

Taunton Deane Borough Council

Corporate Governance – 22 September 2014

External Audit 2013/14 – Certification Plan

Report of the Assistant Director Resources

This matter is the responsibility of the Leader of the Council, Cllr John Williams

Executive Summary

This short covering report introduces, for information only, the external audit Certification Plan for 2013/14.

1. Background

- 1.1 The external auditors carry out a significant role in ensuring our grant claims to Government are robust. This report sets out their plan for approaching this in 2013/14.
- 1.2 It is worth noting that the number of claims to be audited this year are fewer than previously following the replacement of Council Tax Benefit Subsidy with a local Council Tax Reduction Scheme; and the implementation of business rates retention meaning that there is no longer a NNDR3 grant claim.

2. Recommendation

- 2.1 Members are requested to note the report from our external auditors outlining their Certification Plan for 2013/14.

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Certification work plan for Taunton Deane Borough Council

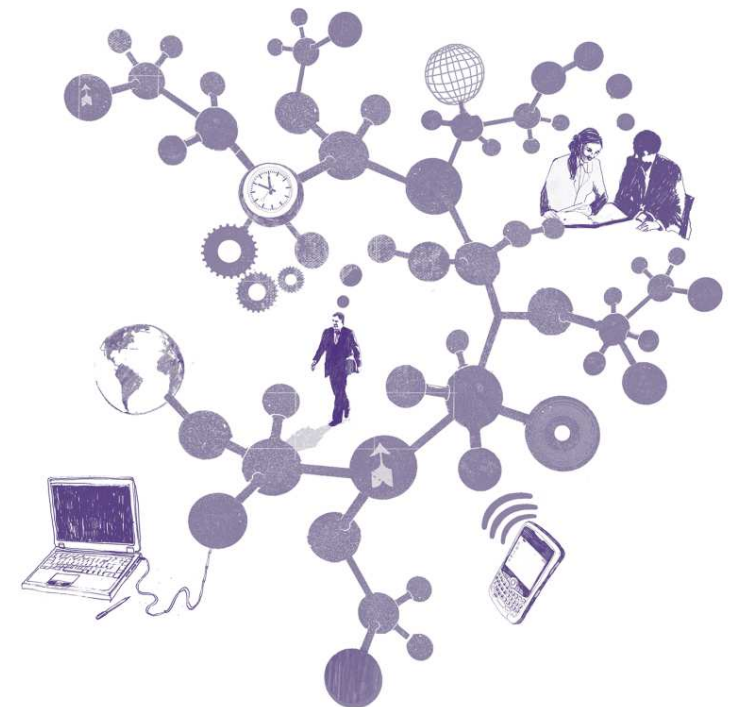
Year ended 31 March 2014

7 September 2014

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Our approach to certification work

Introduction

As the Council's appointed external auditor, we undertake grant certification work acting as an agent of the Audit Commission. The only claim which requires certification at Taunton Deane Borough Council for 2013/14 is the Housing Benefit Subsidy claim and the Pooling of Housing Receipts return.

The Department for Work and Pensions (DWP) requires external certification of the Housing Benefit Subsidy claim each year. The Department for Communities and Local Government (DCLG) require the external certification of the Pooling of Housing Receipts return.

The Audit Commission agrees certification arrangements with the DWP and DCLG and issues certification instructions. The arrangements include the deadline for submission of each claim by authorities and the deadline for certification by auditors (30/11/2014 for the Housing Benefit Subsidy claim and 30/09/2014 for the Pooling of Housing Receipts return).

Role of all parties

The table following summarises the respective roles and responsibilities of the parties involved in the certification process.

Party	Role & responsibility
DWP and DCLG	Sets conditions of subsidy and deadline for submission for pre-certified and certified claim/return
Audit Commission	Issues certification instruction for auditor work
Council	Submits claim/return for certification to the Appointed Auditor within DWP and DCLG submission deadlines
Appointed Auditor	Certifies claim/return in accordance with Audit Commission certification instruction and within certification deadline

The Council's role is set out in more detail below:

- the Director - Operations is responsible for ensuring that supporting accounting records are sufficient to document the transactions for which claims/returns are made. These records should be maintained in accordance with proper practices and kept up to date, including records of income and expenditure in relation to the Housing Benefit Subsidy claim;
- the Council should ascertain the requirements of schemes at an early stage to allow those responsible for incurring eligible expenditure to assess whether it falls within the scheme rules and to advise those responsible for compiling claims and returns to confirm any entitlement;
- the Council should ensure all deadlines for interim and final claims are met to avoid sanctions and penalties from grant paying bodies;
- the DWP and DCLG requires the Council's certificate to be given by an appropriate senior officer. This is typically the Director - Operations or an officer authorised by written delegated powers; and
- the Council should monitor arrangements with any third parties involved in the certification process.

Claims history

The most significant claims and returns in 2012/13 were:

- housing and council tax benefits scheme;
- national non-domestic rates return; and
- pooling of housing receipts return.

Due to changes in government funding, there are a number of schemes that either finished in 2012/13 or where funding is no longer ring-fenced. For the Council this means that there will be no certification under the Audit Commission regime of the following schemes this year:

- council tax benefit (previously part of the housing and council tax benefits scheme); and
- national non-domestic rates return.

Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this states that the claim is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;
- without qualification but with agreed amendments incorporated by the Council;
- or
- with a qualification letter (with or without agreed amendments incorporated by the Council).

Where a claim or return is qualified because the Council has not complied with the strict requirements set out in the DWP's or DCLG's terms and conditions, there is a risk that the DWP or DCLG will retain funding claimed by the Council or claw back funding which has already been provided or has not been returned.

In addition, where the claim or return requires amendment or is qualified, this increases the time taken to undertake this work, which may impact on the certification fee.

Certification work fees

The Audit Commission sets an indicative fee for grant claim certification based on the 2011/12 actual certification fees for each council. The indicative fee for the Council is £15,606. The fee is based on the following assumptions:

- there will be no change in the scope of our work due to the control environment in place during the year;
- the Council provides adequate working papers to support each entry in the claim or return; and
- the Council's staff are available to deal with our queries in a timely manner and provide such explanations and supporting evidence necessary to support entries.

Where there is any significant variation from these assumptions, we will discuss a variation to the indicative scale fee with the Council and the Audit Commission.

Administration

When the claim or return is completed, a copy of the signed claim should be sent to Ashley Allen at the following address:

Grant Thornton UK LLP
1st Floor, Unit 26-28
Basepoint
Yeoford Way
Marsh Barton Trading Estate
Exeter
EX2 8LB

The **original** claim or return should be retained by the Council.

Managing the certification process – our role

- We intend to certify the Housing Benefit Subsidy claim and Pooling of Housing Receipts return in accordance with the deadlines set by the Audit Commission. If we receive the claim or return after the Council's submission deadline, we will endeavour to certify it within the Audit Commission deadline but, where this is not possible, within three months from receipt.
- A copy of the certified claim or return will be sent to the relevant named contact when the certification process is complete, along with a copy of the qualification letter, where applicable.
- Copies of the certification instruction can be provided on request.
- We expect to complete the certification work by 30/11/2014 and will issue a grant certification report highlighting any issues that need to be brought to the Council's attention.



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