



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 21st March 2011

Subject: KPMG report - Grants and Returns in 2009/10

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Executive Summary

- 1.1 KPMG have stated that the Council has good arrangements for preparing its grants and returns. Of the 24 claims and returns audited, only one claim has been qualified. This was due to a minor reconciliation variance of £171. This qualification had no impact on the actual claim received by the Council.
- 1.2 Initial indications are that of the remaining claims, a further qualification maybe required due to the lack of evidence supplied by a third party to substantiate £16k of expenditure. This will have no financial impact on the Council.

2.0 Purpose Of This Report

- 2.1 To inform members on the result of the work KPMG have carried out on the certification of grant claims in respect of 2009/10.

3.0 Background Information

- 3.1 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. Corporate Financial Management provide a central coordination role to ensure all relevant working papers and grant returns are available for the Council's external auditors in order to meet the Government timetables.

4.0 Main Issues

- 4.1 The attached report from KPMG confirms that the Council has good arrangements for preparing the required grant claims and that the majority of these claims were submitted on time and with a good standard of working papers.

- 4.2 The report highlights the qualification and audit adjustments required in respect of the Housing & Council Tax Benefit return. KPMG are required to recognise any adjustment which impacts on the grant claim as significant, whatever the materiality. The £4k adjustment required for the 2009/10 return is an improvement in the £99k adjustment last year and should be considered in the context of a £278m claim.
- 4.3 KPMG are required to qualify a return if the systems used to support the claim are not fully reconciled. System improvements have now enabled two of the three areas used in the Housing & Council Tax Benefit return to be fully reconciled. The third required reconciliation showed a variance of just £171. This variance had no impact on the claim received by the Council.
- 4.4 The scale of the variances continue to reduce year on year and Benefits staff are continuing to work with the developers of the Academy system and KPMG to improve the systems still further, with the aim of eliminating any variance.
- 4.5 The report states that, at the time of writing, four claims had still to be audited. KPMG have received all the working papers for these claims and have so far certified one claim with only a minor adjustment. Initial feedback on another of the claims (Access to Employment) has indicated that the return maybe qualified due to insufficient evidence in respect of one project managed by Leeds Ahead. Leeds Ahead have been asked by the auditors to substantiate the expenditure involved (£16k). Failure to do so could require Leeds Ahead to repay this element of the claim.

5.0 Implications For Council Policy And Governance

- 5.1 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.

6.0 Legal And Resource Implications

- 6.1 Members should note the audit fee for certification of grants and returns for the financial year 2009/10.

7.0 Conclusions

- 7.1 All grant claims and returns for 2009/10, received to date, have been successfully completed and final approved claims submitted to the relevant granting organisation.

8.0 Recommendations

- 8.1 Members are asked note the results of the 2009/10 audit of grants and returns.

Background Documents Used

Register of grant claims

Individual grant returns and associated working papers.