

# Certification of claims and returns - annual report

Rossendale Borough Council

Audit 2010/11



# Contents

---

- Introduction.....3
- Summary of my 2010/11 certification work.....4
- Results of 2010/11 certification work.....6
- Summary of certification fees .....8

# Introduction

---

**Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.**

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data. However, regardless of my assessment of the control environment, I am required to carry out the full range of testing every third year.

The work I undertake to certify the Housing and Council Tax Benefits Subsidy claim for the Department of Work and Pensions (DWP) is scoped differently. DWP require, because of the high value and inherently high risk nature of the claim, a full review each year. These tests include:

- confirming that the subsidy claim has been completed using the recognised software for claim completion;
- undertaking an analytical review for a year-by-year comparison and comparisons to other Councils; and
- carrying out a detailed testing of individual claims for benefit to ensure the Council is calculating benefit entitlement correctly.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

# Summary of my 2010/11 certification work

## The Council has effective arrangements in place to prepare accurate claims and returns

- 1 I found most claims had been prepared in accordance with the relevant terms and conditions. The Housing and Council Tax Benefit Subsidy claim was subject to a qualification letter. The issues identified were similar in nature to those identified in previous years.
- 2 My work highlighted a range of issues and identified that the Housing Benefit claim needed to be amended.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£36,511,593
Total number of claims and returns certified	3
Number of claims and returns amended due to errors	1
Number of claims and returns where I issued a qualification letter	0
Total cost of certification work	£21,818

- 3 The housing and council tax benefit subsidy claim is a high value and complex claim. Certifying the housing and council tax benefit subsidy claim involves testing a sample of benefit cases to confirm that the Council has paid the correct amount to benefit claimants and claimed the correct amount of subsidy due from the DWP.

4 The Certification Instructions agreed with the DWP require me to test an initial sample of 20 cases covering each of the three types of benefit paid by the Council. When errors are found in the initial sample I am required to undertake additional testing of 40 cases on those sections of the claim affected by the errors detected.

5 My testing of the Council's 2010/11 housing and council tax benefit subsidy claim identified errors in four main areas and additional testing was undertaken.

■ **Rent allowance cases**

Initial testing identified that no deduction had been made in respect of meals included within the rent relating to 1 claim. Further investigation revealed that the error had arisen as the result of staff changes. Capita agreed to review all similar cases and process any amendments retrospectively. Therefore any resulting overpayments will be reflected in the 2011/12 subsidy claim.

■ **Council Tax cases**

Testing identified 1 case where a Single Persons Discount had not been applied by benefit assessor. Further testing confirmed that this error had not been repeated across the sample of further claims reviewed. I concluded therefore that this was an isolated error.

■ **Uncashed Cheques**

Testing identified that the amount deducted for uncashed cheques at 31 March 2011 was overstated by £4,915.52. The claim was corrected to rectify this error.

■ **Non HRA cases**

Testing confirmed that whilst the totals were correct, the split for the data entered into the detailed cells on the claim form was incorrectly apportioned. The claim was corrected to rectify this error.

# Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return (£'000)	Adequate control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme	£24,350	Yes	+\$9,545	No. However, my testing identified some errors that required me increasing the size of my initial sample. This additional testing resolved the issues initially identified. I was therefore able to certify the claim without issuing a qualification letter.
National non-domestic rates return	£11,808	Yes	Nil	No.

Table 3: **Claims between £125,000 and £500,000**

<b>Claim or return</b>	<b>Value of claim or return (£'000)</b>	<b>Value of any amendments made</b>	<b>Qualification letter</b>
Disabled facilities	£354	Nil	No

# Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 4: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit scheme	£19,381	£14,307	2010/11 fee reflects additional testing required to resolve the issues identified in my testing of the initial sample.
National non-domestic rates return	£2,002	£3,348	My testing of the NNDR return identified fewer issues in 2010/11 which reduced the overall time required to audit the return.
Disabled facilities	£435	£695	Small reduction in audit fee is attributable to fewer issues arising in 2010/11.
Total	£21,818	£18,350	



© Audit Commission 2012.

Design and production by the Audit Commission Publishing Team.

Image copyright © Audit Commission.

The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.

