



Certification report 2012/13 for Ashford Borough Council

Year ended 31 March 2013

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Andy Mack

Engagement Lead

T 020 7728 3299

E andy.l.mack@uk.gt.com

Lisa Robertson

Audit Manager

T 020 7728 3341

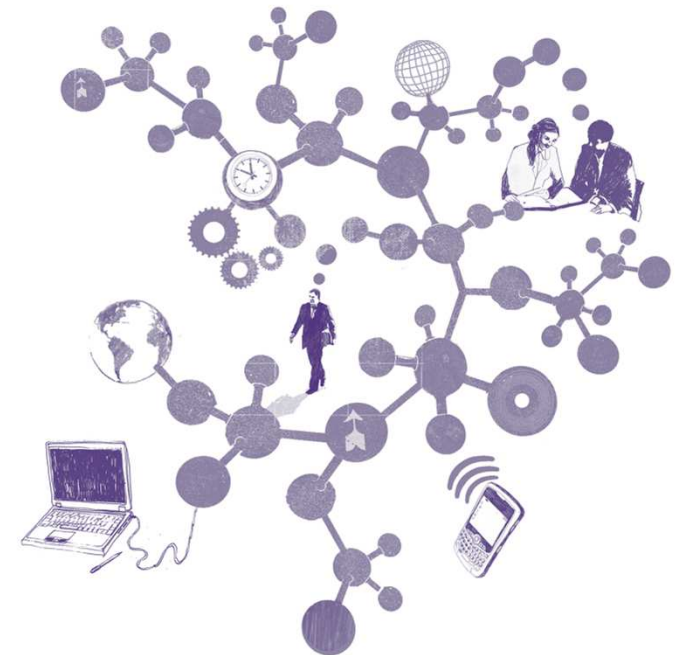
E lisa.e.robertson@uk.gt.com

Laura Leka

Executive

T 01293 554 083

E laura.leka@uk.gt.com



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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 Ashford 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 three claims and returns for the financial year 2012/13 relating to expenditure of £84.2 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 for audit on time and were all certified within the required deadlines.	● Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Council continue to perform well overall: <ul style="list-style-type: none"> the NNDR return was certified without amendment or qualification the pooling of housing receipts return was certified subject to a minor amendment of £26. a qualification letter was issued in relation to the Housing and Council Tax Benefit Scheme and the return amended by £727 	● 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 within the 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
January 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 £84.2 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	1	25	↔
Claims certified with qualification	0%	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 the housing benefit subsidy 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 £727 to subsidy claimed. This amount was under-claimed because a property had been set up with the incorrect number of bedrooms. Further work undertaken by the authority proved this to be the only error of its type.

The claim was also qualified as a result of the following:

- **Calculation of self employed income** – our initial testing identified 4 errors, where self employed earnings had been incorrectly calculated based on the evidence provided. As a result an additional sample of 80 cases were tested and a further 25 errors identified. We found that there was no consistent policy in place and calculations often varied by assessor.
- **Input of earned income** – initial testing identified 2 errors where income figures were incorrectly input. As a result, an additional sample of 40 cases were tested and 4 further errors identified.
- **Overpayment classification** – initial testing identified one case where the authority incorrectly classified an overpayment as eligible when it should have been classified as LA error. Additional testing of 40 cases identified one further error.
- **Input of child tax credit** - initial testing identified one case where benefit had been overpaid as a result of incorrect input of child tax credit information. Additional sample of 40 cases also identified one further error.

A recommendation for improvement is included in the action plan at Appendix B with regards to the self employed earnings calculations.

Note that all other errors are input related and given the high volume of transactions processed, human errors will inevitably occur.

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 £12,700. This is set out in more detail in Appendix C.

A fee variation of £5,000 has been proposed and agreed with officers. This reflects the additional work undertaken on the housing benefit claim to review the five 40+ testing areas. 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	£45,271,269	Yes	£727	Yes	Detailed findings on page 8.
National non-domestic rates return	£37,703,501	No	-	No	No issues identified and claim was certified without amendment or qualification.
Pooling of Housing Capital Receipts	£1,250,468	Yes	£26	No	Minor amendment only due to missing interest on a late payment.
Total	£84,225,238		£753		

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>Review and training to address issues identified by the 2012/13 audit including:</p> <ul style="list-style-type: none"> • consistent policy when determining the self employed earnings figures to be used in benefit calculations. • input of earned income and child tax credit • overpayment classification 	M	Self-employed income assessment is a specialist & difficult area of benefits processing, and therefore specialist officers will be used to carry out these assessments. In view of some inconsistencies identified in the audit concerning use of income & expenses, revised guidance will be issued to staff in order to provide further clarity and a consistent base for assessments.	Revenues and Benefits Operations Manager

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 benefits subsidy claim	20,557	12,334	11,130	16,130	3,796	More errors identified in 2012/13 compared with prior years, resulting in more additional testing.
National non-domestic rates return	1,021	613	1,180	1,180	567	Parts A and B testing completed in 2012/13. 2011/12 was part A only.
Pooling of housing capital receipts	517	207	390	390	183	Parts A and B testing completed in 2012/13. 2011/12 was part A only.
Planning and reporting to those charged with Governance	447	268	-	-	268	Included in the fees for the individual claims above.
Total	22,542	13,422	12,700	17,700	4,278	

* 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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