

Grant claims and returns certification

YEAR ENDED 31 MARCH 2012

Lewes 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.

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 (£)
Housing and council tax benefit subsidy	41,119,177	Yes	Yes	(902)
National non-domestic rates return	20,888,931	No	No	-
Pooling of housing capital receipts	640,577	No	No	-
Housing revenue account subsidy return	(3,705,374)	No	No	-

The Council has made progress in implementing the recommendation raised in our 2010/11 *grant claims and returns certification report*, although further work remains as additional issues have been noted during the 2011/12 audit process.

To improve the accuracy of grant claims and returns the following need to be addressed:

- Additional focus to ensure that entries within the Housing and council tax benefit subsidy return where errors have been made in the past have been made appropriately.

Introduction

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of grant claims 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 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.

Key findings

KEY FINDINGS AND CONCLUSIONS

We were satisfied with the accuracy of the preparation of grant claims and returns and were able to certify all but one without qualification. Some amendments were made to one return, the impact of which is set out in the table below.

Claim or return	Value (£)	Qualified?	Amended?	Impact of amendments (£)
Housing and council tax benefit subsidy	41,119,177	Yes	Yes	(902)
National non-domestic rates return	20,888,931	No	No	-
Pooling of housing capital receipts	640,577	No	No	-
Housing revenue account subsidy return	(3,705,374)	No	No	-

HOUSING AND COUNCIL TAX BENEFIT SUBSIDY

Initial testing of a sample of entries within the Housing and council tax benefit subsidy claim identified a number of issues for review and resolution. The issues resulted in additional audit work to assess the possible impact, as well as the need for further testing of similar claims to be performed. The issues noted can be summarised as:

- errors in the application of the benefit cap to homelessness cases
- errors made with the recording of income used to calculate benefit due.

Following review, the majority of errors identified were considered to be isolated. However, in one case we could not regard the error identified as isolated and testing of an additional sample of 40 cases had to be undertaken, as required by the methodology agreed with the Department for Work and Pensions (DWP). All testing in respect of the Housing and council tax benefit subsidy was completed by the internal audit staff and our re-performance of their work found that we agreed with their conclusions.

The completion of the additional testing identified further similar issues and resulted in both the amendment to the claim and the issue of a qualification letter to the Department for Work and Pensions. This letter noted the following issue:

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- five instances from the sampled cases where individuals had been underpaid benefit as a result of errors in the recording of payslip information
 - a potential overpayment of £138 established by extrapolation of the error identified in our sample of Rent allowance claims reviewed over the recording of payslip information

As a result of additional time spent on the issues identified and discussions relating to these, there has been an increase on the fee charged for this audit in comparison to the prior year.

RECOMMENDATIONS

We have reviewed of the implementation of the recommendation made in our 2010/11 grant claims and returns certification report, the detail of which is included at Appendix A. This review has confirmed that, although there has been some progress with the recommendation, they cannot be evidenced as fully implemented as some further issues have been noted within the current year.

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

Fees

Claim	Actual fee year ended 31 March 2012 (£)	Actual fee year ended 31 March 2011 (£)
Housing and council tax benefit subsidy	20,179	17,505
National non-domestic rates return	3,098	3,108
Housing revenue account subsidy return	2,320	2,430
Pooled capital housing receipts	1,211	2,260
Housing revenue account subsidy base data return	-	6,430
Disabled facilities grant	-	1,388
Grants report	750	1,020
TOTAL	£27,558	£34,141

As a result of HRA self-financing coming into place with effect from 1 April 2012 the HRA subsidy base data return no longer requires auditing. In addition, the disabled facilities grant is no longer ring fenced and as such the grant claim does not need to be audited.

Appendix A – Status of 2010/11 recommendations

Recommendations	Priority	Management response	Responsibility	Timing	Progress
Housing and council tax benefit subsidy					
We recommend that management reviews the effectiveness of the Council's procedures to address issues arising from its quality assurance checks on housing and council tax benefits.	High	We accept the recommendation and will act to bring improvements before submission of the next Housing and Council Tax Benefits claim.	Head of Revenues and Benefits	31 March 2012	The work on the Housing and Council Tax Benefits claim has again identified some issues with individual claims. See further recommendation in Appendix B.

Appendix B – 2011/12 action plan

Matter arising	Recommendations	Priority	Management response	Responsibility	Timing
Housing and council tax benefit subsidy					
<p>Internal Audit's testing of the Housing and Council Tax Benefits subsidy return has identified a number of errors within all areas of the claim. These include:</p> <ul style="list-style-type: none"> - errors in the application of the benefit cap to homelessness cases - errors made with the recording of income used to calculate benefit due. 	<p>The Council consider the need to conduct specific review of areas with known issues, such as</p> <ul style="list-style-type: none"> - review of benefit cap application for homelessness cases - review of the recording of income data within claims 	Medium	<p>We accept the recommendation, and agree to maintain the high level of quality checks and reinforce training on the need for accuracy in using income data.</p>	Head of Revenues and Benefits	31 March 2013