

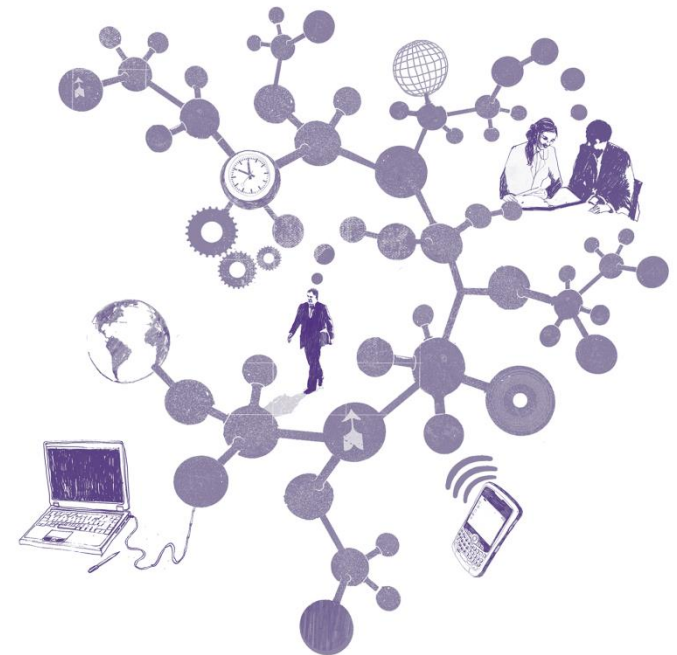
Certification report 2014/15 for Tonbridge & Malling Borough Council

Year ended 31 March 2015

January 2016

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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by Tonbridge & Malling Borough Council ('the Council'). Auditor certification is an important part of the process to confirm the Council's entitlement to funding.

This report summarises the outcomes from our certification work for 2014/15.

Approach and context to certification

Prior to its abolition on 31 March 2015 certification arrangements were prescribed by the Audit Commission. Under these arrangements the Audit Commission agreed the scope of work with the relevant government department or agency and issued auditors with a Certification Instruction (CI) for each claim or return.

In 2014/15 only one claim required auditor certification at Tonbridge & Malling BC, the Council's claim for Housing Benefit Subsidy, based on total expenditure (benefit granted) of £36.1m.

From 1 April 2015 arrangements for the certification of claims for housing benefit subsidy are prescribed by Public Sector Audit Appointments (PSAA).

Auditors are required to report the outcomes of certification work to those charged with governance.

Key messages

The Council's draft and final audited claims for Housing Benefit Subsidy were submitted within the deadlines specified by the Department for Work and Pensions (DWP).

Officers provided clear working paper trails to support the draft claim. Additional working papers were provided to support detailed audit testing.

Officers had taken appropriate action to implement the agreed recommendations arising from our 2013/14 certification work.

A number of amendments were agreed to the draft claim prior to certification. The aggregate impact was to increase the amount of subsidy claimed by £3,755. We reported one other issue to DWP in a qualification letter. Further information on the outcomes from our certification work is provided at Appendix A.

Certification fees

The Audit Commission sets an indicative scale fee for certification work at each audited body. For the Council the 2014/15 indicative scale fee for the housing benefit subsidy claim reported in our audit plan of March 2015 was £21,600.

The indicative certification fee for 2014/15 is based on the final 2012/13 fee for work on the housing benefit subsidy claim, reflecting the amount of work required to certify the claim in that year. However, the certification work required at the Council for 2014/15 has reduced compared with 2012/13.

We are therefore proposing a final fee for our 2014/15 certification work of £18,600. Our proposed fee is subject to approval by PSAA, who are required to approve all variations to the scale fee.

Further information on our certification fee is included at Appendix B.

The way forward

We set out recommendations arising from our certification work at Appendix C.

Acknowledgements

We would like to take this opportunity to thank the Council's officers for their assistance and co-operation with our 2014/15 certification work.

