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## PKF'S GRANT CERTIFICATION FOR 2008/09

### 1 SUMMARY

- 1.1 This report introduces a new report from PKF that is attached as an appendix for Members' consideration and discussion. The Grant Certification report summarises the main issues arising from the certification of grant claims for the year ending 31 March 2009. The grant claims audited by PKF were the Housing and Council Tax benefit subsidy, Disabled Facilities Grants and National Non Domestic Rates Return.
- 1.2 In previous years, the results of the external auditors' work on the Council's grant claims has been reported as part of their Annual Audit and Inspection Letter. The Audit Commission has introduced a new requirement this year for a separate report, which now includes a great deal more detail about the findings of the audit work.
- 1.3 PKF report that, overall the Council's claims preparation processes are sound although there is some scope for the Council to improve its arrangements for processing benefit, which will facilitate the production of a more accurate draft Housing and Council Tax subsidy claim for audit. A detailed action plan has been agreed with officers and is included in the appendix to the attached report.

### 2 RISK IMPLICATIONS

- 2.1 Officers have reviewed the arrangements in place for preparing the Housing and Council Tax subsidy claim to ensure that the issues identified in this report are avoided in future years.

### 3 RESOURCE IMPLICATIONS

- 3.1 The grant claims audited by PKF are for very large amounts - £16.9m for Housing and Council Tax benefit subsidy and £14m for National Non Domestic Rates Returns. The amendments identified and made to the claim resulted in a reduction in subsidy of £1,641. The fees payable to PKF for carrying out this work is £40,706 compared to £35,632 in 2007/8. The increase is due to the additional cost of the new reporting requirements (ie the report attached) and the additional testing required, as detailed in the attached report.

### 4 RECOMMENDATION

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

(1) That the content of the report and the action plan be noted.

- (2) That progress on implementing the action plan be included in the monitoring report of external audit recommendations, which is regularly received by this Committee.

Yvonne Woodward

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**Background Papers:-**

None.

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Accountants &  
business advisers

## **Rochford District Council**

# **Grant Claim Certification for the year ended 31 March 2009**

February 2010

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## Appendix

- A Action Plan
- B Housing and Council Tax benefits subsidy qualification letter

### **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 2009. We undertake grant claim certification as an agent of the Audit Commission, in accordance with the Certification Instructions 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 Certification Instruction 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 Housing and council tax benefit subsidy audit is an integral part of the Use of Resources assessment in considering the Council's data quality arrangements under the Audit Commission's COUNT principle (collect once use numerous times). 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.
- 1.4 The Audit Commission's September 2009 *Review of Arrangements for Certifying Claims and Returns* recommended that the findings from grant certification work be taken into account in the use of resources assessment. The guidance for key line of enquiry (KLOE) 2.4 which focuses on risks and internal control has been updated to reflect this and evidence from certification work may also be relevant to KLOE 1.1(financial planning), 1.3 (financial reporting) and 2.2 (data quality). Consequently the outcomes of the 2008/09 certification work, included within this report, will inform the use of resources assessment and Value for Money conclusion for 2009/10.

## 2 Overall conclusions

- 2.1 Overall the Council's claims preparation processes are sound although there is some scope for the Council to improve its arrangements for processing benefit which will facilitate the production of a more accurate draft housing and council tax subsidy claim for audit.
- 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 2009:

| Claim                                   | Value of claim<br>£ | Qualified/<br>Unqualified | Number of<br>amendments | Impact of<br>amendments<br>on subsidy<br>£ | Fee for the<br>year ended 31<br>March 2009<br>£ | Fee for the<br>year ended 31<br>March 2008<br>£ |
|---|---------------------|---------------------------|-------------------------|--|---|---|
| Pooling of housing capital receipts     | N/A                 | N/A                       | N/A                     | N/A  | -*  | 1,480   |
| Housing and council tax benefit subsidy | 16,898,105          | Qualified                 | 6                       | 1,641                                      | 34,058  | 25,888  |
| Disabled facilities grant               | 107,000             | Unqualified               | 0                       | 0  | 955   | -*  |
| National non domestic rates return      | 13,999,348          | Unqualified               | 0                       | 0  | 4,928   | 4,952   |
| HRA subsidy                             | N/A                 | N/A                       | N/A                     | N/A  | -**   | 3,312   |
| Grants report                           | N/A                 | N/A                       | N/A                     | N/A  | 765   | -***  |
| <b>Total for 2008/09</b>                | <b>31,004,453</b>   | <b>1 Qualified</b>        | <b>6</b>                | <b>1,641</b>                               | <b>40,706</b>                                   | <b>35,632</b>                                   |
| <b>Total for 2007/08</b>                | <b>29,030,193</b>   | <b>1 Qualified</b>        | <b>6</b>                | <b>34,450</b>                              | <b>-*</b>                                       | <b>1,480</b>                                    |

\* Below the Audit Commission de-minimis level of £100,000 therefore did not require certification

\*\* No further claims due to the transfer of the Council's housing stock to Rochford Housing Association.

\*\*\* Not mandated nor charged as section 28 work last year.

3.2 The Grants Report included in the table above is 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. The cost of reporting is now charged under section 28 of the Audit Commission Act 1998 and is calculated based upon the number of hours taken to draft, agree and finalise the report.

















