

Certification report 2013/14 for Gravesham Borough Council

Year ended 31 March 2014

February 2015

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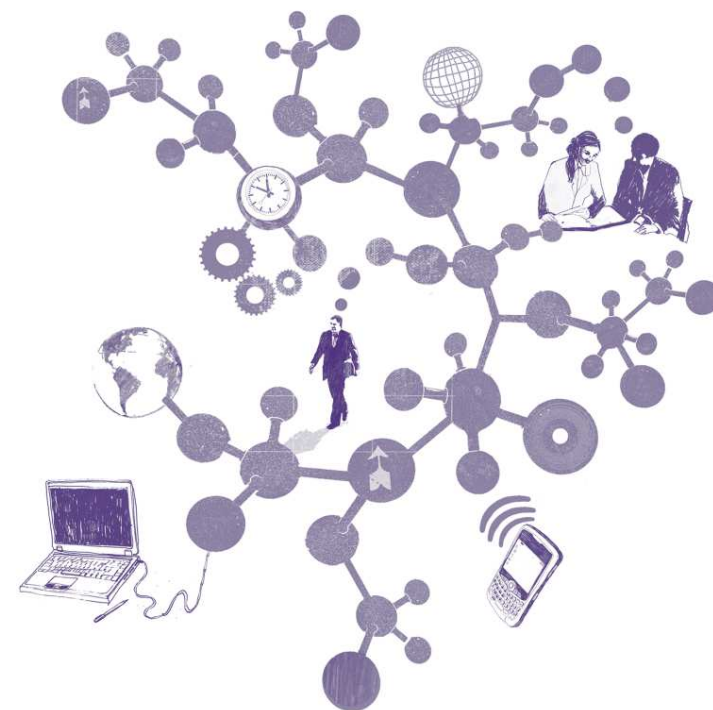
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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by Gravesham 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 £40.3 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.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims have been 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 has been completed with no amendment or qualification. The Housing and Council Tax Benefit Subsidy claim has been qualified and amended. The extent of additional testing required in 2013/14 has been greater than the prior year. However, the value of errors found in the claim is small in comparison with the total expenditure granted.	● Amber
Supporting working papers	Good quality working papers provided to support the claims submitted.	● Green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for the Council is £19,759. This 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 actual certification fee for the Council for 2013/14 is £19,759.

Significant Findings

In the initial sample of 60 cases we found 8 errors that resulted from human rather than system error. Errors arose from the incorrect information being input into the Housing Benefits system, for example, entering the wrong earned income amount.

The Audit Commission's approach sets out that errors found in the initial sample require additional samples of 40 cases to be tested. In 2012/13 two additional samples of 40 cases had been completed. As part of this year's work we looked to see that procedures had been strengthened to address the prior year errors. We found that checks had been completed by officers with no similar errors found in our initial testing.

This year required the completion of six additional tests of 40 cases. The Council's Revenues and Benefits staff completed the testing and we undertook a re-performance exercise to ensure its quality and accuracy. The additional testing of 240 cases identified 40 cases with errors, of which 13 cases had an impact on the subsidy claimable.

We reported our findings to the Department for Work and Pensions in a Qualification Letter. In this letter we extrapolated the potential testing error as required by the Audit Commission. We reported that following our testing rent rebate expenditure had been overstated by £61,135 (this represents 0.4% of the total rent rebate expenditure granted) and rent allowance expenditure had been overstated by £16,504 (this represents 0.1% of the total rent allowance expenditure granted).

The way forward

We set out a recommendation to address the findings arising from our certification work at Appendix B.

Implementation of the agreed recommendation 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 2015

Appendices

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	£37,996,325	Yes	£14	Yes	The qualification arose due to instances of incorrect information being input into the Housing Benefits system. The small amendment was in respect of Non-HRA Rent Rebates.
Pooling of Housing Capital receipts return	£2,289,363	No	Not applicable	No	No errors identified. The return was submitted without qualification or amendment.

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>Management should review the errors found in the 2013/14 Housing Benefit Subsidy claim and seek to make improvements. This should include:</p> <ul style="list-style-type: none"> • a review of the robustness of current procedures and processes; • assessing any training needs; and • strengthening the quality assurance regime. 	Medium	<p>All discrepancies have been logged and passed to the assessment officer responsible for the error for correction.</p> <p>All staff have been advised of the errors identified in the 2013/14 Audit and further guidance has been issued.</p> <p>Following discussions with the Auditor from Grant Thornton it was determined that the following additional checks should be included in the monthly subsidy checks to help reduce the possibility of these errors occurring in future.</p> <ul style="list-style-type: none"> • 100% of changes to Local Housing Allowance cases where the rent figure has changed requiring a review of the LHA rate used to assess the claim. • 100% of changes to person status to identify any changes to premiums for all tenure types as although the error was identified as a LAHRA claim this error could occur on any tenure type. • 5 cases for each tenure type, where earnings are included in the Housing Benefit calculation to identify that the wage slips have been entered correctly and the correct hours have been entered • 5 cases for each tenure type, where self-employed earnings are included in the Housing Benefit calculation to identify that the self-employed income has been correctly calculated including the allowable deductions. Again this error was only found in the LAHRA claims but it was determined that this could occur across the different tenure types. • 5 cases for each tenure type, to ensure the accuracy of the income used to calculate Housing Benefit corresponds with the income declared on the application form. 	On-going Service Manager Revenues & Benefits

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 benefit subsidy claim	11,207	19,368	19,368	8,161	<p>The indicative fee was based on the 2011/12 fee incorporating the Audit Commission's fee reduction of 40% and a further reduction of 12% for the removal of council tax benefit subsidy.</p> <p>The actual fee for 2013/14 agrees to the indicative fee as the testing error rate and additional testing required was in line with that carried out in the base year 2011/12 and significantly greater than that required in 2012/13.</p>
Pooling of Housing Capital receipts return	809	391	391	(418)	<p>The Audit Commission testing regime requires that once in a three year cycle we complete additional testing. We completed additional testing in 2012/13 as part of the cyclical requirement. No additional testing was carried out in 2013/14 or in 2011/12, the base year used to set the indicative fee for this year.</p>
National Non-Domestic Rates Return	1,914	Not applicable	Not applicable	(1,914)	No return required 2013/14.
Total	13,930	19,759	19,759	5,829	



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