
EXTERNAL AUDITOR REPORTS AND UPDATES FOR 2010/11

1 INTRODUCTION

- 1.1 Recommendations from the Audit Commission, external auditors and inspectors are monitored by Internal Audit and their review falls within the discretion of this Committee.
- 1.2 This report draws Members' attention to the recommendations arising from the "Annual Governance Report, 2010/11".
- 1.3 This report also introduces the external auditors' Annual Audit Letter for 2010/11 and their grants claim certification report for 2010/11.

2 ANNUAL GOVERNANCE REPORT 2010/11

- 2.1 The Council's External Auditors, PKF, presented this report to the Audit Committee on 29 September 2011.
- 2.2 The recommendations and management responses arising from the report have been included as appendix 1, together with progress to date.

3 ANNUAL AUDIT LETTER 2010/11

- 3.1 The Annual Audit Letter is attached as appendix 2 and covers the work that PKF, the Council's external auditor, carried out relating to the last financial year. The Letter primarily summarises information that has already been considered by the Audit Committee in separate reports from PKF on, for example, the audit of the accounts for 2010/11, which was reported to this Committee on 29 September 2011. The Letter was brought to all Members' attention in the Members' Bulletin of 30 December 2011 and a copy was placed in the Members' Library. The Letter has also been published separately on the Council's website.

4 GRANTS CLAIM CERTIFICATION REPORT 2010/11

- 4.1 The grants claim certification report is attached as appendix 3. This report summarises the main issues arising from the certification of grant claims for the financial year ending 31 March 2011.
- 4.2 All the issues listed in appendix A to the external auditors' letter have already been discussed with managers and responses attached. All recommendations raised by the external auditors will be monitored for implementation through this Committee.

5 RECOMMENDATION

- 5.1 It is proposed that the Committee **RESOLVES**

- 1) That the monitoring sheets for the external audit recommendations arising from the annual governance report, 2010/11 be agreed.
- 2) That the PKF Annual Audit Letter for 2010/11 be noted.
- 3) That the grants claim certification report for 2010/11 is noted and that the implementation of the action plan be reported through the Audit Committee process.

Yvonne Woodward
Head of Finance

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

**MONITORING PROGRESS OF RECOMMENDATIONS RAISED IN
ANNUAL GOVERNANCE REPORT, 2010/11**

APPENDIX 1

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
<p>The Valuer's report stated that valuation was undertaken in accordance with UK GAAP. This is an inappropriate basis for valuations for 2010/11 as IFRS has been implemented.</p> <p>However, our testing confirmed that, because of the nature of the Council's assets, there would have been no differences in valuation had the basis used been IFRS.</p>	<p>1. Amend the instructions to the Valuer to direct that valuations be undertaken in accordance with IFRS.</p>	<p>Low</p>	<p>Initial Response The timing of the valuer's report was originally to be used for the 2009/10 accounts when UK GAAP was relevant. New instruction in place.</p>	<p>Financial Services Manager</p>	<p>Recorded as. "In Place" at time of Report Presentation</p>

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
There were some disclosure errors identified during our audit that would have been avoided had the Council utilised <i>LAAP 88 - Closure of the 2010/11 Accounts and related matters</i> which is a technical update paper issued by CIPFA to support councils in preparing their accounts.	2. Review LAAP bulletins and technical updates prior to preparing the financial statements to identify all key changes and technical issues relating implementation of the Code and reflect them within the draft financial statements.	Medium	<p>Initial Response Accepted . Time pressures when producing the accounts, with the change to full system based accounts, detailed work on capital accounts and implementation of IFRS, meant that assumptions were made that the Code guidance notes and CIPFA training sessions would be sufficient.</p> <p>Update February 2012 Currently there haven't been any LAAP bulletins released. However when there are they will be reviewed. A check on the CIPFA website will be made towards the end of March.</p> <p>Checking too early will mean there is still a risk of later publications coming to light</p>	Financial Services Manager	March 2012

