

Certification report 2012/13 for Thanet District Council

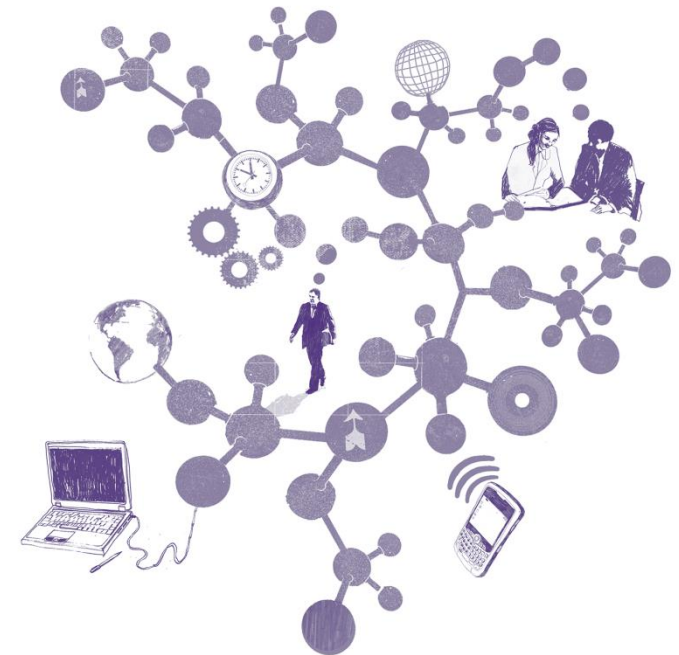
Year ended 31 March 2013

February 2014

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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Thanet District 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 three claims and returns for the financial year 2012/13 relating to expenditure of £116.0 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.

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	All claims continue to be submitted on time and were all certified by the required deadlines.	● Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Council performed well in respect of the National Non-Domestic Rates and Pooling of Housing Capital Receipts returns, which were both certified without amendment or qualification. However, several issues were identified with the Housing and Council Tax Benefit Subsidy claim, which led to a qualification letter being issued.	● Amber
Supporting working papers	Working papers provided for all claims and returns were of a good standard with clear audit trails back to the claim forms. This enabled certification by the relevant deadlines.	● Green

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
February 2014

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £116.0 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
Claims submitted on time	100%	3	100	4	100	↔
Claims certified on time	100%	3	100	4	100	↔
Claims certified with amendment	0%	1	33	2	50	↑
Claims certified with qualification	100%	1	33	1	25	↔

This analysis of performance shows that:

- all claims continue to be submitted to audit on time, and were certified within the required deadline; and
- the Housing and Council Tax Benefit claim was qualified in both years. However, the size and complexity of this grant claim at most authorities is such that it is unusual for it to be certified without any amendments, and a qualification letter is often required to comply with the detailed audit certification guidelines laid down by the DWP and Audit Commission.

Details of the certification of all claims and returns are included at Appendix A.

Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

Certification of Housing Benefit and Council Tax Benefit claim

The claim was certified with an amendment of £1,638 to subsidy claimed, which reduced the balance due to the authority. This was due to a number of minor issues and adjustments, which are mentioned in more detail below, and led to a qualification letter being issued:

- **Reconciliation of benefit granted to paid** - When the Council was performing the reconciliation between benefit granted and paid, in line with the guidance issued by the Council's software supplier, several small variances were identified. However the Council has ensured that the lower figure in each of the relevant categories has been included within the final subsidy claim.
- **Input of private pension** – our initial testing identified one error where the claimant's private pension income had been incorrectly entered. An additional sample of 32 cases were tested, but no additional errors were identified.
- **Issues with changes in tenancy type** – our initial testing identified three cases where the Council's benefit system had generated an erroneous value due to the way a change in tenancy type had been processed. The Council undertook work on all other cases which were potentially affected in this way, which identified a few minor amendments to the claim form.
- **Calculation of self employed income** – our initial testing identified one case where the earned income had been incorrectly applied to the claim, and thus the benefit entitlement had been incorrectly calculated. A further sample of 40 cases were tested, which identified two further errors.
- **Award of extended payments** – our initial testing identified one case where the Council had incorrectly awarded an extended payment to a claimant. Testing of an additional 40 cases with extended payments identified one further error.

- **Overpayment classification** – our initial testing identified several issues with the Council's classification of overpayments, which affected two areas of the claim form. Three errors were found in our initial testing, and a further two were identified during our testing of an additional 80 cases.

A recommendation relating to the classification of overpayments is included within the action plan, attached at Appendix B, in order to reduce the level of errors identified in future years. We have also made a recommendation relating to the processing of changes in tenancy type to ensure these system issues do not continue to arise.

Note that all the other errors are input related, and given the high volume of transactions processed, it is expected that some errors will be identified.

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £22,800. This is set out in more detail in Appendix C.

A fee variation of £18,999 has been proposed and agreed with officers. This reflects the additional testing undertaken on the housing benefit claim, which required the completion of five 40+ workbooks, along with further testing on private pension income cases as well. Note that the fee variation is not considered final until it has been confirmed by the Audit Commission.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing and council tax benefit scheme	£84,335,781	Yes	£1,638	Yes	Detailed findings on page 8.
National non-domestic rates return	£31,249,803	No	-	No	No issues identified, claim was certified without amendment or qualification.
Pooling of housing capital receipts	£433,052	No	-	No	No issues identified, claim was certified without amendment or qualification.
Total	£116,018,636		£1,638		

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	<p>Housing and Council Tax Benefit</p> <p>The Council should undertake training to address the issues identified from the 2012/13 audit, including:</p> <ul style="list-style-type: none"> • Ensuring changes in tenancy type are correctly processed; • Overpayments are correctly classified; and • Ensuring extended payments are only awarded when the relevant conditions have been met. 	Medium		Operational Support Manager – East Kent Services

Appendix C: Fees

Claim or return	Actual 2011/12 fee (£)	2011/12 fee less 40% (£) *	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing and Council Tax Benefit Subsidy claim	36,873	22,124	21,090	40,089	17,965	Increase in errors identified compared with prior years, which resulted in significant additional testing.
National Non-Domestic Rates return	1,291	775	1,070	2,883	2,108	Difficulties were encountered with the audit trails in several areas, which required time to resolve.
Pooling of Housing Capital Receipts	1,309	785	640	640	-145	
Planning and reporting to Those Charged with Governance	780	468	-	-	-468	Included in the fees for the individual claims above
Total	40,253	24,152	22,800	43,612	19,460	

* 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.



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