compared to previous years. We continued to work closely with Internal Audit to enable them to complete all the baseline audit testing for this claim. We re-performed 10% of Internal Audit's testing and found that the correct certification conclusion was given in all cases, enabling us to place full reliance on their work.

Three issues were identified which resulted in additional testing being required, in line with the CI, as follows:

- **Non-HRA Rent Rebates:** Testing of the baseline sample identified eight cases where the benefit entitlement had not been calculated correctly. Benefit was underpaid in five cases, and overpaid in three cases. Classification errors were also identified in two cases. As the population was small, testing on 100% of the remaining population was completed, where a further ten errors were identified. The classification errors were adjusted in the claim form, leading to an increase in subsidy of £651. The underpayments of £2,575 and over payments of £361 were not amended in the claim form and will be reflected in the 2012/13 subsidy claim form. These amounts were included in the qualification letter.
- **Rent Allowances:** The Council identified that the system was incorrectly classifying rent allowance payments in relation to those claimants that were residing in registered social landlord bed and breakfast properties. The Council completed additional work to identify all claimants of this type in order to quantify and correct the misclassification. An adjustment of £76,506 was made to the claim. There was no impact on subsidy as a result of this adjustment because both cells affected received the same amount of subsidy.
- **Council Tax overpayments:** An issue was identified where the system was incorrectly classifying overpayments as technical error for a period prior to the date the change was assessed, which is incorrect. A report was run that identified all claims affected by this issue and an adjustment of £1,498 was made to the claim, leading to a decrease in subsidy of £567.

The additional testing necessitated by these matters arising was completed by the Benefit Department and Internal Audit staff and subject to re-performance testing completed by us on a sample of cases.

Our review of the implementation of recommendations made in our 2010/11 grant claims and returns certification report, the detail of which is included at Appendix A, identified that all of the recommendations made had been satisfactorily addressed.

We have made a further recommendation in Appendix B, in response to the findings from this year's certification work, to secure further improvement to grant claims and returns preparation processes.

4 Fees

Claim	Actual fee year ended 31 March 2012 (£)	Actual fee year ended 31 March 2011 (£)
Housing and council tax benefit subsidy	19,950	19,926
National non-domestic rates return	4,885	4,913
Disabled facilities grant	*	1,039
Grants report & risk assessment	1,805	1,805
TOTAL	26,640	27,683

* The disabled facilities grant claim no longer requires certification.

Appendix A – Status of 2010/11 recommendations

Recommendations	Priority	Management response	Responsibility	Timing	Progress
Housing and council tax benefit subsidy					
Follow up the remaining 9 cases to determine whether a single person discount should be applied against their council tax liability, making corrections as necessary.	High	Decisions have now been made on all the outstanding cases.	Senior Benefit Officer	January 2012	This has been implemented.
Complete necessary checks for all new benefit claims and changes in circumstances to ensure that a single person discount is applied to the claimant's council tax liability when appropriate.	Medium	A weekly report is now run and checked, which identifies benefit claims with potential discounts and claims that may no longer qualify for discounts.	Senior Benefit Officer	Implemented	This has been implemented.
Remind staff to ensure that the correct benefit end date is applied to non-HRA rent rebate claims.	Medium	Assessors have been reminded of the correct date to end Bed and Breakfast claims. We are also currently looking at a pro-forma that could be filled by Strategic Housing to introduce standard wording and avoid confusion.	Senior Benefit Officer	Implemented April 2012	Assessors have been reminded of the correct date to end B&B claims. A pro-forma has not been issued but wording has been agreed with Strategic Housing to try and avoid confusion. However, some errors were identified this year and therefore a further recommendation has been raised. See Appendix B.

Appendix B – 2011/12 action plan

Matter arising	Recommendations	Priority	Management response	Responsibility	Timing
Housing and council tax benefit subsidy					
A number of errors were identified as part of the testing of non-HRA claimants. These were predominately in relation to start and end dates being incorrectly applied and the input of eligible rent. 100% testing was carried out by the Council to quantify these errors. These error types are similar to the types identified in the prior year.	Advance the timing of the 100% checks of non-HRA claimants to before the claim is signed by the Responsible Officer so that any amendments identified can be reflected in the claim submitted for audit.	Medium	The Senior Benefit Officer & Principal Auditor will undertake 100% testing on the claim start and end dates on all Non HRA claims. In addition 100% testing will be undertaken on the eligible rent figure.	Senior Benefit Officer Principal Auditor	March/April 2013