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Certification of grants and returns 2012/13

Gloucester City Council

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<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Authority's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – one grant with a total value of £53.9m; and – two returns with a total value of £47.3m. 	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for two grants and returns but qualification was necessary in one case.</p> <ul style="list-style-type: none"> ■ This represents an improvement on the results for 2011/12 where three grants and returns received qualified certificates. ■ We qualified our certificate relating to the Housing & Council Tax Benefits Scheme. This was because the Authority had not used the latest version of the Civica Open Revenues System to prepare the grant claim form. 	<p>Page 3</p>
<p>Audit adjustments</p>	<p>Adjustments were necessary to one the Authority's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ Adjustments were required in relation to the Housing & Council Tax Benefit Scheme to correct a transposition error which occurred in the completion of the claim form and in response to a system error around the identification of expenditure above the LHA Cap. Payments made in relation to Rent Allowances, both HRA and Non-HRA, are subject to a cap on the weekly benefit value. Where the payment made by the Authority exceeds the cap, the expenditure over the cap attracts nil subsidy. The Civica system is designed in such a way that is should automatically split out any payments made over the cap. Despite this, we identified inaccuracies in the split applied which arose from a system error and resulted in an overstatement of expenditure over the cap. The cumulative impact of these adjustments was to increase the value of the subsidy claimed by £16,222. 	<p>Page 3</p>
<p>The Authority's arrangements</p>	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work and has made improvements since the prior year.</p> <ul style="list-style-type: none"> ■ We recognise that the Authority has improved the overall arrangements in relation to the preparation of grants and returns, including the identification of a single officer who is responsible for co-ordinating the process and certification work. ■ We have raised one recommendation in relation to the need to ensure that required software upgrades are fully implemented prior to the preparation of related grants. 	<p>Pages 4-5</p>
<p>Fees</p>	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Authority of £13,400. Our actual fee for the certification of grants and returns was £12,617.</p> <ul style="list-style-type: none"> ■ The difference was due to changes in the level of work required to certify the Authority's grants and returns. ■ This represents a significant reduction compared to the certification fees charged for 2011/12 as a result of the change in the fee regime applicable to certification work. 	<p>Page 4</p>

Overall, we certified three grants and returns:

- two were unqualified with no amendment; and
- one required a qualification to our audit certificate.

The table summarises the key issues behind the adjustments and qualifications.

Detailed below is a summary of the key outcomes from our certification work on the Authority's 2012/13 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.

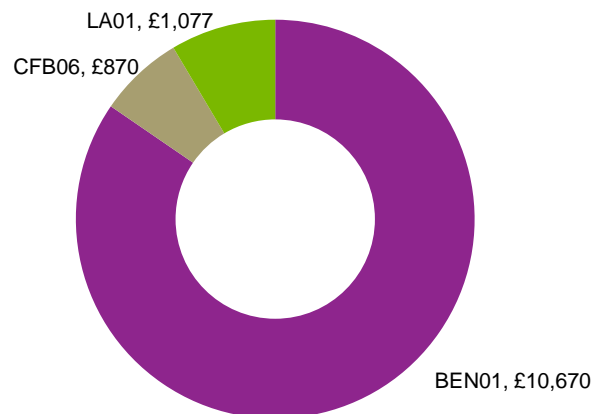
A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself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

	Comments below	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	1	●	●	●	
Pooling of Housing Capital Receipts					●
National Non Domestic Rates return					●
		1	1	1	2

Ref	Summary observations	Amendment
1	<p>Housing & Council Tax Benefit</p> <ul style="list-style-type: none"> ■ One minor amendment was required in order to correct a transposition error that had occurred during the preparation of the grant claim form. ■ A more significant adjustment was required in order to account for a system error that we identified during the certification process. This error resulted in an incorrect split of expenditure above and below the LHA Cap which had incorrectly reduced the amount of subsidy claimed by the Authority. ■ In addition to the amendments identified above, the grant certificate was qualified because the claim form was prepared using reports run from an out-dated version of the Civica Open Revenues System. This arose as a result of problems encountered during the implementation of an upgraded version of the software, so the Authority had to continue with the earlier version to prepare the claim form. Whilst these issues were subsequently resolved, and the software upgrade implemented, this was completed after the pre-audit claim form had been submitted. We were not able to quantify the impact that the installation of the upgrade would have had upon the subsidy claimed by the Authority. 	+ £16,222

Our overall fee for the certification of grants and returns is significantly lower than the previous year and less than the original estimated fee.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefit	10,670	21,594
CFB06 – Pooling of Housing Capital Receipts	870	1,983
LA01 – National Non Domestic Rates return	1,077	1,580
HOU01 – HRA Subsidy	-	6,656
Total fee	12,617	31,813

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Authority of £13,400. Based on the actual work we carried out the actual fee we charged was lower than the indicative fee, at £12,617.

The main reasons for the fee being less than the indicative fee was that, in accordance with the Commission's three year cyclical approach, we did not undertake the detailed tested that was included in the original indicative fee for the National Non-Domestic Rates return.

We recognise that the Authority has improved the overall arrangements in relation to the preparation of grants and returns, including the identification of a single officer who is responsible for co-ordinating the process and certification work. In order to ensure that fees for future years are minimised it is essential that the Authority maintain a strong process in relation to the preparation of grants and returns going forward.

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

<p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Housing & Council Tax Benefit					
System Versions					
<p>The Authority completed the Housing & Council Tax Benefit Scheme claim form using an incorrect version of the Civica Open Revenues System (13.0.9 as opposed to 13.0.10).</p> <p>This arose as a result of problems encountered during the implementation of the upgrade in the test environment.</p> <p>As a result of this issue we were required to quality our certificate.</p>	<p>In relation to the 2012/13 year, it is likely that DWP will require further work to be undertaken in order to ascertain the impact of this issue.</p> <p>The completion of the claim form on an incorrect software version in future years will most likely result in qualification unless it is possible to calculate the full impact that would be had upon the entries to the form.</p>	<p>Review the events which resulted in the use of the incorrect software version in order to identify any lessons to be learned.</p> <p>Further to this, a timetable should be developed which ensures that any late software upgrades in future years will be capable of testing, resolution of issues, and full implementation prior to the completion of the grant form.</p>	<p>1</p>	<p>We have reviewed the events that lead to the incorrect version of the software being used, and we will ensure that in future years the correct software releases will have been tested and applied before the grant claim form is completed.</p>	<p>Responsible Officers:</p> <p>Pauline Winters (Service Delivery Manager, Civica UK Ltd, Revenues & Benefits Service)</p> <p>Jon Topping (Gloucester City Council Head of Financial Services)</p> <p>Target Date:</p> <p>Ongoing</p>



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