



cutting through complexity

Annual Report on grants and returns work 2014/15

Northampton Borough Council

January 2016

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Headlines

<p>Introduction and background</p>	<p>This report summarises the results of work we have carried out on the Council’s 2014/15 grant claims and returns.</p> <p>This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2014/15 is:</p> <ul style="list-style-type: none"> ■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council’s 2014/15 Housing Benefit Subsidy claim. This had a value of £74 Million. ■ Under separate assurance engagements we certified one return as listed below. <ul style="list-style-type: none"> – Pooling of Capital Receipts Return. This had a value of £4,382,759. 	
<p>Certification results</p>	<p>Our work on the Council’s Housing Benefit Subsidy claim was subject to a qualification letter.</p> <ul style="list-style-type: none"> ■ The main issues identified from our testing relate to incorrect assessment of start and end dates for payments received by claimants from the Department of Work and Pensions (DWP), miscalculation of claimants earned income and incorrect assessment of the impact of dependants and non dependants on claimants housing benefits due. Similar issues were identified and reported in a qualification letter in previous years. ■ In 2014/15, additional testing was also undertaken on the miscalculation of child care costs and the incorrect end dates for payments received by claimants from the DWP in relation to tenants on non housing revenue account properties. ■ The cumulative financial impact of the issues reported in our qualification letter amount to £30,181. 	<p>Pages 3 – 4</p>
<p>Audit adjustments</p>	<p>One adjustment was necessary to Pooling of Housing Capital Receipts return as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ The amendment made related to the misclassification of expenditure on social housing in 2014/15. This amendment had no financial impact upon the grant return. ■ No similar issues were identified in the previous year. 	<p>Pages 3 – 4</p>
<p>Fees</p>	<p>The indicative fee for our work on the Council’s 2014/15 Housing Benefit Subsidy was set by Public Sector Audit Appointments at £14,650. The actual fee for this work will be higher than the indicative fee set due to additional work and training being undertaken by the audit team due to an unexpected and long term sickness absence of the key member of staff responsible for assisting with this work. Plus additional testing was required in 2014/15 in respect of the assessment of job seeker allowance (JSA) end dates for non housing revenue claimants and the calculation of child care costs for private tenant claimants. We are currently discussing the additional fee with the S151 Officer and when agreed the final fee will be subject to approval by the PSAA.</p> <p>Our fees for the other ‘assurance’ engagements were subject to agreement directly with the Council and were £3,000.</p>	<p>Page 5</p>

Overall, we carried out work on two grants and returns:

- One was unqualified but required an amendment to the final figures; and
- One required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 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 or assurance report.

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	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments arrangements					
■ Housing Benefit Subsidy	1				
Other assurance engagements					
■ Pooling of Housing Capital Receipts	2				
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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 Benefit Subsidy</p> <ul style="list-style-type: none"> ■ A qualification letter was issued in respect of this claim as our testing identified a number of issues, as summarised below: <ul style="list-style-type: none"> ■ Incorrect start and end dates for payments received by claimants from the DWP; ■ Miscalculation of claimants earned income; ■ Incorrect assessment of the impact of dependants and non dependants on claimants housing benefits due; and ■ Miscalculation of claimants child care costs. ■ Failure of the Council to address each of these issues in the future will result in future reclaim of grant income. ■ The qualification of this grant claim is a repeat issue from the previous year. 	N/A
2	<p>Pooling of Housing Capital Receipts Return</p> <ul style="list-style-type: none"> ■ One amendment was made to this claim in relation to the misclassification of expenditure on social housing in 2014/15 on the grant return. The amendment made had no financial impact upon the grant return. ■ The amendment made to the claim was not an issue identified in the prior year. 	£0 net impact

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

We are currently discussing the overall fees to be charged for carrying out all our work on grants/returns in 2014/15 with the S151 Officer and the PSAA.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2014/15 (£)	2013/14 (£)
Housing Benefit Subsidy claim	TBC	£14,105
Pooling of Housing Capital Receipts	£3,000	£298
Total fee	TBC	£14,403

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £14,650. Our actual fee is still to be confirmed but will be higher than the indicative fee, and compares to the 2013/14 fee for this claim of £14,105. The fee will increase due to additional work and training being undertaken by the audit team due to an unexpected and long term sickness absence of the key member of staff responsible for assisting with this work. Plus additional testing was required in 2014/15 in respect of the assessment of job seeker allowance (JSA) end dates for non housing revenue account claimants and the calculation of child care costs for private tenant claimants.

We are currently discussing the additional fee with the S151 Officer and when agreed the final fee will be subject to approval by PSAA.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2014/15 were more than those in 2013/14. The reason for the increase was that an extended testing programme was introduced in 2014/15 as a result of this assurance work being undertaken as part of a separate audit engagement. Prior to 2014/15 this work programme had been undertaken as part of the Audit Commission contract.

