

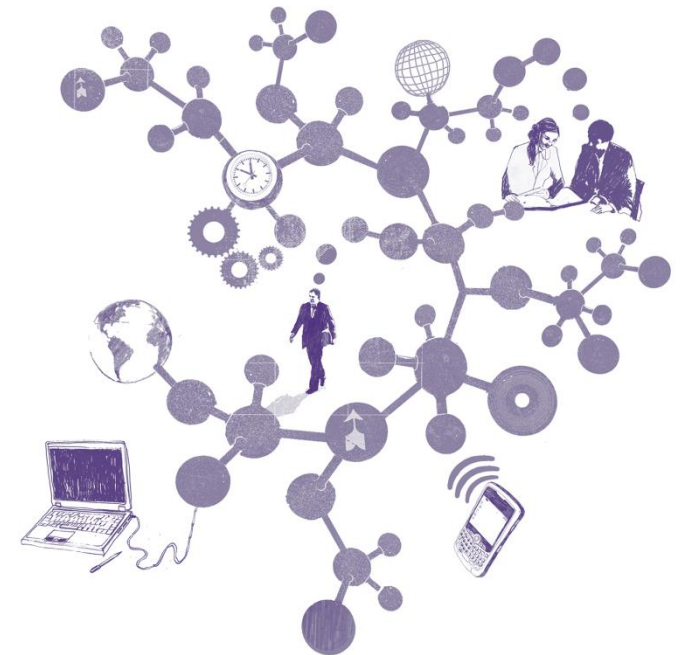
Certification report 2012/13 for Tewkesbury Borough Council

Year ended 31 March 2013

16 December 2013

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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 Tewkesbury 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 2 claims and returns for the financial year 2012/13 (non-domestic rates and the benefit subsidy return) relating to expenditure of £55.799 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 2013.

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 were submitted to audit by the required deadline. | ● |
| Accuracy of claim forms submitted to the auditor (including amendments & qualifications) | One claim (Housing Benefits) required amendments but these related to misclassification of cases between rent rebates and rent allowances and had no net impact on subsidy claimed. | ● |
| Supporting working papers | Working papers supporting both claims were good subject to improved explanation of reconciliation differences in respect of the benefits claim. | ● |

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

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 2 claims and returns for the financial year 2012/13 relating to expenditure of £55.8 million. The Council's performance in preparing claims and returns is summarised below.

- One claim (Housing Benefits) was subject to qualification and amendment. The amendments related to misclassification of cases between rent rebates and rent allowances and had no net impact on subsidy claimed. The qualification related to minor reconciliation differences and the reporting of an error found in one of our initial samples. It is not unusual for Housing Benefit claims to be qualified due to their complex nature and the volume of cases dealt with. Details of the certification of all claims and returns are included at Appendix A.

Significant findings

Our work has identified no significant issues in relation to the management arrangements and certification of individual grant claims and return. Although we make 2 recommendations in Appendix B:

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification work at the Council of £14,650 based on 2010/11 certification fees. The Council has agreed fee variances as follows:

- Additional costs of £1,883 incurred in carrying out additional testing in 2012/13 compared to the base year of 2010/11. i.e. we tested 40 additional cases in 2012/13. This year the claim was amended and a report issued.
- Reduced costs of £1,136 as a result of carrying out only Part A testing in 2012/13 compared with Parts A and B in the base year of 2010/11

The proposed total fee for 2012/13 certification work is therefore £15,397 which is £747 higher than the indicative fee.

The increased fee has been agreed by officers but is subject to agreement by the Audit Commission. We will report the final fee as soon as this is clear.

Appendices

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

| Claim or return | Value | Amended? | Amendment (£) | Qualified? | Comments |
|--|-------------|----------|---------------|------------|--|
| Benefits subsidy return ((MPF720a) | £22,912,100 | Yes | 489 | Yes | <p>Amendment issue</p> <p>The claim was amended to correct misclassification of 4 Non HRA Rent Rebate cases.</p> <p>Qualification issues</p> <p>(1) Our sample testing of rent rebate cases identified a small number of calculation errors relating to the benefits cap caused by a system error in the Northgate system. There was no risk of any over claim of subsidy as a result of this problem which has been discussed with the supplier.</p> <p>(2) Our testing of rent rebate cases also identified the inconsistent treatment of ineligible service charges for some accommodation. It was not possible to identify what the impact of this would be on subsidy claimed.</p> <p>(3) Our testing of Council Tax benefit cases identified 2 errors relating to the input of child tax credits. It was not possible to identify what the impact of this would be on subsidy claimed.</p> |
| National non-domestic rates return (NNDR3) | £32,887,441 | No | Nil | No | |
| Total | £55,799,541 | | | | |

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 | Retain supporting evidence from the homeless advice team to support whether service charges are eligible or ineligible. | Medium | <p>The errors identified in appendix (a) are very minor in nature and that the figures on the subsidy claim are accurate. We do carry out checks on benefit claims to ensure that they are accurate to try and identify error. The benefits team processes a high number of transactions on a daily basis and unfortunately there is occasional human error. The Council can take assurance that there are no significant issues over the way benefits are processed at Tewkesbury Borough Council.</p> <p>The concern raised in appendix (b) has arisen over the administration of housing benefit for a certain chain of hotel which the Council uses for its homeless cases. In the case of the majority of establishments we must consider the impact of ineligible charges for heating, lighting and breakfast. We found during the year that none of these charges were being used for this establishments homeless cases. Future claims are being assessed correctly and evidence retained.</p> | Ongoing - Revenues & Benefits Operational Manager |

Appendix C: Fees

| Claim or return | 2012/13 indicative fee (£) | 2012/13 actual fee (£) | 2011/12 fee (£) * | Variance to prior year (£) | Explanation for significant variances |
|---|----------------------------|------------------------|-------------------|----------------------------|--|
| Housing and Council Tax Benefit subsidy claim | 12,550 | 14,433 | 11,937 | +2,496 | Additional errors were found to samples in 2012/13 compared to 2011/12 |
| National Non Domestic rates return | 2,100 | 964 | 620 | +344 | No significant variance identified. |
| Total | 14,650 | 15,397 | 12,557 | 2,840 | |

- 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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