

Grant claims and returns certification

YEAR ENDED 31 MARCH 2012

Epping Forest District Council

JANUARY 2013



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Statement of Responsibilities of grant paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns

The [Statement of Responsibilities of grant paying bodies, authorities, the Audit Commission and appointed auditors](#) contains an explanation of the respective responsibilities of auditors and of the audited body. Appointed auditors act as agents of the Audit Commission when undertaking certification work. Reports and letters prepared by appointed auditors are addressed to the grant paying body, members or officers. They are prepared in accordance with the certification arrangements specified by the Audit Commission. This report is for the sole use of the audited body and no responsibility is taken by appointed auditors to any Member or officer in their individual capacity or to any third party.

1 Executive summary

This report summarises the findings of the work we have completed in respect of the year ended 31 March 2012.

SUMMARY OF HIGH LEVEL FINDINGS

Claim or return	Value (£)	Qualified?	Amended?	Increase/(decrease) in subsidy (£)
Housing and council tax benefit subsidy claim	45,055,152	Yes	Yes	(208)
National non-domestic rates return	31,071,207	No	No	-
Pooled housing capital receipts return	1,008,200	No	No	-
Housing revenue account subsidy return	(11,289,978)	No	No	-

The Council has made progress in implementing the recommendations raised in our 2010/11 *grant claims and returns certification report*. To improve the accuracy of grant claims and returns further the Council should perform 5% (minimum) checks on new and amended benefit claims, which had lapsed for some parts of 2011/12, to ensure that claims are being processed accurately.

2 Introduction

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of grant claims and returns for the financial year ended 31 March 2012. We undertake grant claim certification as an agent of the Audit Commission, in accordance with the Certification Instructions (CI) issued by them after consultation with the relevant grant paying body. Our work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.

After completion of the tests contained within the CI the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed. Sample sizes and methodology for this work are prescribed by the Audit Commission.

ACKNOWLEDGEMENT

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit.

3 Key findings

KEY FINDINGS AND CONCLUSIONS

We were satisfied with the accuracy of the preparation of grant claims and returns and were able to certify all without amendment or qualification except for the Housing and Council Tax Benefit Subsidy claim. A summary of the results of our certification work is set out in the table below:

Claim or return	Value (£)	Qualified?	Amended?	Increase/(decrease) in subsidy (£)
Housing and council tax benefit subsidy claim	45,055,152	Yes	Yes	(208)
National non-domestic rates return	31,071,207	No	No	-
Pooled housing capital receipts return	1,008,200	No	No	-
Housing revenue account subsidy return	(11,289,978)	No	No	-

Overall, there were fewer errors identified in the Housing and Council Tax Benefit Subsidy claim compared to previous years. Three issues were identified that resulted in additional testing being required, in line with the CI, as follows:

Non-HRA Rent Rebates: Testing of the baseline sample identified one case where the rent liability had not been calculated correctly. Benefit was overpaid and, as the population was small, testing on 100% of the remaining population was completed. A further two errors were identified resulting in an overpayment of £5 and an underpayment of £43. These were not amended in the claim form and will be reflected in the 2012/13 subsidy claim form. The error was reported in our qualification letter.

Rent allowances: Testing of the baseline sample identified one case where child tax credit income had not been input correctly. Benefit was underpaid and testing on an additional 40 cases was completed in line with the audit methodology set out by the Department of Work and Pensions (DWP), where a further two errors were identified resulting in one overpayment and one underpayment. The overpayment of £0.28 and underpayments of £1 were not amended in the claim form and will be reflected in the 2012/13 subsidy claim form. The error was reported in our qualification letter.

Classification of eligible overpayments: Testing was carried out on 40 eligible overpayment cases because, based on our cumulative knowledge and experience, we concluded that there was a higher risk of incorrect classification within all benefit types due to errors reported in qualification letters for the past two years. This identified one error within non-HRA rent rebates (£2), and two errors in both Rent Allowances (£17) and Council Tax (£164). No amendments were made to the claim form but an extrapolation of these errors were included in our qualification letter as required by the DWP.

We have made, in Appendix B, some recommendations in response to the findings from this year's certification work to secure further improvement to grant claims and returns preparation processes. We have one significant matter we wish to bring to your attention.

Senior staff members carried out benefit checks during the year; however our testing showed this was not in place throughout the whole year. This was reported to the Audit and Governance Committee as a significant deficiency in internal control in September 2012. It also has an impact on the accuracy of this claim because it could result in claims being incorrectly processed and the Council not, therefore, awarding and claiming benefit correctly. Improvements could be achieved through strengthening the Council's checking process for new and amended claims.

