



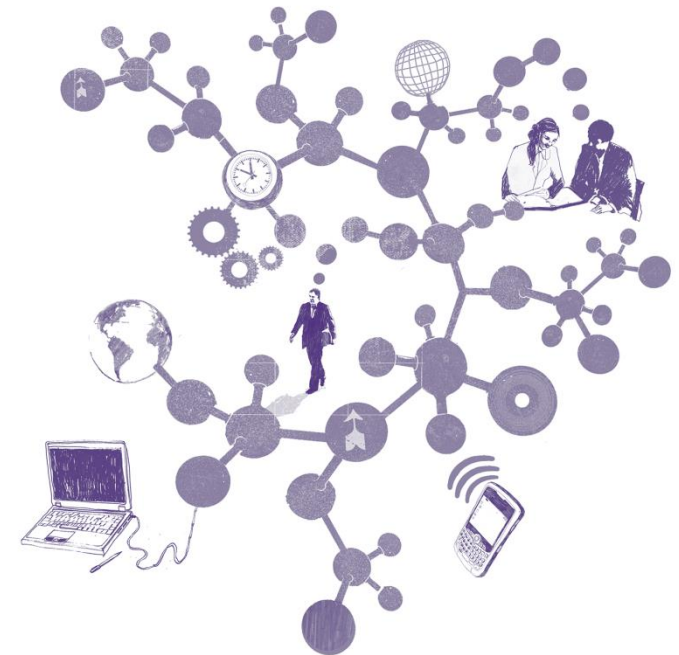
Certification report 2013/14 for Tonbridge & Malling Borough Council

Year ended 31 March 2014

January 2015

Darren Wells
Engagement Lead
T 01293 554120
E darren.j.wells@uk.gt.com

Trevor Greenlee
Manager
T 01293 554071
E trevor.greenlee@uk.gt.com



Contents

Section	Page
1. Summary of findings	3
Appendices	
A Details of claims and returns certified for 2013/14	7
B Action plan	10
C Fees	11

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 2013/14.

Approach and context to certification

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

The Audit Commission also requires auditors to report the outcomes of certification work to those charged with governance.

In 2013/14 only one claim required auditor certification at Tonbridge & Malling BC. This was the Council's claim for Housing Benefit Subsidy, based on total expenditure (benefit granted) of £34.6m.

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 2012/13 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 £3567. We reported a number of other issues 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 2013/14 indicative scale fee for the housing benefit subsidy claim reported in our audit plan of March 2014 was £27,400. The Audit Commission has now reduced indicative fees for the certification of the housing benefit subsidy claim by 12 per cent to reflect the removal of council tax benefit from the scheme. This gives a revised indicative scale fee of £24,112.

We are not proposing any changes to the Audit Commission's indicative 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 2013/14 certification work.

Grant Thornton UK LLP
January 2015

Appendices

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Total subsidy claimed (draft claim)	Amended?	Amendment	Qualified?	Comments
Housing benefit subsidy claim	£34,365,279	Yes	+ £3,567	Yes	<p>Overall approach The Audit Commission certification framework requires sample testing of benefit claims to confirm benefit has been awarded in accordance with regulations and correctly recorded for subsidy purposes. Where errors are identified then an additional sample of claims is tested for the issue giving rise to the error.</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>Rent rebates: Misclassification of expenditure Our previous year work identified a number of cases where; - expenditure relating to short-term leased or self-contained accommodation had been incorrectly classified - the LHA rate used in the calculations was incorrect. The net impact was to underclaim subsidy by £7775. We reported these issues in our 2012/13 qualification letter.</p> <p>The Council agreed with DWP that the subsidy underclaimed would be recovered by way of an amendment to the 2013/14 claim.</p> <p>Changes to the Council's processes to address these issues were introduced from December 2013. However, officers recognised that similar errors could have occurred in the 2013/14 claim year prior to the changes being introduced.</p>

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Total subsidy claimed (draft claim) (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim					<p>Our 2013/14 sample testing of rent rebate cases identified six cases where similar errors had occurred in the period prior to December 2013. The Council therefore reviewed all relevant cases for 2013/14. This work identified 37 cases where expenditure had been misclassified. For all cases the impact was to underclaim subsidy. The Council estimates that the aggregate amount underclaimed for 2013/14 is £15,317. This has been reported in our qualification letter.</p> <p>Rent rebates: Payments made by the Housing Department For homeless claimants the Council's Housing department effectively acts as "landlord" and funds are transferred from the benefit section. We identified that some overpayments in these cases had been incorrectly treated. Officers reviewed all relevant cases and identified 15 claims where an adjustment was required. The net impact of the claim amendment was to reduce subsidy payable by £4216.</p> <p>Rent allowances: Self-employed income Testing of an initial sample of 20 benefit cases identified one error in the calculation of self-employed income due to the treatment of allowable expenses. Testing for an additional sample of 40 cases identified a further seven cases where the same error had occurred. The aggregate effect of the errors was to underpay benefit by £3196. However, there was no impact on subsidy, as subsidy cannot be claimed on benefit that has not been awarded.</p>

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Total subsidy claimed (draft claim) (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim					<p>Rent allowances: Classification of overpayments</p> <p>Testing of an initial sample of 20 benefit cases identified two cases where overpayments had been incorrectly classified. Testing for an additional sample of 40 cases identified one further case where the same error had occurred. The issue has been reported in our qualification letter. The net impact extrapolated for subsidy purposes was to move £23565 from a cell paying 40% subsidy to a cell paying nil % subsidy.</p>

Appendix B: Fees

Claim or return	2012/13 fee	2013/14 indicative fee	2013/14 actual fee	Variance year on year	Explanation for significant variances
	£	£	£	£	
Housing benefits subsidy claim	24,540	24,112	24,112	(428)	Reduction as council tax subsidy removed from scheme. Continuing volume of work associated with error issues.
National non-domestic rates return (NNDR3)	2,640	0	0	(2,640)	Auditor certification of NNDR3 return not required for 2013/14.
Total	27,180	24,112	24,112	(3,068)	

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 nature of the errors identified from certification testing and take action on any training or supervisory issues identified to help reduce errors in future years.	Medium	Officers have considered the nature of the errors identified from certification testing. Sample or full testing of relevant cell entries will take place on an ongoing basis. Training needs have been identified relating to overpayments and self-employed income assessments.	Cell testing throughout financial year. Overpayment training for all assessment and overpayment staff completed in November. Self-employed claims training to be arranged. A Rosevear, Principal Benefits Officer
2	Benefit records for individual claimants should be amended in the current year for all errors identified from 2013/14 certification testing.	Medium	Individual claim records to be amended where appropriate.	Completed. A Rosevear, Principal Benefits Officer



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk