

Taunton Deane Borough Council

Corporate Governance Committee - 9 March 2015

Grant Thornton - Certification Report 2013/2014

Report of the Assistant Director – Corporate Services (Richard Sealy)

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

1. Executive Summary

This report introduces the Certification Report 2013/14, which has been compiled by our external auditors, Grant Thornton, in relation to the certification of our Housing Benefit Scheme Claim and Pooling of Housing Receipts Return.

The report, which will be presented by Grant Thornton, summarises their findings from their work in relation to the above claim and return for 2013/14.

2. Background

- 2.1 Each year our external auditors, Grant Thornton, review the Council's arrangements in relation to grant claims and returns.
- 2.2 Specifically for the 2013/14 financial year the external auditors have focussed on the Housing Benefit Scheme Claim and Pooling of Housing Receipts Return.
- 2.3 Their full report together with detailed recommendations and details of the cost of this work are attached to this report.

3. Finance Comments

- 3.1 The claim and return submitted by the Council (and reviewed by our external auditors) total £35.4m. This is clearly a significant financial matter for the authority and we must ensure that proper arrangements are in place to meet the "conditions" of the grants.
- 3.2 The report indicates that, whilst a qualification has been made in respect of the Housing Benefit Scheme Claim, this qualification has had no financial impact.
- 3.3 The report highlights a number of areas where improvements are required together with the agreed management response and target delivery dates.

4. Legal Comments

4.1 There are no legal implications from this report.

5. Links to Corporate Aims

5.1 No direct implications.

6. Environmental Implications

6.1 No direct implications.

7. Community Safety Implications

7.1 No direct implications.

8. Equalities Impact

8.1 No direct implications.

9. Risk Management

9.1 Any risks identified will feed into the corporate risk management process.

10. Partnership Implications

10.1 The Director – Operations and the Internal Audit Team (SWAP – South West Audit Partnership) have taken the findings of this report into account when identifying the areas of risk to be audited next year.

11. Recommendations

11.1 Members are requested to note the report.

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Certification report 2013/14 for Taunton Deane Borough Council

Year ended 31 March 2014

10 February 2015

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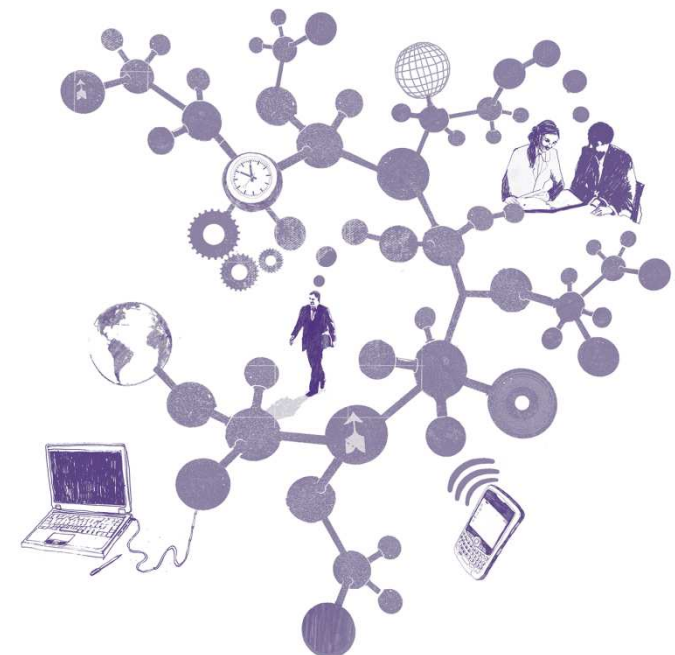
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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by Taunton Deane Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified two claims and returns for the financial year 2013/14 relating to expenditure of £35.4 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in September 2014.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	Both claims/returns were submitted and certified by the required deadlines.	● Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Pooling of Housing Capital Receipts Return was certified without amendment or qualification however the Housing Benefit Claim was qualified and amended.	● Amber
Supporting working papers	Working papers were in place to support the entries on the claims/returns and requests for additional information were dealt with promptly.	● Green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Taunton Deane Borough Council is based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims were reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix C.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
December 2014

Appendices

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit scheme claim	32,672,866	Yes	0	Yes	<p>The amendment was a classification error between two cells that had no impact on the overall value of the claim.</p> <p>Issues relating to qualification;</p> <ul style="list-style-type: none"> - there were unreconciled differences between the benefits paid per the claim and benefits granted as per the Civica system - an issue affecting the Civica system and its reporting was identified nationally, the impact of which is not known - initial testing identified one case where Carer's Allowance had been brought forward incorrectly - initial testing identified three cases where earned income was incorrectly included, which all related in underpayments and further testing was undertaken, which identified 8 further underpayments, one overpayment and one case with both under/over payments - initial testing identified two issues with Working Tax credits that resulted in an underpayment of benefits and Further testing identified three more errors, one with underpayment, one with no impact on benefits, and one that resulted in an overpayments.
Pooling of housing receipts return	2,704,595	No	Not applicable	No	No issues were identified in the testing of this return and did not require amendment or qualification.

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The Council should ensure that the benefit granted is reconciled to the benefit paid as per the Civica System.	Medium	We will continue to press Civica for a solution to this reconciliation	Immediate and ongoing Performance and Development Manager
2	The Council should ensure that tax credits are correctly and promptly entered onto the system for the calculation of benefits.	Medium	We will: <ul style="list-style-type: none"> - carry out a review of the importing of tax credit info from ATLAS into Civica - provide staff with refresher training on how to calculate tax credit income for HB purposes 	March 2015 Performance and Development Manager
3	The Council should ensure that earned income figures are correctly entered onto the system for the calculation of benefits.	Medium	We will: <ul style="list-style-type: none"> - remind staff of the importance to correctly input earned income - increase the number of earned income cases checked pre-notification 	March 2015 Performance and Development Manager April 2015 Principal Benefits Officer

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Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	The Council should ensure that all staff are aware of how the Non-HRA Rent Rebate cases should be classified.	Medium	We will provide staff with refresher training on the correct classification for non-HRA cases and produce a desk aid	March 2015 Performance and Development Manager
5	The Council should ensure that all amounts for Carer's Allowance are correctly input into the system for the calculation of benefits.	Medium	We will carry out a check of all cases where a Carer's Allowance is in payment to ensure the correct amount is included in the calculation of HB	February 2015 Performance and Development Manager

Appendix C: Fees

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits scheme claim	11,810	14,620	14,620	2,810	<p>In 2012/13, we undertook two additional samples of claims whereas in 2013/14 we were required to undertake seven additional samples due to errors identified.</p> <p>In addition, this fee is based on actual fees charged in 2011/12 which were significantly more than the base year of 2010/11 for 2012/13 fees. The indicative fee for 2013/14 was a 40% reduction from the 2011/12 actual fee and included a further 12% reduction to reflect the Council Tax Benefit scheme removal from the claim.</p>
Pooling of housing receipts return	1,934	986	986	(948)	In 2012/13, we undertook Part A and B testing. In 2013/14, only Part A testing was necessary.
Total	13,744	15,606	15,606	1,862	



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