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Certification of grants and returns 2011/12

Gloucester City Council

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in connection with this
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Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2011/12 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2011/12 we carried out work on: <ul style="list-style-type: none"> – 1 grant with a total value of £51m – 3 returns with a total value of £49m; and – Additional work on the 2009/10 Pooling of Housing Capital Receipts return at the Council's request. 	<p>-</p>
Certification results	<p>We issued unqualified certificates for two returns but qualifications were necessary for one grant, and one return has not yet been certified.</p> <ul style="list-style-type: none"> ■ We raised a qualification with respect to the Housing and Council Tax Benefit scheme on two counts. Each issue only involved very small numerical amounts, but the instructions we must follow mean that qualification was required in these circumstances. ■ The work on the Housing Subsidy return is still ongoing. A number of issues have been encountered during the audit which has delayed certification. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>Adjustments were necessary to two of the Council's returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ These adjustments did not cause any substantial financial change to the grant claimed by the Council, but did require increased audit effort to resolve. 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work; however, some improvements could be made in selected areas.</p> <ul style="list-style-type: none"> ■ A full internal review of the Housing Benefit claim before presenting it for certification, including looking for reconciliation differences and internal consistency, would avoid some of the issues identified this year. ■ All returns should be provided to audit with complete working papers shortly after the date for completion. This allows sufficient time for audit and would have avoided some of the delays experienced this year. ■ A more careful review against instructions would ensure that adjustments were eliminated. 	<p>Page 4 - 5</p>
Fees	<p>Our overall fee for the certification of grants and returns has exceeded the original estimate due to the issues outlined above.</p>	<p>Page 5</p>

Overall, we carried out work on five grants and returns:

- one was unqualified with no amendment;
- one was unqualified but required some amendment to the final figures; and
- two required a qualification to our audit certificate.
- One return has not yet been certified.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2011/12 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

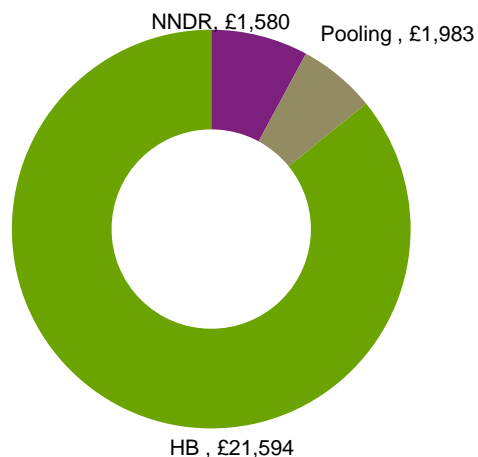
	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
National Non Domestic Rates					
Pooling of Housing Capital Receipts					
Housing & Council Tax Benefits Scheme	1				
Housing Subsidy Final	2	TBC	TBC	TBC	TBC
Pooling of Housing Capital Receipts 2009/10	3				
		2	-	2	2

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing & Council Tax Benefits scheme</p> <ul style="list-style-type: none"> ■ This grant claim was qualified due a number of reasons, these being: <ul style="list-style-type: none"> – In our initial sample of Non-HRA rent rebates, we identified one case where an overpayment arose through administrative delay but the Council had incorrectly classed this as eligible expenditure. We performed additional testing of forty cases and found two further cases of the same nature. The effect of the errors when extrapolated would be to reduce subsidy payable by £78; – The total benefit granted in the claim form and the benefit granted according to the benefit system differed by £51; and – In our previous year qualification letter we noted that the Council had not up-rated the War Pensions parameters in line with DWP circulars, and in line with Audit Commission guidance. Our current year testing noted no further cases of this issue recurring, however correction of this error has had an effect on the current year modified schemes subsidy claimed. ■ While these errors are of small numerical amounts, the instructions we must follow mean that qualification was required in these circumstances. 	-
2	<p>Housing Subsidy Final Grant</p> <p>A number of issues have been encountered during the audit which has resulted in a delay in the certification. The Council did not submit the return until after the submissions deadline, due to key finance staff leaving the Council. Also the original working papers supplied by the Council did not reconcile to the return submitted We are liaising with the Council to ensure these issues are resolved and the return certified.</p>	-
3	<p>2009/10 Pooling of Housing Capital Receipts</p> <p>The Council identified there were additional costs relating to the 2009/10 return that had not been reflected in the audited return. As the return is below the £500,000 threshold set by the Audit Commission, we had undertaken reduced testing in 2009/10, 2010/11 and 2011/12 which means we were not required to review the expenditure in detail. However once notified of the issue we reviewed the proposed amendment in isolation to ensure that the improvements to dwelling additional costs were in line with the definition in the capital finance regulations and could be agreed back to supporting documentation. As a result of this work we identified the following issues and have issued a qualification letter to reflect these:</p> <ul style="list-style-type: none"> – The total additional costs had been understated by £62.52. – £5,117.49 of the additional expenditure was not incurred within the three year period specified by the Certification Instructions. 	+ £21,586

Our overall fee for the certification of grants and returns cannot be confirmed at this time.

Breakdown of certification fees 2011/12



Breakdown of fee by grant/return		
	2011/12 (£)	2010/11 (£)
Pooling of Housing Capital Receipts	1,983	1,450
National Non Domestic Rates	1,580	3,100
Housing and Council Tax Benefits	21,594	17,755
Housing Subsidy Base Data	-	2,247
Disabled Facilities Grant	-	1,050
Housing Subsidy Final Grant	TBC	2,725
Total fee	TBC	28,327

Our initial estimated fees for certifying 2011/12 grants and returns was £28,300. We cannot confirm the final fee at this time as work is still ongoing on the Housing Subsidy Final Grant. However we anticipate that the final fee will be higher than that estimated due to the issues outlined below:

- additional work being required to address errors in the housing subsidy final grant and the issues on the housing and council tax benefits claim that required a qualification to our audit certificate;
- poor and incomplete supporting working papers for the housing subsidy final grant, requiring additional work to resolve; and
- the need to certify the 2009/10 pooling of housing capital receipts grant not being included in the original fee estimate;

We recommend the Council takes the following steps to improve its support for our certification work, which should help minimise certification fees in the future:

- improve the co-ordination of grants and returns preparation through identifying a central grants co-ordinator to help ensure the completeness of the grants and returns identified as requiring certification; and
- providing guidance to officers preparing grants and returns to improve the standard of working papers and supporting evidence.



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