



GA.52 13/14
Committee Governance and Audit Committee
Date 10th April 2014

D

Subject: Certification of Grant Claims 2012/13

Report by:	Tony Crawley KPMG
Contact Officer:	Tracey Bircumshaw Group Accountant 01427 676560 Tracey.Bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	The purpose of the report is to present the outcome of Grant Claims certifications 2012/13.

RECOMMENDATION(S):

That Members note and receive the information contained within this report.

IMPLICATIONS

Legal:
None arising from this report.

Financial : FIN/01/15 The cost of auditing Grant Claims for 2012/13 was contained within the overall approved budget for External Audit.

Staffing :
None arising from this report.

Equality and Diversity including Human Rights :
None arising from this report

Risk Assessment :
None arising from this report.

Climate Related Risks and Opportunities :
None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

Executive Summary

The report summarises the outcome of work undertaken by KPMG on Grant Claim Certifications for 2012/13, of which the headlines include:

- Certification of housing and council tax benefit grant of £29.4m
- Certification of NNDR3 £15.3m
- Unqualified opinions on both grant claims.

The report will be presented by Tony Crawley, Director, KPMG LLP (UK).



cutting through complexity™

Certification of grants and returns 2012/13

West Lindsey District Council

February 2014



The contacts at KPMG in connection with this report are:

Tony Crawley

Director

KPMG LLP (UK)

Tel: **0116 256 6067**

tony.crawley@kpmg.co.uk

Adrian Benselin

Manager

KPMG LLP (UK)

Tel: **0116 256 6089**

adrian.benselin@kpmg.co.uk

Louise Stables

Assistant Manager

KPMG LLP (UK)

Tel: **0113 231 4747**

louise.stables@kpmg.co.uk

	Page
■ Headlines	2
■ Summary of certification work outcomes	3
■ Fees	5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, who is the engagement lead to the Authority who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – 1 claim with a value of £29.4m (housing and council tax benefits); and – 1 return with a value of £15.3m (national non domestic rates). 	<p>-</p>
Certification results	<p>We issued unqualified certificates for both grants and returns.</p> <ul style="list-style-type: none"> ■ This year, no qualification was required in respect of housing and council tax benefits. Although we identified some errors, we were able to agree minor cell amendments in all cases. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>Adjustments were necessary to the housing and council tax benefits claim as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ The number of errors identified in our testing of the housing and council tax benefits claim remains low. This year we agreed an adjustment of £8,996 (last year a small £40 adjustment was required). 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work, in particular:</p> <ul style="list-style-type: none"> ■ Both claims were submitted on a timely basis and had been correctly identified as requiring certification in line with the Certification Instruction Index issues by the Audit Commission. ■ The records kept in relation to these returns were accurate and sufficient. 	<p>-</p>
Fees	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £8,700. Our estimated fee for the certification of grants and returns was £9,165.</p> <ul style="list-style-type: none"> ■ We identified more errors in the Housing & Council Tax Benefits claim and under the Commission's HBCOUNT approach, we consequently carried out more detailed testing of benefit cases. 	<p>Page 5</p>

Overall, we certified two grants and returns:

- One was unqualified with no amendment; and
- one was unqualified but required some amendment to the final figures.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

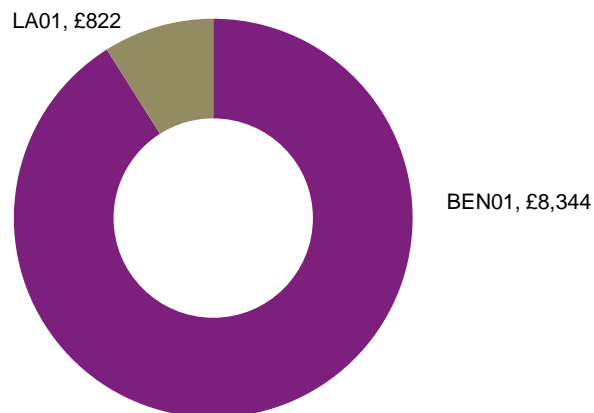
	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefits	1				
National Non Domestic Rates return					

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing & Council Tax Benefits</p> <p>The Council claims subsidy from central government in respect of benefits paid to claimants. Unlike the arrangements for other claims and returns, auditors are not allowed by DWP to reduce testing by relying on the control environment.</p> <p>Testing involves:</p> <ul style="list-style-type: none"> ■ a 'discovery sample' of 20 cases for each benefit type (total 60 cases tested; 3 errors identified); ■ further testing of each cell affected by errors found in the current year's discovery testing: as the populations were small, 100% testing was carried out and cell amendments were agreed; and ■ further testing of each cell affected by errors found in previous years testing (due to the timing of testing, errors discovered in one year are likely to recur in the following year even if action is taken promptly). No errors were identified in this year's testing. <p>Last year a qualification letter was required, relating to a number of minor unadjusted issues on the misclassification of rent allowance overpayments.</p>	<p>- £8,996</p>

Our overall fee for the certification of grants and returns is higher than the original estimate: we identified more errors in the Housing & Council Tax Benefits claim.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefits	8,344	8,657
LA01 – National Non Domestic Rates return	821	684
Annual report	0	525
Total fee	9,165	9,866

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £8,700. Based on the actual work we carried out the actual fee we charged was higher than the indicative fee. The main reasons for the fee exceeding/being less than the indicative fee were:

- we identified more errors in the Housing & Council Tax Benefits claim and under the Commission's HBCOUNT approach, we consequently carried out more detailed testing of benefit cases.

The above fees have all been confirmed by the Audit Commission.

This year we have not charged a separate fee for producing this annual report.



cutting through complexity™

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).