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# Certification of grants and returns 2012/13

Northampton Borough Council

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**The contacts at KPMG in connection with this report are:**

**Neil Bellamy**

*Director*

Tel: 0116 256 6082

[neil.bellamy@kpmg.co.uk](mailto:neil.bellamy@kpmg.co.uk)

**Yola Geen**

*Manager*

Tel: 0116 256 6091

[yola.geen@kpmg.co.uk](mailto:yola.geen@kpmg.co.uk)

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|                                    |   |                    |
|------------------------------------|---|--------------------|
| <p>Introduction and background</p> | <p><b>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</b></p> <ul style="list-style-type: none"> <li>■ For 2012/13 we certified:             <ul style="list-style-type: none"> <li>– 1 grant with a total value of £89.1m; and</li> <li>– 2 returns with a total value of £96m.</li> </ul> </li> </ul>  |                    |
| <p>Certification results</p>       | <p><b>We issued an unqualified certificates on both returns and a qualified certificate on the grant claim.</b></p> <p>In common with many authorities a qualification was required in relation to the certification of the Housing and Council Tax Benefits Claim. As required we tested a random sample of claims covering all types of benefit paid, and also a focused sample based on errors which had arisen last year. This work identified a number of individual errors on a small number of claims in 2012/13. Testing of the 'initial' samples also identified further errors which led to an extension of testing.</p> <p>These results showed an increase in error with those for 2011/12 where a qualified certificate and qualification letter was also issued also in relation to the Housing and Council Tax Benefits claim.</p> | <p>Pages 3 – 4</p> |
| <p>Audit adjustments</p>           | <p><b>We amended 1 of the Council's grants and returns as a result of our certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ An increase of £11k was made to the Housing and Council Tax Benefit Claim which compares 2011/12 where the claim was not amended. The total benefits subsidy claimed by the Council was £89.1m.</li> </ul>   | <p>Pages 3 – 4</p> |
| <p>The Council's arrangements</p>  | <p><b>The Council has good arrangements for preparing its grants and returns and supporting our certification work</b></p> <p>All grants and returns were submitted on a timely basis and had been correctly identified as requiring certification in line with the Certification Instruction Index issued by the Audit Commission.</p> <p>The records kept in relation to grants and returns were accurate and sufficient.</p>   |                    |
| <p>Fees</p>                        | <p><b>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £16,050. Our actual fee for the certification of grants and returns was £20,084.</b></p> <ul style="list-style-type: none"> <li>■ The fee reflects the Audit Commission's overall reduction in fees, but increases to the scale fee due to             <ul style="list-style-type: none"> <li>■ Additional testing required for the for the certification of the National Non Domestic Rates return and the Pooling of Capital Receipts return, where we were required by the Audit Commission to undertake more detailed cyclical detailed testing in 2012/13.</li> <li>■ Additional testing required due to errors identified on the Housing and Council Tax Benefit claim.</li> </ul> </li> </ul> | <p>Page 5</p>      |

Overall, we certified 3 grants and returns:

- 2 were unqualified with no amendment;
- 1 was qualified with a minor amendment;

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 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 & Council Tax Benefit       | 1                 |                       |                        |                  |                         |
| Pooling of Housing Capital Receipts |                   |                       |                        |                  |                         |
| National Non Domestic Rates return  |                   |                       |                        |                  |                         |

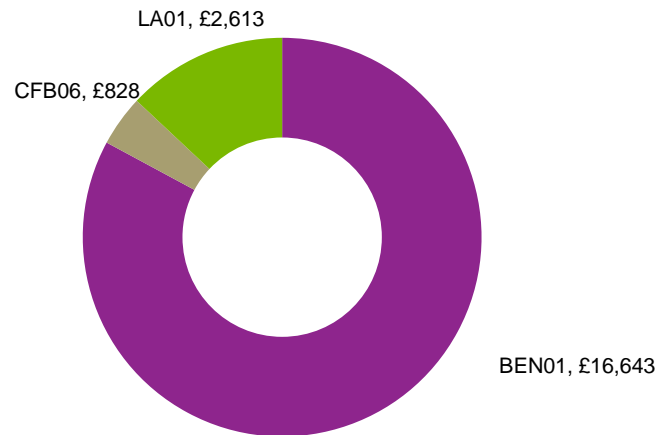


This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

| Ref | Summary observations   | Amendment |
|-----|--|-----------|
| ①   | <p>Housing and Council Tax Benefits Claim (claim value £89.1m)</p> <p>In 2011/12 testing of the claim identified three processing errors in respect of earned income on rent rebate cases. All cases resulted in an underpayment of benefit. As this error type could have also resulted in an overpayment of benefit extended testing was undertaken this year (2012/13). Errors were found in a total of 6 cases over both the initial and extended testing samples, including 2 overpayments and 2 underpayments of benefit, and 2 cases where there was no financial impact.</p> <p>Our initial sampling also found errors in</p> <ul style="list-style-type: none"> <li>■ processing non dependents where there was a joint tenancy. Testing was extended to cover all such cases – a further 4 cases, and 3 further errors were identified. The errors resulted in 3 cases where benefit had been underpaid and one where benefit had been overpaid by £731.</li> <li>■ Council tax overpayment classification.</li> <li>■ The calculation of modified scheme amounts from using uprated war widows pensions amounts rather than figures based on evidence received. This resulted in an understatement of cell 214 (expenditure relating to the voluntary disregard of War Disablement Pensions or War Widows Pension) and cell 225 which provides a more detailed analysis of the expenditure in cell 214.</li> </ul> <p>In accordance with the certification instruction a qualification was mandated as a result of identifying errors of this nature.</p> <p>System reconciliation errors were also identified by the council after submission of the claim. In one case this arose from reconciliation adjustments being made twice. This resulted in an increase of £11,960 in the amount of subsidy claimable, which accounts for the majority of the overall amendment. A separate reconciliation which was not undertaken before the claim was submitted resulted in a reduction of £282. Officers have now updated their submission methodology for next year to ensure that all reconciliations are done on a timely basis.</p> <p>Overall the level of error found is low compared to many authorities.</p> | +£11,262  |

Our overall fee for the certification of grants and returns was higher than the original estimate of £16,050, but lower than last year's fee.

Breakdown of certification fees 2012/13



| Breakdown of fee by grant/return                   |               |               |
|--|---------------|---------------|
|  | 2012/13 (£)   | 2011/12 (£)   |
| BEN01 – Housing and Council Tax Benefit            | 16,643        | 22,124        |
| CFB06 – Pooling of Housing Capital Receipts return | 828           | 475           |
| LA01 – National Non Domestic Rates return          | 2,613         | 2,138         |
| Other claims no longer certified                   | 0             | 1,734         |
| Supervision and Reporting**                        | 0             | 3,230         |
| <b>Total fee</b>                                   | <b>20,084</b> | <b>29,701</b> |

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £16,050 which was based on the fees for 2010/11, but then reduced in line with the overall reduction of audit fees from 2012/13 onwards. Based on the actual work we carried out we charged a small additional fee. The increase in fee for the LA01 and CFB06 returns is due to the requirement for more cyclical testing every 3 years. This fell due in 2012/13 but was not required in 2011/12. The increase to the scale fee for benefits (BEN01) reflects the additional extended testing undertaken, but still shows a reduction of £5,481 compared to 2011/12.

\*\* The fee for Supervision and Reporting in 2012/13 has been allocated to the individual claims.



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