Grant Thornton UK LLP
January 2016

Appendices

Appendix A: Details of claims and returns certified for 2014/15

Claim or return	Comments
<p>Housing benefit subsidy claim</p>	<p>Overall approach</p> <p>The Audit Commission/PSAA certification framework requires sample testing of benefit claims to confirm benefit has been awarded in accordance with regulations and correctly recorded for subsidy purposes. Two initial samples are tested (all transactions in year)</p> <ul style="list-style-type: none"> - 20 rent allowance cases - 20 rent rebate (tenants of non-HRA properties) cases <p>Where errors are identified then additional testing is performed (either on a further sample of 40 cases, or on all relevant cases, depending on the number of cases where the error could have occurred) for the issue giving rise to the error.</p> <p>Under the Audit Commission/PSAA framework auditors are also required to perform sample testing to cover previous year issues and confirm that these do not affect the current year's claim.</p> <p>Where the impact of errors can be quantified exactly then the claim is amended. Where the potential impact on subsidy can only be estimated or extrapolated then the issue is reported to DWP using a qualification letter.</p> <p>Previous year issues</p> <p>For homeless claimants the Council's Housing department effectively acts as "landlord" and funds are transferred from the benefit section. Our work in 2013/14 identified that a number of overpayments in these cases had been treated incorrectly. For 2014/15 the Council reviewed all overpayments for homeless claimants and actioned amendments to ensure overpayments were correctly treated before preparing the draft subsidy claim. Officers concluded that there were no non-HRA overpayments which were eligible for subsidy.</p> <p>Our work on the Council's 2013/14 subsidy claim identified a number of rent allowance cases where self-employed income had been wrongly calculated. This required additional certification work in 2014/15.</p>

Appendix A: Details of claims and returns certified for 2014/15

Claim or return	Comments
<p>Housing benefit subsidy claim</p>	<p>Outcomes from 2014/15 testing: Rent allowances</p> <p>Our initial testing of 20 rent allowance cases identified one case where self-employed income had been wrongly calculated. As additional testing on the calculation of self-employed income was already required in respect of previous year issues, this error did not lead to additional testing.</p> <p>To address previous year issues the calculation of self-employed income was tested for an additional sample of 40 cases. This testing identified;</p> <ul style="list-style-type: none"> • nine further errors leading to an underpayment of benefit (total value £1,384). Where testing identifies that benefit has been underpaid there is no impact on subsidy as subsidy cannot be claimed on benefit that has not been awarded. • five errors where there was no impact on benefit • one error resulting in an overpayment of benefit of £244. <p>The potential impact on subsidy was extrapolated and reported to DWP using a qualification letter. The net impact extrapolated for subsidy purposes was to move £4596 from a claim cell paying full subsidy to a cell paying nil subsidy.</p>

Appendix A: Details of claims and returns certified for 2014/15

Claim or return	Comments
<p>Housing benefit subsidy claim</p>	<p>Outcomes from 2014/15 testing: Non HRA</p> <p>Our initial testing of 20 rent rebate (tenants of non HRA properties) cases identified;</p> <ul style="list-style-type: none"> - one case where expenditure relating to non-self-contained licensed accommodation had been incorrectly classified - one case where the LHA rate used in calculations was incorrect. <p>Officers reviewed all non-HRA cases to check that expenditure had been correctly classified and that the correct LHA rate had been used. This testing identified a further 24 cases where errors had occurred. In all cases amendments were actioned on the Council's subsidy claim prior to certification. The net impact was to increase the amount of subsidy claimed by £3,755.</p>

Appendix B: Fees

Claim or return	2013/14 fee	2014/15 indicative fee	2014/15 actual fee	Variance with indicative fee	Explanation for significant variances
	£	£	£	£	
Housing benefits subsidy claim	24,112	21,600	18,600	(3000)	The indicative certification fee for 2014/15 was based on the work required in 2012/13. The certification work required at the Council for 2014/15 has reduced compared with 2012/13.
Total	24,112	21,600	18,600	(3000)	

Appendix C: 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
	Housing and council tax benefit subsidy scheme			
1	Officers should consider the errors identified from certification testing and take action on any training or supervisory issues to help reduce errors in future years.	Medium	Specific training has taken place relating to the issues identified. New staff to the section since the training took place have had the topics rolled into their training. A rolling review of cases potentially affected is underway.	Ongoing. Principal Benefits Officer
2	Benefit records for individual claimants should be amended in the current year for all errors identified from 2014/15 certification testing.	Medium	Agreed.	By 15.2.16. Principal Benefits Officer



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