



PUBLIC SECTOR

Certification of grants and returns 2009/10

Leeds City Council

February 2010

AUDIT

Contents

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Headlines

<p>Introduction & background</p>	<p>This report summarises the results of work on the certification of the Council’s 2009/10 grant claims and returns.</p> <ul style="list-style-type: none"> ● For 2009/10 we certified: <ul style="list-style-type: none"> – 20 grants with a total value of £48m; and – seven returns with a total value of £664m. ● As at 1 February 2011 there were four grants claims that were still to be audited, two of these are currently being worked upon and are due to be certified shortly and two are still to be received for audit from the Authority. 	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for 26 grants and returns and one qualified certificate in respect of the Housing & Council Tax Benefit Return. This compares to one qualification from 23 grants and returns for 2008-09. The qualification issue was:</p> <ul style="list-style-type: none"> ● There was a minor reconciliation differences between benefit granted and benefit paid for HRA Rent Rebates, the total value of this was £171.48. This is the same reason for which this claim was qualified last year. 	<p>Pages 3 – 4 and 6</p>
<p>Audit adjustments</p>	<p>Adjustments were necessary to only two of the Council’s grants and returns as a result of our certification work this year:</p> <ul style="list-style-type: none"> ● Housing & Council Tax Benefit – various amendments were made to the return, resulting in a net decrease in the subsidy claimed of £4,303; and ● Pooling of Housing Capital Receipts - A number of minor changes and reclassifications resulted in a net movement of -£1,656. 	<p>Pages 3 – 4</p>
<p>The Council’s arrangements</p>	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work of particular note are the following:</p> <ul style="list-style-type: none"> ● Effective central co-ordination and communication; ● The large majority of claims and returns were submitted on time; and ● There was good availability of staff and the quality of information was of a good standard. 	<p>Page 5</p>
<p>Fees</p>	<p>Our overall fee for the certification of grants and returns completed to date for 2009/10 is £119,765 , this compares to £117,343 of fees raised for 2008/09;</p> <ul style="list-style-type: none"> ● The main reasons for the year on year increase is due to the increase in the number of claims certified and changes in the number and nature of tests undertaken compared to the original budget; and ● We have audited four additional grants in comparison to previous years however, the cost per grant has reduced from £5,102 to £4,436. 	<p>Page 5</p>

Summary of certification work outcomes

Overall, we certified 27 grants and returns

- 18 were unqualified with no amendment
- 7 were unqualified but required some amendment to the claim form which did not affect the amount claimed
- 1 was unqualified but required some amendment to the final figures
- 1 required a qualification to our audit certificate

Detailed comments are provided overleaf

Detailed below is a summary of the key outcomes from our certification work completed to date on the Council's 2009/10 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
Housing and Council Tax Benefits BEN 01 ①	1	1		
Pooling of Housing Capital Receipts ②			1	1
Other Claims			7	7
Other Claims				18
Total	1	1	8	26

Summary of certification work outcomes

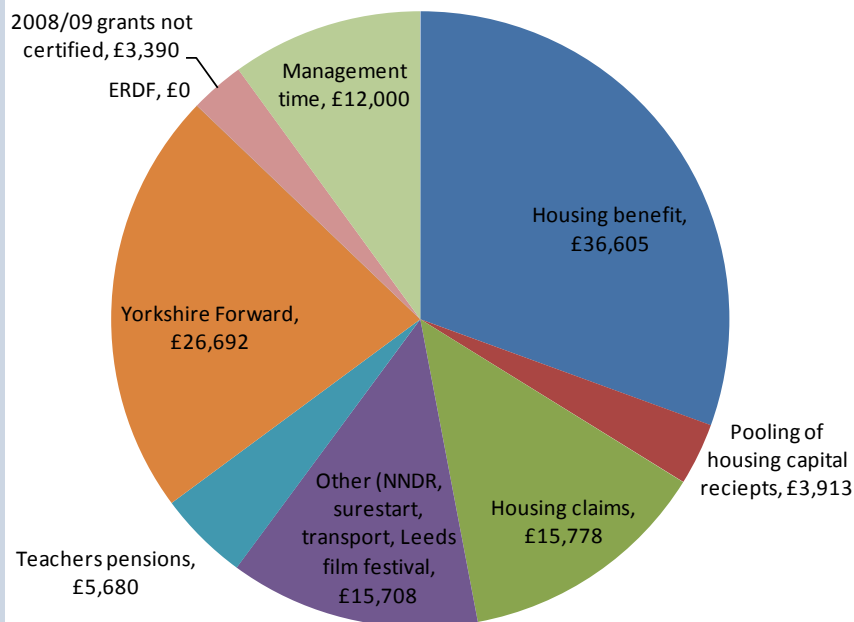
This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

