

Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 19th March 2013

Subject: KPMG Certification of grants and returns 2011/12

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. KPMG have stated that the Council has effective arrangements for the central co-ordination and communication of grant claims. Of the eight claims and returns audited, one claim was qualified and one required an audit adjustments.
2. As in previous years the Housing & Council Tax Benefit Return was qualified due to minor reconciliation issues. This qualification had no financial impact on the Council.
3. The audit adjustment amounted to £3k and was also in respect of the Housing Subsidy Claim.

Recommendations

4. Members are asked to note the results of the 2011/12 audit of grants and returns.

1 Purpose of this report

- 1.1 To inform members on the result of the work KPMG have carried out on the certification of grant claims in respect of 2011/12.

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. 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.

3 Main issues

- 3.1 The attached report highlights the audit issues identified in respect of the 2011/12 grants and returns. In addition it reports on any issues relating to 2010/11 returns which had not been completed when the 2010/11 report was presented to this Committee in February.
- 3.2 KPMG's report confirms that the Council has effective arrangements for the central co-ordination and communication of grant claims and that a large majority of these claims were submitted on time and with a good standard of working papers.
- 3.3 The report does however identify one qualification:
 - 3.3.1 As was the case last year, the Housing & Council Tax Benefit return was qualified due to minor reconciliation differences and a number of small processing errors. 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 £342 within a total claim of £321m. This variance had no impact on the claim received by the Council.
- 3.4 KPMG's report also highlights areas where significant adjustment were required to a claim or return. An audit adjustment is determined as significant if it impacts on the amount of money the Council would otherwise receive. For 2011/12 there was only one such adjustments, namely a £3k adjustment to the Housing & Council Tax Benefit return. This small adjustment related to a number of minor errors identified by the Council and an underpaid HRA rent rebate case found by KPMG.
- 3.5 None of the other audit findings had any impact on the amount claimed by the Council. Officers have however, been informed as to all the findings in the report to help ensure improvements continue to be made in the compiling of grant returns.

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 audit fee of £61k for certification of grants and returns for the financial year 2011/12.

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 2011/12 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 and only one return required an adjustment to the amount claimed.

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 Members are asked note the results of the 2011/12 audit of grants and returns.

7 Background documents

7.1 None.