



cutting through complexity™

Certification of grants and returns 2012/13

Gedling Borough Council

February 2014



**The contacts at KPMG
in connection with this
report are:**

Neil Bellamy

Director

Tel: 0116 256 6082

neil.bellamy@kpmg.co.uk

Richard Walton

Manager

Tel: 0115 945 4471

richard.walton@kpmg.co.uk

Thomas Tandy

Assistant Manager

Tel: 0115 9454480

thomas.tandy@kpmg.co.uk

	Page
■ Headlines	2
■ Summary of certification work outcomes	3
■ Fees	5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, who is the engagement leader to the Authority (telephone 0116 256 6082, e-mail neil.bellamy@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <p>For 2012/13 we certified one claim (Housing and Council Tax Benefits Scheme) with a total value of £34,252k and one return (National Non Domestic Rates) with a total value of £20,512k.</p>	-
Certification results	<p>We issued an unqualified certificate for the National Non Domestic Rates return but amendment and qualification was necessary for the Housing and Council Tax Benefit Scheme.</p> <ul style="list-style-type: none"> ■ For the Housing and Council Tax Benefit Scheme, two different types of errors were identified which required additional testing. The majority of these errors relate to how the system had offset overpayments against prior underpayments of benefit. These errors are not significant individually but required further investigation in line with the DWP approach. In accordance with the certification instructions a qualification was mandated as a result of identifying errors of this nature. ■ These results are in line with those for 2011/12 where a qualification letter was also issued in relation to the Housing and Council Tax Benefits claim for similar errors. 	Pages 3
Audit adjustments	<p>Two minor adjustments were necessary to the Housing and Council Tax Benefit Scheme as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ These adjustments (totalling £2k) was made to the Housing and Council Tax Benefit Scheme following the Authority being proactive and carrying out further testing following two types of errors found in our initial testing. 	Pages 4
The Council's arrangements	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work .</p> <p>All grants were submitted on a timely basis and had been correctly identified as requiring certification in line with the Certification Instruction Index issued by the Audit Commission. The records kept in relation to grants and returns were generally accurate and sufficient.</p>	
Fees	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £16,150. The actual fee is in line with the indicative fee.</p> <p>The actual fee is in line with the indicative fee due to there being no increase in the number of errors found on prior work and due to the good level of cooperation received from officers at the Authority who enabled the work to be completed to plan.</p>	Page 5

Certification of grants and returns 2012/13

Summary of certification work outcomes




Overall, we certified one claim and one grant:

The NNDR return was unqualified with no amendment; and

The Housing Benefit grant required a qualification to our audit certificate, details of which are provided on the following page.

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 overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	1				
National Non Domestic Rates return	2				
		1	0	1	1

Certification of grants and returns 2012/13

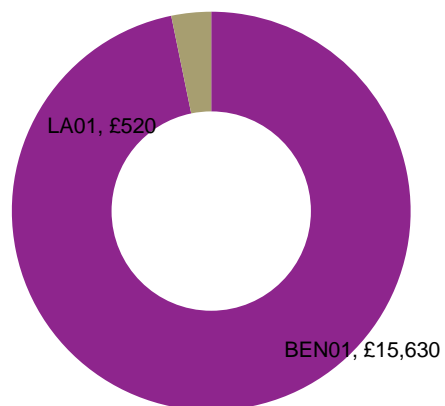
Summary of certification work outcomes

This table summarises the key issues behind the qualification that was identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing and Council Tax Benefits scheme</p> <p>Amendments to the claim totalling £2k were made to the claim following the audit. This compares to £1k of amendments last year.</p> <p>Prior to starting the 2012/13 claim the certification instructions required us to complete testing on the errors identified during our 2011/12 audit to confirm whether they are still present in the 2012/13 claim. The main issues in 2012/13 related to the offsetting of overpayments against prior underpayments. The system used to administer benefit payments did not do this accurately.</p> <p>Despite raising this with the software provider and implementing actions the provider suggested the errors have again been found in the 2012/13 sample. This is reported in the qualification letter to the DWP. The errors individually and in total are minor rounding differences so there is not a large impact on the claim.</p>	£2k

Our overall fee for the certification of grants and returns has been contained within the original estimate.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefit	15,630	27,724
LA01 – National Non Domestic Rates return	520	2,170
Reporting	N/A	483
Total fee	16,150	30,377

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £16,150. Based on the actual work we carried out the actual fee we charged was in line with the indicative fee.

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £16,150. This indicative fee was based on the time taken to audit the same returns in 2010/11 and then reduced by 40%. Based on the actual work we carried out this year the actual fee we have charged is in line with the indicative fee.

For the LA01 return we carried out more detailed testing in 2011/12 than this year, which explains why our fee was higher last year. We are required to do more detailed testing at least every three years.



cutting through complexity™

© 2014 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).