We have given each recommendation a risk rating and agreed what action management will need to take.

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 and target date
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Theme heading

<p>Housing Benefit Subsidy – Quality and Assurance</p>	<p>The Council have introduced appropriate quality and assurance checks on the risk areas identified in the previous year and the recommendation raised as a result (see P8 – prior year recommendations), however, a number of the issues identified in the previous year continue to be present in the 2014/15 testing, such as the incorrect start and end dates for payments received by claimants from the DWP, the miscalculation of claimants earned income and the incorrect assessment of the impact of dependants and non dependants on claimants housing benefits due.</p>	<p>1 Continue to refine and promote training, learning and development programmes to increase/refresh knowledge on all risk areas identified. Continue with the rigorous quality checking process with increased focus on the checking of these specific risk areas and ensure that this maintains a high profile within the Department.</p> <p>Progress on the implementation of the proposed actions should be reported to Audit Committee throughout the year.</p>	<p>2</p>	<p>The Authority will be looking to target specific areas, based on risk and outcomes for the service and our customers. We are currently in the process of recruiting a new benefits training officer, who once in place will address the training needs as identified in the audit itself and the quality assurance process. This plan will also include reminder workshops and mentoring as required.</p>	<p>Marc Brown (Subsidy Officer) Ongoing - update on progress to be provided to Audit Committee after 1st April 2016</p>
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date	
Housing Benefit Subsidy – Knowledge sharing and contingency plans	<p>A high level of knowledge and understanding of the housing benefit subsidy claim is retained by only one member of staff (Subsidy Officer).</p> <p>Due to an unexpected, long term sickness absence of this individual in 2014/15 additional audit time was spent on the housing benefit subsidy testing. This included training of other members of the revenues team and time spent dealing with queries.</p>	<p>2 Ensure that sufficient knowledge of the housing benefit subsidy claim is shared across other key members of the revenues team.</p> <p>Put in place a training programme which builds upon the knowledge shared as part of the 2014/15 audit process and ensure that sufficient support is given to the Subsidy Officer to complete this requirements of this audit testing going forward.</p>	2	<p>The Authority has already identified a suitable officer to support subsidy in the future, who will be given subsidy training throughout the year including the audit process. We will also be expanding the knowledge and experience of one of the current subsidy officers to be able to complete an audit, which will involve more hands-on practical training and mentoring. Both officers are due to attend a subsidy workshop at the end of January to increase their knowledge.</p>	<p>Marc Brown (Subsidy Officer)</p> <p>Ongoing – training and mentoring to be provided on an on-going basis, but main training to be completed by October 2016 before the 16/17 grant audit.</p>	

Prior year recommendations

We made one recommendation in our 2013/14 Certification of Grants and Returns Annual Report. Where recommendations have not yet been implemented fully we have detailed their current status below.

Prior year recommendation	Priority	Status as at January 16	Management comments
Housing Benefit Subsidy – Quality and Assurance			
<p>1 In order to address the increased level of error found during the certification of the benefits claim, the Quality and Assurance team intends to implement training, learning and development programmes to increase/refresh knowledge on these areas and to introduce a more rigorous quality checking process with increased focus on the checking of these specific risk areas. This is in addition to a review of processes and on-line guidance and procedures to ensure that they are accurate and up to date, to give assessment officers the maximum support in assessing claims correctly and ensuring that errors are not repeated.</p> <p>Progress on the implementation of the proposed actions should be reported to Audit Committee throughout the year.</p>	2	Completed	<p>Following on from the 2013/14 report, we have put in motion a number of things to address the issues and recommendations raised and ensure they don't happen again. Earned income and start dates were two of the main error issues identified previously. In March 2015 we carried out quality checks on over 80 earned income claims. We also carried out a similar quality check on start dates. This allowed us to pick up on potential assessment issues which we were able to address with individuals and identify training needs prior to 2014/15. Throughout the year we have maintained and updated on-line procedures and guidance based on the latest DWP circulars, legislation and regulations. The quality team and team leaders provide a constant support to assessment officers and are on hand to answer any queries at all times. We carry out rigorous monthly quality assurance checks on all assessment officers. Reports are sent out to individuals with details of all errors which the individuals can then work on improving. The reports also highlight potential training needs which are also addressed by the training officer. All quality assurance data is recorded on a matrix and we hold a monthly performance meeting to discuss any issues. Where people are under-performing we have installed a Performance Support framework (PSF) and Personal Improvement Plan (PIP) which individuals are taken through with the support of mentors to improve performance and address performance issues. Training is provided throughout the year to new starters and to existing staff who have areas of weakness. The training officer also provides summaries of the DWP circulars so staff are kept fully up to date with the latest procedures/guidance. We have introduced a section in the newsletter/blog which the Quality team use to highlight the latest error trends. We hold monthly section brief's where the quality team highlight any areas of concern and provide guidance/reminders on any current areas of weakness.</p>



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