

Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 28th January 2015

Subject: KPMG Certification of grants and returns 2013/14

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The number of grant claims for which the Audit Commission requires KPMG to audit continues to fall.
2. As in previous years the Housing & Council Tax Benefit Return was qualified due to minor reconciliation issues.
3. All other auditable returns required by the Audit Commissions were unqualified.
4. All other grant returns directly requested by Government Departments have, to date, been unqualified.

Recommendations

5. Members are asked to note the results of the 2013/14 audit of grants and returns.

1 Purpose of this report

- 1.1 To inform members on the result of the work of auditors in respect of work carried out on the certification of grant claims in 2013/14.

2. Background information

- 2.1 Each year the Government determines which grant claims require audit certification. The external auditors of each Local Authority are informed of these auditable grants by way of a register supplied by the Audit Commission. In addition the Council is required to arrange independent audits of a number of grants requested directly by

the grantable body. Corporate Financial Management provide a central coordination role to ensure all relevant working papers and grant returns are available for the auditors in order to meet the Government timetables.

3 Main issues

- 3.1 The attached report highlights the KPMG audit issues identified in respect of the 2013/14 grants and returns.
- 3.2 KPMG's report identifies one recommendation for improving the audit process. This has been built into procedures for 2014/15.
- 3.3 The KPMG report highlights one qualification in respect of 2013/14 grants. As was the case last year, this qualification was in respect of the Housing & Council Tax Benefit return. The qualification was again due to minor reconciliation differences between benefits paid per the claim form and benefits awarded per the benefits system. Members should note that KPMG are required to qualify a return if the systems used to support the claim are not fully reconciled. System improvements continue to be made but it should be recognised that the variance on the reconciliation amounted to less than £2k within a total claim of £288m. This variance had no impact on the claim received by the Council.
- 3.4 Officers continue to action audit recommendations to minimise errors and ensure accurate returns and claims are made.
- 3.5 In addition to the above, the Council has invited tenders for the audit of a number of other grant returns not covered by the Audit Commission process. To date, all completed audits have identified no issues and the returns have been unqualified.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This is a factual report based on evidence provided by the external auditors and has no direct implications for equality, diversity, cohesion and integration.

4.3 Council Policies and City Priorities

4.3.1 Under the Committee's terms of reference, members are required to receive external audit reports in order to gain the necessary assurance regarding governance. The report from KPMG provides assurance that all grant claims received to date have been certified by the auditors and any audit adjustments actioned.

4.4 Resources and Value for Money

4.4.1 Members should note the estimated KPMG audit fee of £29k for certification of grants and returns for the financial year 2013/14.

4.5 Legal Implications, Access to Information and Call In

4.5.1 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 All recommendations contained within the Certification of Grants and Returns 2013/14 report have been considered and appropriate actions agreed.

5 Conclusions

5.1 All grant claims and returns have been successfully completed and final approved claims submitted to the relevant granting organisation.

5.2 The audit process identified one qualification issues.

5.3 Weaknesses in the control environment have been evaluated and changes have been introduced where appropriate.

5.4 External audit certification remains a valuable part of the control process and helps ensure that correct money is received by the Council.

6 Recommendations

6.1 Members are asked to note the results of the 2013/14 audit of grants and returns.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.