



**Policy, Finance &  
Development  
Committee**

**25 March 2014**

**Matter for  
Information**

Title: **External Audit Report on Certification of  
Claims and Returns**

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## **1. Introduction**

This report summarises the findings from the External Auditors Certification of grants and returns 2012/13 Report. It includes the Auditors assessment of the Council's arrangements for preparing claims and returns. The report also provides brief information on any returns that have been amended or qualified.

## **2. Recommendations**

Members note the contents of the report.

## **3. Information**

The attached report from KPMG provides details of the External Auditors opinions on the processes adopted by the Council in respect of the management of its grant claims and returns. In 2012/13 the External Auditor reviewed the Council grant claims and returns with a total value of £24.5M. This included monies both paid over to the Government and received by the Council.

KPMG, the Council's appointed external auditor, is responsible for completing all aspects of the audit required for the certification of claims and returns. This includes delivering the annual report on certification work.

The external audit report attached (Appendix) shows that the Council has adequate arrangements for preparing its grants and returns and supporting the audit certification work. The report states all grants and returns were submitted on a timely basis and had been corrected identified as requiring certification in line with the certification instruction index issued by the Audit Commission. The auditor's report states that the Council keeps adequate records in relation to grants and returns which were accurate and sufficient. However, the report notes that at the time the relevant Officers did not fully understand the requirements of the new system of accounting for housing capital receipts which was introduced in 2013. This resulted in an overpayment of £8,962 to the Government, but this was subsequently repaid to the Council during the same financial year. New procedures have now been put in place to increase the checking of the claims and suitable

training given to staff which should mean that the returns are accurately returned to the Government in future.

The auditor has noted that a qualification adjustment was necessary in respect of the grant claimed for housing and council tax benefit for 2012/13. The claim was amended by £1,019. The auditors state that overall the level of error found is very low compared to other Authorities. It should be noted that the adjustment to the claim of just over £1,000 is in respect of over £25M worth of transactions. This means that overall accuracy of the grant claims returned for Benefits and Business Rates is around 99.995%

Since the audit has taken place new staff in the Revenues, Benefits and Customer Services have introduced new procedures which should ensure that the errors in the housing and council tax benefit subsequently are reduced and hopefully eliminated completely.

In summary, the auditors thought that the Council has good arrangements in place for preparing its grant claims and returns. They also felt that the grant claim and return work had been undertaken in a timely manner and added that records and supporting bank claims and returns were accurate and sufficient.

#### 4. Financial Implications

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13 and set an indicative fee for the Council of £13,700. KPMG's actual fee for the certification of grant and returns was £14,039. The difference was due to the new statutory requirement to certify the Housing Capital Receipts Return which was not included in the indicative fee.

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#### Background Papers:-

Implications	
Financial	JD - Included within the body of the report
Risk	JD – No significant risk in view of the external audit report
Equalities	KG – No significant implications
Legal	KG – No significant implications