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL SYSTEMS					
<p>For the control weaknesses identified within our separate ISA 265 report dated August 2011, Internal Audit have already raised recommendations for the majority of the issues raised other than around:</p> <ul style="list-style-type: none"> - Confirmation of establishment lists - Authorisation of New Starters - - Authorisation of Payroll Payments 	<p>3. Obtain positive confirmation of the accuracy of establishment lists from Departmental Heads at least twice a year.</p>	HIGH	<p>Initial Response Accepted</p> <p>Update February 2012 The last circulation of the establishment lists to HOS was in September, and all have been returned signed. Good progress has been made with creating an establishment list directly from Team Spirit and we hope to be able to use that report rather than the manual establishment list when we send out again in March.</p>	People and Policy Manager	<p>March 2012</p> <p>Implemented</p>
	<p>4. Define and operate alternate formal arrangements for authorisation of new starter forms in the event that a member of staff is on leave.</p>	HIGH	<p>Initial Response Starters - This was an isolated incident on one day and we disagree with the assessment of it as a High Risk. Within a small organisation, there will be occasions when a member of staff is off and</p>	Financial Services Manager	<p>Recorded as.</p> <p>“In Place”</p> <p>at time of Report Presentation</p>

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
			alternative arrangements have to be made; not every eventuality can be included in procedures. In this case, the 2 starters were input and authorised by two separate staff in the Finance Team.		
	5. All Payroll reports must be appropriately authorised prior to payments being processed. In the event that a member of staff is not available, appropriate arrangements should be put in place to ensure that this authorisation is delegated to an alternate, appropriate officer.	HIGH	Initial Response With regard to authorisation of payroll payments, although one control in the process had not been consistently evidenced, the reports are generated as part of a process that has multiple review points with final authorisation of the payments made by the Head of Finance or her deputy which was evidenced in all cases.	Financial Services Manager	Recorded as. “In Place” at time of Report Presentation

Rochford District Council

Annual Audit Letter 2010/11

Report to Members

December 2011



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Reports issued in relation to the 2010/11 audit

<http://www.pkf.co.uk/>

Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

<http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/Pages/codelocalgov.aspx>

<http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/Pages/statementresponsibilities.aspx>

1 Executive summary

- 1.1 This Annual Audit Letter (Letter) summarises the key issues arising from the work we have carried out during the year.
- 1.2 We have already reported the detailed findings from our audit work to those charged with governance in the reports documented in the Appendix to this report. We have no additional recommendations for the Council at this time.

Key findings

- 1.3 A summary of key conclusions is included in the table below:

Area	Conclusion
Financial statements	<p>There were three material misstatements of disclosures in the accounts which have been corrected. These disclosure matters related to the presentation of financial transactions on the face of the Consolidated Income and Expenditure Statement and the Cash Flow Statement but had no effect on the Council's reported outturn.</p> <p>The restatement of prior years' balances required for implementation of International Financial Reporting Standards was dealt with appropriately.</p> <p>We issued an unqualified opinion on the financial statements on 30 September 2011.</p>
Value for money conclusion	<p>We issued an unqualified value for money conclusion on 30 September 2011.</p>

Acknowledgement

- 1.4 We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

2 Introduction

About the Council

- 2.1 Rochford District is in southeast Essex, between the rivers Thames and Crouch. Much of the district's 65 square miles is designated as green belt and there are many miles of coastline and nationally important areas of salt marsh, including Foulness Island and areas which are under Ministry of Defence control. There are significant Sites of Special Scientific Interest (SSSI) within the district; the Crouch and Roach estuaries, and the Foulness and Hockley Woods. About 81,100 people live in the district. Over half of the population live in Rayleigh, Hockley or Rochford. Southend Airport is part of the Thames Gateway regeneration area and is partially situated within the district.
- 2.2 The Council comprises 39 elected Members representing 14 parishes. It employs approximately 200 staff, and spends approximately £41m per annum, providing a range of public services to the residents of the District. The Council's spend is funded by Central Government Grants, Council Tax, fees and charges and other sources of income.
- 2.3 Further information on the activities of the Council is detailed in its Corporate Plan 2011-2016 which is publicly available on the Council's website at <http://www.rochford.gov.uk>.

The purpose of this Letter

- 2.4 The purpose of this Letter is to summarise the key issues arising from the work that we have carried out during the year. Although this Letter is addressed to Members, it is also intended to communicate the significant issues we have identified, in an accessible format, to key external stakeholders, including members of the public. The Letter will be published on the Audit Commission's website at www.audit-commission.gov.uk and also on the Council's website at www.rochford.gov.uk.

Responsibilities of the auditors and the Council

- 2.5 We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England.
- 2.6 As the Council's external auditors, we have a broad remit covering financial and governance matters. We target our work on areas which involve significant amounts of public money and on the basis of our assessment of the key risks to the Council achieving its objectives. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

The scope of our work

- 2.7 Our main responsibility as the appointed auditor is to plan and carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, we are required to review and report on:
- the Council's financial statements (including the Whole of Government Accounts return)
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources
 - certification of grant claims (as an agent of the Audit Commission).