Ref	Summary observations	Amendment
1	<p>Housing & Council Tax Benefit</p> <ul style="list-style-type: none"> The return was qualified due to minor reconciliation differences between benefit granted and benefit paid for two benefit types and a minor in-year reconciliation difference on Council Tax. A similar qualification was raised last year. Amendments to the return were partly due to a small number of claim processing errors identified by audit testing and partly due to corrections of in-year reconciliation differences. This again was similar to last year. None of the issues or errors significantly impacted on the accuracy of the housing subsidy claimed. 	- £4,303
2	<p>Pooling of Housing Capital Receipts</p> <ul style="list-style-type: none"> A number of minor changes and reclassifications resulted in a net movement of -£1,656. 	-£1,656

Fees

This chart and table summarises our overall fee for the certification of grants and returns completed as at 1 February 2011 for 2009/10

Breakdown of certification fees 2009/10



Breakdown of fee by grant / return	2009/10	2008/09
Housing benefit	36,605	38,340
Pooling of housing capital receipts	3,913	5,903
Housing claims	15,778	16,028
Other (NNDR, Sure-start, Transport, Leeds Film Festival)	15,708	12,627
Teachers pensions	5,680	6,170
Yorkshire Forward	26,692	18,922
ERDF	-	7,353
2008/09 grants certified in 2009/10	3,390	-
Management time	12,000	12,000
Total Fee	119,765	117,343

The main reasons for the fee difference between 2009/10 and 2008/09 are shown below:

- Additional Yorkshire Forward grants required audit in the year;
- Additional detailed testing was required, due to Audit Commission guidelines, on two grants where this was not previously needed. (Due to changes in the claim size and/or cycle); and
- Additional transport grants required audit.

It should be noted, however, that we have been able to show reduced costs to the authority on housing benefits, pooling of housing capital receipts, teachers pensions, disabled facilities, Holbeck urban village and the Leeds inner ring road audits due to increased efficiency and we have ensured that the management time has not increased over the past two years despite the increase in grant volume.

Recommendation

We have given the recommendation below a risk rating and agreed what action management will need to take. We will follow up this recommendation 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> |
|--|---|---|

Issue	Implication	Recommendation	Priority	Comment	Responsible officer & target date
Central Co-ordination of Grant Claims and Returns					
<p>Reconciliation of HRA Rent Rebates</p> <p>We found minor reconciliation differences between benefit granted and benefit paid for housing revenue account (HRA) Rent Rebates. The total value of this difference was £171.48.</p> <p>This is the same reason for which this claim was qualified last year.</p>	<p>If a system cannot be reconciled we must qualify our audit certification which may lead to recovery of monies by the granting body.</p>	<p>The Council should review this reconciliation within the Capita system and endeavour to liaise with Capita in order to prevent this error from re-occurring.</p>	<p>3</p>	<p>The Council continues to work with the systems supplier to improve the system reconciliations. The reconciliation difference should be considered in the context of the overall value of the claim (£278m) and it should also be noted that it does not impact on the overall level of subsidy received.</p>	<p>David Jackman Compliance Manager - Revenues & Benefits</p> <p>Ongoing</p>