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Dear Alan

Certification of claims and returns - annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

Claim/return	Certified value (£)
BEN01 – Housing Benefit subsidy claim	287,582,027
CFB06 – Pooling of Housing Capital Receipts	20,471,371
TRA11 – Local Transport Plan Major Projects (A58M Leeds Inner Ring Road Highways Structures Essential Maintenance)	3,269,935
TRA11 – Local Transport Plan Major Projects (A65 Quality Bus Initiative)	183,841
Total	311,507,174

Matters arising

With the exception of the Housing Benefit subsidy claim, our certification work did not identify any issues or errors with the claims/returns, and we certified the claims/returns unqualified without amendment.

On the Housing Benefit subsidy claim, there were several issues which led to qualification and amendment of the claim; these were mainly attributable to benefit assessor inputting errors, as well as a minor system error. The impact on subsidy of the errors, however, is expected to be minimal.

Consequently we have made one recommendation to the Authority to improve its claims completion process.

In our 2012/13 Certification Annual Report we raised four recommendations relating to the Authority's claims/returns arrangements. Relating to the Housing & Council Tax Benefit subsidy claim, we raised recommendations around the Authority's quality assurance processes on further testing and around the reconciliation process for the Capita system. We also raised best practice recommendations around the quality assurance process on the Pooling of Housing Capital Receipts and generally around the availability of the original signed claim forms prior to completion of our work.

Of these, we are satisfied that the Authority has improved its arrangements and has addressed the recommendations in relation to quality assurance processes over housing benefits testing and the preparation of the Pooling of Housing Capital Receipts return. However, there is still scope to improve arrangements for passing signed claim forms to us in a timely manner and the reconciliation issues within the Capita system remain unresolved. Full details are included in Appendix 2.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £24,721. Our actual fee has yet to be finalised, but is expected to be higher than the indicative fee, due to an additional Local Transport Plan Major Projects grant requiring certification and additional work required to address errors in the Housing Benefit Subsidy claim.

The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim	19,851	21,231*	25,155
CFB06 – Pooling of Housing Capital Receipts	4,026	4,026	4,549
TRA11 – Local Transport Plan Major Projects (A58M Leeds Inner Ring Road Highways Structures Essential Maintenance)	-	2,400*	-
TRA11 – Local Transport Plan Major Projects (A65 Quality Bus Initiative)	844	844	1,544
Total	24,721	28,501*	31,248



*Proposed final fee. We are in the process of agreeing fee variations for the A58M Leeds Inner Ring Road Maintenance project and Housing Benefit Subsidy claim with the Audit Commission and will confirm the outcome with the Authority in due course.

Yours sincerely

John Prentice

Director

Appendix 1 – 2013/14 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
<p>❶ 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>❷ 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>❸ 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>

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	Several input errors were identified in non-HRA rent rebates and rent allowance case testing during the Housing Benefit Subsidy claim certification work. Although the value of errors was small in relation to the value of the claim, these led to qualification of the claim.	The Authority should assess whether there are training needs for any of the assessment team and increase management checks in areas with a high error rate.	❷	<p>The Council continues to work to improve team performance and address areas of higher than expected error count. Overall the level of error remains very small in relation to the overall claim.</p> <p>Responsible officer: Compliance manager, Welfare & Benefits.</p> <p>Target date: Continuous.</p>

Appendix 2 – Follow up of 2012/13 Certification of Claims and Returns Recommendations

Number	Prior year recommendation	Priority	Status as at December 2014	Management comments
1	Further testing arrangements Quality assurance arrangements should be improved over further testing carried out by the Council.	②	No issues were identified during 2013/14 certification work and we could place reliance on the Authority's further testing.	It was accepted that should "further testing" be required in any area of the subsidy claim in future years, that this work will be internally reviewed before passing it back to the auditor. This process was effectively introduced for the 2013/14 return.
2	Signed claims/returns Original signed claims and returns should be passed to auditors upon commencement of the work.	③	There remained instances whereby signed claims/returns were passed to us after work had been completed, however, this did not have a significant impact on completion of the work.	All officers responsible for claims / returns have been informed of the importance of having completed and signed returns available before audit deadlines.
3	Housing & Council Tax Benefit subsidy claim – reconciliation process The Authority should review this reconciliation within the Capita system and endeavour to liaise with Capita in order to prevent this error from re-occurring.	③	Issues within the Capita system remain, which led to the reconciliation process being reported in the qualification letter to DWP.	There is a process of continuous improvements to the system reconciliation process. The unreconciled difference remains insignificant in relation to the overall claim and has no impact on the actual claim received by the Council.
4	Pooling of Housing Capital Receipts Quality assurance arrangements should be implemented to ensure that grant claim forms are complete and finalised prior to submission for certification. This will assist in the delivery of an efficient certification process.	③	The return was certified without amendment or qualification in 2013/14, with no quality issues identified.	System improvements have allowed costs to be more accurately recorded against individual properties. As the claim allows costs over the last 3 years to be offset against the capital receipts, officers have been reviewing such costs to improve the accuracy of the return. Further quality assurance processes have been implemented.

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 John Prentice, who is the engagement leader to the Authority (telephone 0113 231 3935, e-mail John.Prentice@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.