3 Key findings

Accounts

Financial statements

- 3.1 We issued an unqualified opinion on the Council's financial statements on the 30 September 2011 and therefore within the statutory deadline. Our opinion confirms that the financial statements gave a true and fair view of Council's financial affairs as at 31 March 2011 and of its income and expenditure for the year then ended.
- 3.2 Misstatements were identified and corrected during the course of the audit, three of which were material in value but relating to disclosures, meaning that there was no impact on the Council's reported outturn position as a result of amendment. These matters, along with a number of other immaterial misstatements were reported in detail in our *Annual Governance Report*.
- 3.3 The misstatements ranged from £583,000 to £54,400,000. The largest misstatement being incorrect inclusion of investment principle in the Cash Flow statement adjustment lines and associated notes, as directed incorrectly by the CIPFA Cash Flow Toolkit which the Council used, with a nil net effect upon correction. The other amendments related to the treatment and disclosure of expenditure on the face of the Comprehensive Income and Expenditure Statement.
- 3.4 There were two uncorrected misstatements reported to Those Charged with Governance, of £29,000 and £23,000 both relating to misstatement of creditors. Members accepted that these misstatements would remain uncorrected on the basis that they were not significant to the accounts.

Whole of Government Accounts

- 3.5 The Whole of Government Accounts return did not require certification because it was below the specified de-minimis level. We were required, instead, to verify the pension disclosures made and this was done on 30 September 2011.

Internal controls

- 3.6 We were satisfied that the Annual Governance Statement was not inconsistent or misleading with other information we were aware of from our audit of the financial statements.
- 3.7 We identified some control weaknesses from our review of the Council's accounting and internal control systems, and we took account of these in our audit approach and levels of testing. These were reported in our *ISA265 Letter to Those Charged with Governance* and related to the payroll system and the creditors and expenditure system. Our additional testing confirmed that although the controls were not operating effectively this did not result in any material misstatement in the financial statements.

Use of resources

- 3.8 We were satisfied that, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011, and issued our conclusion on 30 September 2011.

Value for money conclusion

- 3.9 Our principal work in arriving at our value for money conclusion was comparing the Council's financial governance arrangements against characteristics specified by the Audit Commission, reviewing financial resilience and the arrangements for securing economy, efficiency and effectiveness in the use of resources.

Financial resilience

- 3.10 Along with all other Councils, Rochford District Council was notified of a reduction in central government revenue funding of 14.5% (or £720,000)¹, with further reductions in the subsequent years. Forecast spending reductions are 12.5% (or £1.7m) in 2011/12² which is a slightly higher reduction than other District Councils across the Country, which are all facing similar financial pressures.
- 3.11 Although the Council are looking at utilising some reserves to achieve savings, saving and efficiency initiatives have been identified to fund the gap in 2011/12, partly through larger savings schemes such as management restructure but also through smaller but more original schemes such as selling payroll services to a neighbouring local authority, a practice which the Council is looking to expand. The Council already outsources a number of services in order to achieve savings.
- 3.12 The Council has a track record of achieving its efficiency plans and making required savings, this remained the case in 2010/11. From review of current documentation, the Council is on track to deliver its 2011/12 objectives and targets and management are now focussing on the medium term.

Challenging economy, efficiency and effectiveness

- 3.13 2010/11 has been a period of review and consolidation in respect of VFM, the catalyst for which has been the funding reductions outlined above. This has necessitated a fundamental review of all lines in the Council's baseline budget and of levels of service provided which has, in effect, superseded the need for specific VFM focused individual projects. This has resulted in, amongst other things, some areas of service such as the handyman service, gardening service and taxi scheme being discontinued as they were not considered to provide sufficient VFM.

¹ Source: CLG – RA and SSG returns 2010/11 and 2011/12

² Source: Audit Commission Financial Resilience Survey

- 3.14 Our review did not identify any contra-indicators that would lead us to conclude that the Council's strategic and operational management arrangements had deteriorated.
- 3.15 There is evidence that arrangements for securing and challenging VFM, as previously assessed, have continued to operate as expected in the areas of strategic and financial planning and monitoring, benchmarking activity and risk and performance management.
- 3.16 In addition, the Council has continued to actively explore the potential for greater partnership working, in a variety of guises, and has progressed joint working in areas including car parking and collaborative procurement projects.

