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Certification of grants and returns 2012/13

Oadby and Wigston Borough Council

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in connection with this
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Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – 1 grant with a total value of £12.4m; and – 2 returns with a total value of £12.1m. 	
Certification results	<p>We issued unqualified certificates for 1 grant and return but qualifications were necessary in 2 cases.</p> <p>In common with many authorities a qualification was required in relation to the certification of the Housing and Council Tax Benefits Claim. As required we tested a random sample of claims covering all types of benefit paid, and also a focused sample based on errors which had arisen last year. This work identified a number of individual errors on a small number of claims in 2012/13. Testing of the 'initial' samples also identified further errors which led to an extension of testing.</p> <p>These results showed an increase in error with those for 2011/12 where a qualified certificate and qualification letter was also issued also in relation to the Housing and Council Tax Benefits claim.</p> <p>Overall the level of error found on the Housing and Council Tax Benefits claim is low compared to many authorities.</p> <p>A qualification letter was also required in relation to the certification of the Housing Pooling of Capital Receipts Return. Details are set out on page 5 and in summary the Authority has overpaid £8,962 to DCLG.</p>	Pages 3 – 5
Audit adjustments	<p>Adjustments were necessary to one of the Council's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ A minor adjustment of £1k was made to the Housing and Council Tax Benefit Claim which was in line with 2011/12 where the amendment was £2k. 	Pages 4
The Council's arrangements	<p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work</p> <p>All grants and returns were submitted on a timely basis and had been correctly identified as requiring certification in line with the Certification Instruction Index issued by the Audit Commission.</p> <p>The records kept in relation to grants and returns were accurate and sufficient, but Officers did not fully understand the requirements of the Department of Communities and Local Government regarding payments on account for Housing Capital Receipts. We have made a recommendation regarding this.</p>	Page 7
Fees	<p>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. Our actual fee for the certification of grants and returns was £14,039.</p> <ul style="list-style-type: none"> ■ The difference was due to the need to certify the Housing Capital Receipts return, which was not included in the indicative fee. 	Page 6

Certification of grants and returns 2012/13

Summary of certification work outcomes





Overall, we certified 3 grants and returns:

- **1 was unqualified with no amendment;**
- **1 required a qualification to our audit certificate and required an amendment to the final figures; and**
- **1 required a qualification to our audit certificate.**

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	1				
Pooling of Housing Capital Receipts	2				
National Non Domestic Rates return					

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing and Council Tax Benefits Claim</p> <p>Testing on the 2011/12 claim found that in nine cases the Council had incorrectly classified eligible overpayments. Extended testing was therefore undertaken again this year (2012/13) and errors were found in 6 of the 40 cases. No such errors were found on our initial sample.</p> <p>Our initial sampling also found errors:</p> <ul style="list-style-type: none"> ■ two cases were found in the initial sampling where rent allowance prior year overpayments were incorrectly classified as eligible instead of local authority error. Extended testing did not identify any further errors. ■ One case where a rent allowances change of circumstances had not been correctly actioned. Testing of all such items did not identify any further error, and it was deemed to be isolated. As the error resulted in a difference of only £1 the claim was not amended. <p>Officers have undertaken to update procedures, train staff and undertake further quality assurance to minimise the risk of error in future.</p> <p>In accordance with the certification instructions a qualification was mandated as a result of identifying errors of this nature.</p> <p>An error was also identified on completion of the claim from underlying records resulting in a reduction to the rent allowance DWP overpayment cell of £100. There was no effect on subsidy payable</p> <p>Our testing also found that the figure included on the claim for uncashed cheques was understated by £1019 and the claim was amended for this.</p> <p>Overall the level of error found is low compared to many authorities.</p>	-£1,019

Certification of grants and returns 2012/13

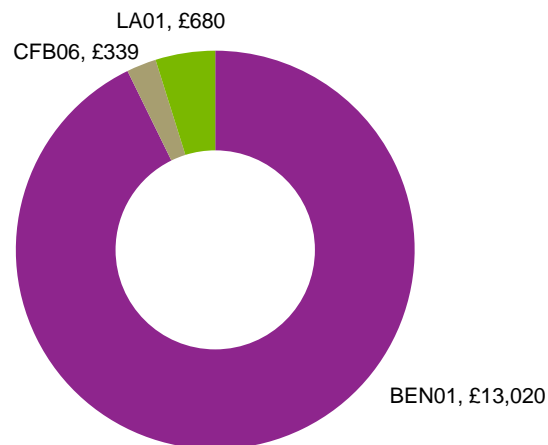
Summary of certification work outcomes cont

This table summarises the key issues behind each of the adjustments or qualifications that were identified on page 3.

Ref	Summary observations	Amendment
2	Pooling of Capital Receipts Return <ul style="list-style-type: none"> Our testing of the quarterly amounts found differences in the amounts per the claim form and the actual amounts paid by the Authority, resulting in an overall overpayment for the year of £8,962. Failure to make the correct payments on account to the Department of Communities and Local Government could result in the Council incurring interest penalties. This issue did not arise in previous years. 	

Our overall fee for the certification of grants and returns was increased from the original estimate to include the certification of Pooling of Housing Capital Receipts.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefit	13,020	16,673
CFB06 – Pooling of Housing Capital Receipts	339	0
LA01 – National Non Domestic Rates return	680	6,386
Other claims no longer required to be certified	0	948
Reporting**	0	1,020
Total fee	14,039	25,197

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £13,700. Based on the actual work we carried out the actual fee we charged was higher than the indicative fee. The reason for the fee exceeding the indicative fee was that the need to certify the Pooling of Housing Capital Receipts return not included in the indicative fee.

** The fee for Reporting in 2012/13 has been allocated to the individual claims.

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

<p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing and Capital Receipts return</p> <p>The Council did not make the correct quarterly payments on account to the Department of Communities and Local Government.</p>	<p>During 2012/13 the Council made an overpayment to DCLG but had the Council underpaid then it could become liable for interest penalty payments on amounts due but not paid.</p>	<p>1</p> <p>Ensure that the amount paid to the DCLG each quarter agrees to the submitted return on LogasNet</p>	<p>2</p>	<p>Overpayments have now been recouped, and discussions held with DCLG to obtain a better understanding of the return.</p>	<p>Principal Accountant</p> <p>31 March 2014</p>



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