



LEWES DISTRICT COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Year ended 31 March 2013



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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 2013.

We undertake grant claim and return 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 used in the work on the housing and council tax benefit subsidy return and the methodology for the certification of all grant claims are prescribed by the Audit Commission.

A summary of the fees charged for certification work for the year ended 31 March 2013 is shown to the right.

Appendix I of this report (page 6) shows the Council's progress against the action plan included in our 2011/12 Grant Claims and Returns Certification report (presented to Audit and Standards Committee on 17 March 2013).

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

FEES	PLANNED SCALE FEE (£)	OUTTURN FEE (£)
Housing and council tax benefit subsidy	10,830	10,830
National non domestic rates return	1,920	1,920
Pooling of housing capital receipts	1,400	1,400
TOTAL FEES	£14,150	£14,150

KEY FINDINGS

Summary of high level findings

CLAIM OR RETURN	VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS (£)
Housing and council tax benefit subsidy	£43,151,420	Yes	Yes	£536
National non-domestic rates return	£22,930,485	No	No	-
Pooled housing capital receipts	£1,026,285	No	No	-

Detailed Findings

Below are details of each grant claim and return subject to certification by us for the financial year to 31 March 2013. Where our work identified issues which resulted in either an amendment or a qualification (or both), further information is provided. An action plan in respect of these matters is included at Appendix II of this report on page 7.

Housing and council tax benefit subsidy	Findings and impact on claim
<p>Local authorities responsible for managing housing benefit and council tax benefit schemes are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A, which is subject to certification.</p> <p>Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A. The methodology and sample sizes are prescribed by the Audit Commission and the Department for Work and Pensions. We have no discretion over how this methodology is applied.</p>	<p>In line with the requirements of the grant paying department (the Department for Work and Pensions - the 'DWP') our work on the return has included:</p> <ul style="list-style-type: none">• a review of the control environment surrounding the preparation of the claim form• detailed testing of a sample of cases (20 for each benefit type), to assess the accuracy of the information included in the claim. <p>As in prior years, Internal Audit have undertaken detailed testing of the initial required sample of benefit cases, this work identifying a number of issues for further review and resolution. These being summarised as errors:</p> <ul style="list-style-type: none">• in the classification of homelessness cases• in the use of applicable rates to calculate benefits for homelessness cases• made with the recording of earned income used to calculate benefit payable (errors were recorded across Rent Rebate, Rent Allowance and Council Tax benefit claims)• in the recording of Child tax credit income and Working tax credit income within individual claims <p>Following review, and as the errors identified could not be considered isolated, testing of similar claims was completed in order to allow assessment of the potential impact on the subsidy claim.</p>

Testing of an additional sample of 40 cases was undertaken in each area, as required by the DWP methodology. All additional testing was completed by internal audit staff. We have re-performed some of their work and are in agreement with their findings and conclusions.

The additional testing identified further issues and resulted in the amendment to the claim and the issue of a qualification letter to the DWP. This letter noted the following:

- seven cases where Non HRA (Homelessness) benefit had been incorrectly classified between cells in the claim form, resulting in under and over claims of benefit.
- six cases where the council had used the incorrect rate to assess the level of Non HRA (Homelessness) benefit that could be claimed.
- five instances where individual Rent Rebate benefit claims had been incorrectly assessed as a result of errors in the recording of earned income
- nine instances where individual Rent Allowance benefit claims had been incorrectly assessed as a result of errors in the recording of earned income
- six instances where individual Council Tax benefit claims had been incorrectly assessed as a result of errors in the recording of earned income
- four cases where the council had incorrectly recorded the level of tax credit income when assessing individual Council Tax benefit claims.

As there were a number of errors in each area, and in line with the requirements of the approach, the letter included assessments of the possible impact of the findings if similar error percentages were applied to the populations of the affected cells.

Following further discussion and the provision of additional supporting information by the Council, the DWP has amended its assessment of the impact on the claim. This has confirmed that there will be a deduction of approximately £4,000 from the next settlement.

National non-domestic rates return

The Council is a billing authority and as such is required, on an annual basis, to calculate its contribution to the centrally-administered non-domestic rates pool. The value of the contribution must be notified to the Secretary of State. This is done on form NNDR3, which is subject to certification.

Findings and impact on return

The certification of the National Non Domestic Rates return was completed satisfactorily and the claim was submitted as unqualified and without amendment.

Pooling of housing capital receipts

Local authorities are required to pay a portion of any housing capital receipt they receive into a national pool administered by central government. The Council is required to submit quarterly returns notifying central government of the value of capital receipts received. The information in these returns is subject to certification on an annual basis.

Findings and impact on return

The certification of the Pooling of Housing Capital Receipts return was completed satisfactorily and the claim was submitted as unqualified and without amendment.



APPENDICES

APPENDIX I: STATUS OF 2011/12 RECOMMENDATIONS

RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	PROGRESS
<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	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.	Head of Revenues and Benefits	31 March 2013	<p>The Council has continued to address the issues identified in 2011/12.</p> <p>There have been similar issues noted in 2012/13, such as in the recording of income. We have raised a further recommendation for the current year in Appendix II.</p>

APPENDIX II: 2012/13 ACTION PLAN

HOUSING AND COUNCIL TAX BENEFIT SUBSIDY					
CONCLUSION FROM WORK	RECOMMENDATION	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
<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"> • Incorrect classification of homelessness cases. • Use of incorrect rates to calculate benefit for homelessness cases • Errors with the recording of income for individual claimants 	<p>The Council should ensure it completes ongoing reviews of the quality of work of benefit operatives and the accuracy of data recorded within the benefit system.</p>	<p>High</p>	<p>The Council continues to undertake review of claims to ensure accuracy of assessment. The level has been maintained in 2013/14 and complete reviews of claims processed in some categories have been undertaken</p>	<p>Head of Revenues and Benefits</p>	<p>31 March 2014</p>



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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