Grants

- 3.17 Our work on the 31 March 2011 grant claims was completed on 30 November 2011. Overall the arrangements for claims preparation processes remain sound and the overall control environment is low risk.
- 3.18 Of the three claims certified, only the Housing and Council Tax Benefit Subsidy claim required amendment to cells covered by our certificate, and it was also subject to qualification. Despite this qualification, fewer issues arose from our audit this year than in previous years and, in light of the claim's complexity, we continue to consider the arrangements for compiling it to be sound.
- 3.19 We will issue a detailed report on the findings from our grants work in January 2012.

Appendix: Reports issued in relation to the 2010/11 audit

Report	Date Issued
Audit Fee Letter	April 2010
Annual Audit Plan	December 2010
ISA265 Letter to Those Charged with Governance	September 2011
Annual Governance Report	September 2011
Annual Audit Letter	December 2011



Accountants &
business advisers

Rochford District Council

Grant claim certification for the year ended 31 March 2011

February 2012

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Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body with reference to the separate Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

[Statement of Responsibilities of Auditors and Audited Bodies](#)

[Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns](#)

1 Introduction

- 1.1 This report summarises the main issues arising from the certification of grant claims for the financial year ending 31 March 2011. We undertake grant claim certification as an agent of the Audit Commission, in accordance with the Certification Instructions (CIs) 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.
- 1.2 After completion of the tests contained within the CI the grant claim 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.
- 1.3 The results of the integrated benefits work also contribute to the Audit Commission's inspection risk assessment for benefits services. Sample sizes and methodology for this work are prescribed by the Audit Commission.

2 Overall conclusions

- 2.1 The Council's claims preparation processes are sound and the overall control environment is low risk. Furthermore improvements have been seen in the accuracy of the draft Housing and Council Tax Benefit Subsidy claim for audit, resulting in fewer errors being identified compared to the previous year.
- 2.2 A detailed Action Plan to assist in securing such improvements in future years has been agreed with officers and is included in Appendix A to this report.

3 Summary of certification

3.1 The table below identifies the certification status of the grant claims audited for the year ending 31 March 2011:

Claim	Value of claim £	Qualified/ Unqualified	Number of quantifiable amendments	Impact of amendments on subsidy £	Fee for the year ended 31 March 2011 £	Fee for the year ended 31 March 2010 £
Housing and council tax benefit subsidy	21,147,254	Qualified	1	(299)	19,926	30,075
Disabled facilities grant	150,000	Unqualified	0	N/A	1,039	-*
National non domestic rates return	13,649,757	Unqualified	0	N/A	4,913	5,003
Overall grants control environment risk assessment	N/A	N/A	N/A	N/A	1,039	1,040
Grants report	N/A	N/A	N/A	N/A	765	765
Housing and council tax benefit subsidy – 2008/09 follow-up (requested by the Department for Work and Pensions)	N/A	N/A	N/A	N/A	-**	867
Total for 2010/11	34,947,011	1 Qualified	1	(299)	27,682	-
Total for 2009/10	33,368,244	1 Qualified	4	(50,935)	-	37,750

* Below the Audit Commission de-minimis level of £125,000 (£150,000 in 2010/11) therefore did not require certification in this period

** Not required in 2010/11

- 3.2 As expected, there was a further decrease in the fees charged for the audit of the Housing and Council Tax Benefit Subsidy claim. This was due to efficiencies arising from this being the second year that Internal Audit performed the baseline sample testing and, therefore, had more knowledge and experience of completing this work.
- 3.3 Additionally, there were two subsidy errors identified from the baseline testing this year, necessitating additional samples being tested compared to three sets in the prior year.
- 3.4 The grants report and the overall grants control environment risk assessment were mandated by the Audit Commission, as a result of their *Review of Arrangements for Certifying Claims and Returns*, to raise the importance and profile of certification work and improve the standards of claims and returns prepared

4 Overall grants control environment risk assessment

- 4.1 Our risk assessment concluded that overall there is a low risk of grant claims and returns submitted for audit not being in compliance with the CI prescribed by the Audit Commission and the grant paying body.
- 4.2 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. Typically, and in common with other local authorities, the Council 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.
- 4.3 As with the prior year, we are not recommending that the Council take any action to strengthen the control environment currently in place.

5 Detailed findings

- 5.1 There were no matters arising from the audit of the National Non-Domestic Rates return.
- 5.2 As in previous years the Housing and Council Tax Benefit Subsidy claim presents the greatest challenge and is more prone to error. The Council implemented all of the recommendations made in our previous year's report. The results of the audit of this claim have been set out in more detail below.
- 5.3 The Disabled Facilities Grant Return was above the de-minimis level this year and therefore was subject to audit. We identified an issue with the way in which the Council was accounting for committed, rather than actual, expenditure when compiling the relevant claim entries. This required a small amount of additional testing to confirm that the amount of subsidy claimed was unaffected by this matter.