One of the recommendations we made last year has not been fully implemented and has therefore been re-iterated within Appendix B.

4 Fees

Claim	Actual fee year ended 31 March 2012 (£)	Actual fee year ended 31 March 2011 (£)
Housing and council tax benefit subsidy claim	44,055	46,175
National non-domestic rates return	3,980	4,768
Housing revenue account subsidy return	2,605	4,940
Housing revenue account base data return	-	3,580
Pooled housing capital receipts return	2,130	2,098
Disabled facilities grant claim	-	1,110
Grants report and risk assessment	1,770	1,770
Housing and council tax benefit subsidy 2010/11 Follow Up (requested by the DWP)	585	3,755
TOTAL	55,125	68,196

We identified a number of issues with grants certification during 2010/11 but due to improvements in the control environment the number of issues identified in 2011/12 has decreased, which has had a positive impact on the fees charged.

For benefits, 2 areas of 40+ testing were carried out this year compared with 5 for the prior year and the level of 100% checks has decreased from 3 in 2010/11 to 1 in 2011/12 which has contributed to the decrease in fee this year.

Due to HRA self-financing coming into place from 1 April 2012 this means that the HRA subsidy base data return no longer requires auditing. The disabled facilities grant claim also no longer needs to be audited.

Appendix A – Status of 2010/11 recommendations

Recommendations	Priority	Management response	Responsibility	Timing	Progress
Overall control environment					
1. Completion of a pre-audit analytical review of the draft claim, that compares it to the prior year's claim and the knowledge and expectations of the officer responsible for preparing the claim, aimed at identifying and following up on areas of potential inaccuracy.	High	Agreed.	Assistant director of finance & ICT (Accountancy)	May 2012	1. Implemented Pre-audit analytical reviews have been carried out on significant grant claims and any inaccuracies have been investigated accordingly.
2. Perform a documented cross check of the claim's terms and condition and guidance for completing the claim form to the claim's supporting working papers, to demonstrate that all conditions have been applied complied with and all guidance has been taken into account during the claim's preparation.	High	Agreed	Assistant director of finance & ICT (Accountancy)	May 2012	2. Implemented The Council's staff involved in the preparation of grant claims have ensured they are prepared in line with detailed guidance. We did not identify any issues with claim preparation in the year.

Recommendations	Priority	Management response	Responsibility	Timing	Progress
Housing and council tax benefit subsidy					
3. Provide targeted training on the classification of excess benefit to address common mistakes made and identified skills gaps among processing staff. In particular, the classification of eligible excess Council Tax overpayments.	High	Agreed - Training is an on-going process for assessment staff.	Assistant director of finance & ICT (Benefits)	On-going	3. Implemented Training was provided in year to specific staff members and information was also provided in local benefits newsletters. The Council has maintained its core staff base, which has increased the level of knowledge within the team. The number of classification errors has decreased from 27 in 2010/11 to 5 in 2011/12 indicating that training has improved the quality of classification of overpayments.
4. Perform 5% (minimum) checks on new and amended to claims to ensure that claims are being processed accurately.	High	Agreed - Senior officers have been reminded of the importance of carrying out these checks.	Assistant director of finance & ICT (Benefits)	On-going	4. Carry forward Checks were performed during 2011/12 but not at a rate of 5% for the whole year by each senior team member. We are aware that these checks have been taking place throughout 2012/13 but this has not yet been tested and therefore this will be re-iterated at Appendix B.

Appendix B – 2011/12 action plan

Matter arising	Recommendations	Priority	Management response	Responsibility	Timing
Housing and council tax benefit subsidy					
A few errors were identified as a result of the accuracy of input data (e.g. rent liabilities, disregards). This resulted in underpayments and single amendments required to the claim.	1. Perform 5% (minimum) checks on new and amended to claims to ensure that claims are being processed accurately.	High	Checking has been undertaken to cover the whole of 2012/13.	Assistant Director of Finance & ICT (Benefits)	Implemented but checking is on-going.
The Council did not split out the component parts of the long term incapacity benefit rate when applying the 2011/12 uplift resulting in income being incorrectly uplifted.	2. Split the component parts of long term incapacity benefit rate.	High	Agreed.	Assistant Director of Finance & ICT (Benefits)	Before February 2014.