



Certification report 2012/13 for Maidstone Borough Council

Year ended 31 March 2013

February 2014

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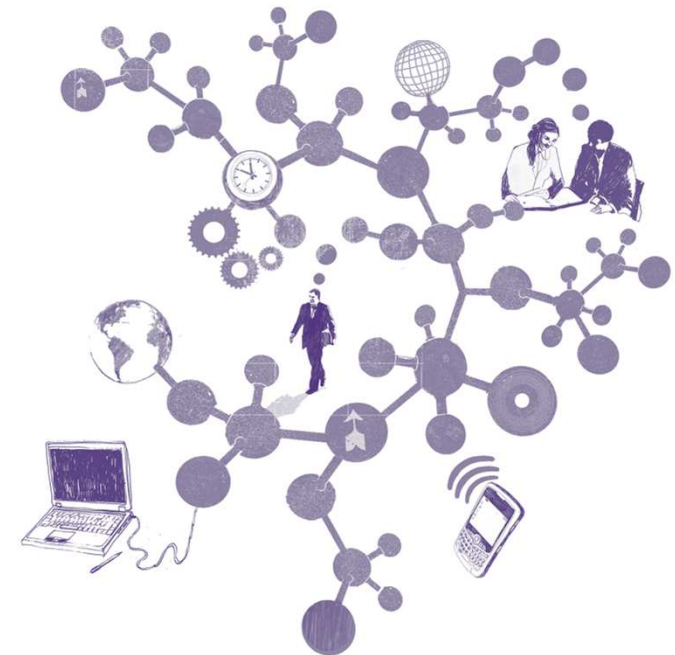
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Executive summary

Introduction

We are required to certify certain claims and returns submitted by Maidstone Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £110.2 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in August 2013

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	RAG rating
Submission & certification	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	●
Supporting working papers	●

Results of our certification work

Key messages

Submission & certification

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £110.2 million.

The Council's performance in preparing claims and returns is summarised below:

- The NNDR3 return was certified without amendment or qualification.
- The Housing and Council Tax Benefit Subsidy claim was certified with amendments and a qualification letter to report underpayments of benefit identified on the claim.
- Both claims were submitted on time by the Council and certified on time by us.

This analysis of performance shows that the Council's performance is broadly consistent with last year, although we identified fewer errors than in last year's housing benefits subsidy claim.

Details of the certification of both claims and returns are included at Appendix A.

Accuracy of claim forms submitted to the auditor

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

- we identified two cases where benefit had been underpaid due to using an incorrect rent charge in calculating benefits due to housing association tenants. We reviewed all similar cases and found these to be the only two cases affected. We reported this in the qualification letter to the Department.

- we identified one case where the Council had incorrectly applied changes to the claimant's hours and earnings which resulted in underpaid benefit for a short period. Further work undertaken in this area determined that this was an isolated error.
- £2,619 of expenditure was incorrectly classified. The amendment agreed resulted in a net reduction in subsidy claimable of £1.

We have made recommendations for improvement in the action plan at Appendix B.

Supporting working papers

Working papers provided were of a satisfactory standard and officers answered our queries on a timely basis.

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £17,600.

We have agreed variations to the analysis of fees between the two claims to reflect that:

- more work was required on the NNDR claim as the Audit Commission requires us to carry out more extensive 'Part B' testing at least one year in three. This was not reflected in the indicative scale fee.
- less work was required on the housing benefits subsidy claim this year as the volume of errors was lower and could be better isolated to specific circumstances than in 2010/11, on which the Audit Commission based its indicative scale fee.

The net effect of the upward and downward variations is nil. More detail on the fees for certification work can be found in Appendix C.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank officers for their assistance and co-operation during the certification process.

Grant Thornton UK LLP
February 2014

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing and council tax benefit scheme	£55,790k	Yes	-£1	Yes	<p>Claim qualified to reflect:</p> <ul style="list-style-type: none"> two cases where benefit had been underpaid due to using an incorrect rent charge in calculating benefits due to housing association tenants. We reviewed all similar cases and found these to be the only two cases affected. we identified one case where the Council had incorrectly applied changes to the claimant's hours and earnings which resulted in underpaid benefit for a short period. Further work undertaken in this area determined that this was an isolated error. Claim amended to reflect misclassification of £2,619 of expenditure.
National non-domestic rates return	£54,361k	No	N/A	No	N/A

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Ensure correct rent charges are identified and used in calculating benefit for housing association tenants.	Medium	Agreed	Head of Revenues and Benefits March 2014
2	Ensure that all benefits expenditure is correctly classified on the claim form following the instructions for completion.	Medium	Agreed	Head of Revenues and Benefits March 2014

Appendix C: Fees

Claim or return	2011/12 fee (£) (N1)	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits subsidy claim	17,031	17,330	15,809	-1,222	Fewer errors were identified compared to the previous year, and where errors were identified, it was possible to restrict the population to a smaller number of cases. This resulted in less additional work required to test the whole population affected and quantify results.
National non-domestic rates return	294	270	1,791	1,497	The Audit Commission requires us to carry out more detailed 'Part B' testing at least every third year. We had not carried this out in the previous two years and had to do so in 2012/13.
Total	17,325	17,600	17,600	275	

(N1) 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.



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