Housing and council tax benefit subsidy claim

- 5.4 Overall, there were a fewer number of errors identified with the Housing and Council Tax Benefit Subsidy claim compared to previous years.
- 5.5 This year we continued to work closely with Internal Audit to enable them to complete all of the baseline audit testing. 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. This resulted in a net reduction of external audit time required to complete the audit, which is reflected in the fees charged, as set out in section 3.
- 5.6 Two issues were identified, which resulted in additional testing required to be completed, in line with the CI as follows:
- **Non-HRA Rent Rebates:** Testing of the baseline sample identified that an incorrect benefit end date was used in the benefit calculation for 3 cases, resulting in benefit being underpaid in 2 of the cases and overpaid in 1 case. As the population was less than 100, testing on 100% of the remaining population was completed, where a further 7 errors were identified. Consequently, the required amendments to the subsidy claim form were quantified and will be reflected in the 2011/12 subsidy claim form.
 - **Single person's discount:** Testing of the baseline sample identified some cases where the claimant was single, per their application form, however a single person discount had not been applied to their council tax account. This could indicate that a claimant's council tax liability is too high and council tax benefit being consequently overpaid, although there are legitimate circumstances in which a claimant could be single but not eligible for single person's discount.

The Council was able to generate a report showing all single claimants and reviewed each case to identify whether claimant's individual

circumstances were such that a single person discount should be applied to the claimant's council tax liability.

Out of the 163 cases that were generated on this report, 112 were found to be incorrect with only 42 cases found to correctly have a single person discount applied. The Council were unable to conclude on 9 cases and will be following up on these cases in time for completion of the 2011/12 subsidy claim form. A recommendation has been raised to this effect in Appendix A.

- 5.7 Whilst the Council has identified the actual error value for claims where SPD has, incorrectly, not been applied (£28,453), resulting in an overpayment of subsidy, the 2010/11 Housing and Council Tax Benefit Subsidy Claim has not been adjusted because the Council has processed these errors in Academy in 2011/12. The required adjustment to subsidy will, therefore, be reflected in the 2011/12 Housing and Council Tax Benefit Subsidy. The details of these two errors and their impact on the subsidy claim form can be seen in our qualification letter to the Department of Work and Pensions, a copy of which is attached as Appendix B of this report.
- 5.8 The additional testing necessitated by these two issues was completed by the Benefit Department and Internal Audit staff, and subject to re-performance tests by us. This again is reflected in the reduction in fees charged in section 3.
- 5.9 A small number of amendments were required to the subsidy claim form, however these were identified by the Council before the commencement of the audit. We were notified of these required amendments at the start of the audit and we completed adequate testing to satisfy ourselves of their accuracy.

Disabled Facilities Grant Return

- 5.10 The Disabled Facilities Grant Return was above the de-minimis level of £150,000 in 2010/11 and, therefore, was subject to audit. The return has not been subject to audit since 2008/09.
- 5.11 Although no issues were identified with the cells that were subject to audit and we were able to issue an unqualified audit opinion, during the course of our testing we identified that the Council was incorrectly including committed, rather than actual, expenditure within its calculation of total expenditure for the year of audit when determining whether the maximum grant was receivable. When corrected, the total actual expenditure still exceeded the total grant receivable and so did not affect the cells of the claim subject to certification.
- 5.12 The total relevant expenditure is disclosed in an unaudited cell and, after seeking advice from the Department of Communities and Local Government (DCLG), this cell was amended before certification.

Acknowledgement

- 5.13 We would like to thank all the staff involved in grant claim preparation and audit for their considerable co-operation and assistance.

