

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Grant Certification 2013/14

Meeting/Date: Corporate Governance Panel
14 May 2014

Executive Portfolio: Resources: Councillor J A Gray

Report by: Accountancy Manager

Ward(s) affected: All Wards

Executive Summary:

For 2012/13, the Council received central government grant in two main areas; National Non-Domestic Rates and Housing & Council Tax Benefits.

Part of the control framework for such grants is that they are subject to external audit and the Councils auditors, PricewaterhouseCoopers undertake this work. As part of the auditors reporting requirements, they are required to issue an Annual Certification Report to those charged with governance, a copy is attached as Annex A.

In respect of National Non-Domestic Rates, no issues were reported. However, in respect of Housing & Council Tax Benefits some minor errors were identified which has meant that additional testing was required. The consequential impact of this additional testing is an increase in the original fee by £8,400.

Recommendation(s):

It is recommended that the Panel notes the Auditor's report.

1. PURPOSE

- 1.1 To report to the Panel, as those charged with governance, the conclusions and recommendations of the external audit of the 2012/13 certification audit of both the National Non-Domestic Rates and the Housing & Council Tax Benefits Scheme grant claims/returns.

2. BACKGROUND

- 2.1 For 2012/13, the Council received two significant blocks of grant; National Non-Domestic Rates (£54.3m) and Housing and Council Tax Benefits Scheme (£45.7m). In respect of the grant claims/returns for these funding schemes, both are subject to external audit by the Councils appointed auditor, PricewaterhouseCoopers. The findings of the audit are required to be reported to "those charged with governance"; which is the Corporate Governance Panel at the Council. The auditor's report is attached to this report as Annex A.

3. RESULTS OF CERTIFICATION WORK

National Non-Domestic Rates

- 3.1 No amendments were made to the National Non-Domestic Rates grant return, consequently no qualification was made.

Housing and Council Tax Benefits Scheme

- 3.2 The testing that was performed by the Councils external auditor identified a small number of errors in respect of the Council's compliance with the scheme regulations; these errors are noted below:

- **Manual adjustments**

A total difference of £20.48 was found. Corrections were made in the certified subsidy claim but the auditors were not able to undertake further testing prior to the certification deadline, consequently a qualification letter was issued in late November 2013. Additional testing was undertaken during December 2013 and no further issues were found which resulted in an updated qualification letter being issued in early January 2014.

- **Uprating checklist**

It is required that "uprating parameters" are duly actioned when they have been notified to the Council. It was noted in the November 2013 qualification letter that the Council had a number of parameter omissions.

- **Classification of expenditure**

As a result of a system error, two errors were found where expenditure has been misclassified (totalling £40.91). Subsequent testing by the Council has shown no further errors so an adjustment was made to the Subsidy Claim in respect of the error found. The auditors made no further reporting to central government in respect of this error.

The management response in respect of these errors is noted below:

The difference between the original and final values of the Housing and Council Tax Benefits claim was an increase in subsidy due to the local authority amounting to £28,763. It is worth noting that only £61.39 of this amount (i.e. £20.48 + £40.91) related to errors identified by the audit.

The remaining value was due to manual adjustments which had already been identified by the authority prior to the commencement of the audit work. Auditors were informed at the start of their work that the final claim would need to be edited to reflect the manual adjustments.

Manual adjustments are necessary as there are some types of benefit awards that are not dealt with automatically by the Northgate system and officer's must manually 'intervene' in order to ensure the correct benefit is awarded to the customer. These types of award also require subsidy to be manually calculated once the financial year has closed but, due to the tight deadlines of submitting the claim by the end of April each year, it is not possible to complete this work within the time restrictions. Hence, it is always necessary for these adjustments to be made to the audited claim prior to the final submission at the end of November.

Prior year recommendations

The external auditor reviewed the action plan in respect of the previous year's grant certification work. It was established that one Housing Benefit case was identified during the 2012/13 audit where income had been incorrectly calculated. The total impact of the error on the subsidy claim amounted to £2.26. The auditor recommended that the Council continues to monitor the accuracy of assessment calculations, ensuring that the total value or errors remains low.

The management response in respect of this error is noted below:

Due to the high volume of claims that are assessed every year it is inevitable some human errors will be made in claims assessment. However, this is mitigated by a range of accuracy checking and reporting undertaken by the management team, in addition to monthly refresher training sessions given to assessment officers in order to ensure correct procedures and processes are applied. Whilst we will always strive to achieve 100% accuracy, we accept the small levels of error identified during the audit of the subsidy claim.

4.0 CERTIFICATION FEES

The original indicative fee for the audit of both the National Non-Domestic Rates and Housing and Council Tax Benefits Scheme grant claims was £29,584. As a consequence of the additional testing noted in paragraph 3.2, this 2012/13 cost of audit certification work increased to £37,984 (an increase of £8,400).

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from this report.

5. RESOURCE IMPLICATIONS

5.1 The additional cost noted in paragraph 4.0 can be met from within current resources.

LIST OF APPENDICES INCLUDED


Annex A: The external auditors Annual Certification Report to those charged with governance 2012/13.

BACKGROUND PAPERS


Working papers in Financial Services.

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