Appendix A

Action Plan

Matter arising	Recommendations	Priority	Management response	Responsibility	Timing
Housing and council tax benefit subsidy					
As a result of errors found in the initial testing, all single claimants were reviewed to ensure that single person discount was applied to their council tax account to reduce their council tax liability. The Council were able to conclude on 154 cases, however there were 9 cases where the Council had insufficient evidence to conclude whether a single person discount should be applied to each of the cases. The Council is working to obtain the required evidence in order to conclude on these cases before the completion of the 2011/12 subsidy claim form.	1. 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.	Mags Brushett – Senior Benefit Officer	January 2012
	2. 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.	Mags Brushett – Senior Benefit Officer	Implemented

Matter arising	Recommendations	Priority	Management response	Responsibility	Timing
Testing identified cases whereby the benefit end date had been incorrectly applied to non-HRA rent rebate claims. In total, 10 cases were found to be incorrect, resulting in housing benefit being incorrectly calculated.	3. 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.	Mags Brushett – Senior Benefit Officer Mags Brushett – Senior Benefit Officer	Implemented April 2012

Appendix B

Housing and Council Tax Benefit Subsidy qualification letter

Department for Work and Pensions
Housing Benefits Unit
Room 512
Norcross
Blackpool
FY5 3TA

Our ref: 1012597/RSB/10-11/BEN01

29 November 2011

Dear Sir/Madam

Rochford District Council
Housing Benefit & Council Tax Benefit claim for the year ended 31 March 2011
(Form MPF720A)
Qualification Letter referred to in the Auditor's Certificate dated 29 November 2011.

Details of the matters giving rise to our qualification of the above claim are set out in the Appendix to this letter.

The factual content of our qualification has been agreed with officers of the Council.

No amendments have been made to the claim for the issues raised in this qualification letter.

Yours faithfully

PKF (UK) LLP

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Appendix

1. Single Persons Discount

Cell 142: Council Tax – Total Expenditure (Benefit Granted)**Cell Total: £6,267,937****Cell Population: 6,457****Sub-population: 163****Sub-population value: £173,344**

Although not identified through testing of Council Tax cases on Module 3, it came to light during the course of the audit that some Council Tax benefit claimants, who were single claimants, had not had a single persons discount (SPD) applied to their Council Tax liability. The Council produced a report from Academy, which identified 163 claimants who were single according to their application but had not received SPD. The Council reviewed each of these cases to determine whether SPD should have been applied to their Council Tax liability and the impact on cell 144.

In 9 of the 163 relevant cases, the results were inconclusive because there was insufficient information in the claimant's record to determine whether SPD should have been applied. In these cases the claimant's have been contacted to request further information before concluding.

We have re-performed a sample of the testing completed by the Council in arriving at these results and are satisfied that the work can be relied upon.

The results are as follows:

	Number of Claimants	Cell 144 Expenditure	Actual Error Value	Claim Impact
SPD incorrectly not applied	112	£125,245	£28,453	Cell 144 overstated by £28,453. Cell 150 understated by £28,453.
Inconclusive - Insufficient information currently available	9	£11,617	To be determined	Cell 144 potentially misstated. Cell 150 potentially misstated.

SPD correctly not applied	42	£36,482	Nil	N/A
Total	163	£173,344	£28,453	

The actual subsidy error value of £28,453 stated above is the net of identified over and under payments. Four cases were found to be over paid by a total of £172 and the remaining 108 cases under paid by a total of £28,625.

Whilst the Council has identified the actual error value for claims where SPD has, incorrectly, not been applied, the 2010/11 Housing and Council Tax Benefit Subsidy Claim has not been adjusted because the Council has processed these errors in Academy in 2011/12. The required adjustment to subsidy will, therefore, be reflected in the 2011/12 Housing and Council Tax Benefit Subsidy Claim. The Council is expecting to receive the additional information for the 9 claims noted above before the end of the 2011/12 financial year and should, therefore, be able to process any errors on these cases through the 2011/12 claim in the same way.

2. Non-HRA Rent Rebates

Cell 011: Non-HRA Rent Rebates – Total Expenditure (Benefit Granted)

Cell Total: £141,339

Cell Population: 65

Testing of the initial sample of 13 cases identified three cases where the Council had ended the benefit period on an incorrect date, resulting in a total underpayment of £140 for two of the cases and an overpayment of £114 for the other case. As the cell population is less than 100, the remaining 52 cases were tested. A further seven errors were identified from this additional testing, five resulting in underpayment and two resulting in overpayment of benefit.

For the three overpayment errors identified the total actual value of overpayment is £265. The effect on the subsidy claim form is as follows:

- Cell 012 overstated by £44
- Cell 013 overstated by £221
- Cell 026 understated by £265

Although 100% of the population has been tested and the actual error value has been quantified, the Council has amended for these errors in Academy in 2011/12 and they will, therefore, be adjusted through the 2011/12 subsidy claim form. Consequently the Council has declined to make an adjustment to the 2010/11 subsidy claim form.

For information, the total value of underpayments identified was £271, which does not affect the 2010/11 subsidy claim form.