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Certification of grants and returns 2012/13

London Borough of Tower Hamlets

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Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – 3 grants with a total value of £295m; and – 2 returns with a total value of £343m. 	<p>-</p>
Certification results	<p>We issued unqualified certificates for three grants and returns, but qualifications were necessary for the benefits claim.</p> <ul style="list-style-type: none"> ■ There were three qualification points identified as part of certifying the Housing and Council Tax Benefits claim. Two related to errors in the sample testing completed and there were minor differences in reconciliations between the claim and the system. We also included the results of our work that the Department for Work and Pensions (DWP) required in relation to Council Tax Single Persons Discount qualifications made by the Council's previous auditor when certifying the 2009/10 and 2010/11 claims. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>No adjustments were necessary to the Council's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ There were two amendments totalling £1.9m made last year. 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work.</p> <ul style="list-style-type: none"> ■ The two recommendations we made in 2011/12 have been addressed in 2012/13 and we have not made any new recommendations this year. 	<p>Pages 3 – 5</p>
Fees	<p>Our overall fee for the certification of grants and returns was £44,356. The key reasons for the fee being less than the £69,206 charged in 2011/12 are:</p> <ul style="list-style-type: none"> ■ A change in the Audit Commission's fee regime for certifying grants and returns which has set an indicative fee for the Council at a lower rate than in earlier years; ■ We were able to limit our testing to part A for the NNDR return; and ■ We completed less additional testing on the Housing and Council Tax Benefits scheme. 	<p>Page 5</p>

Overall, we certified 5 grants and returns:

- 4 were unqualified with no amendment; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 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.

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.

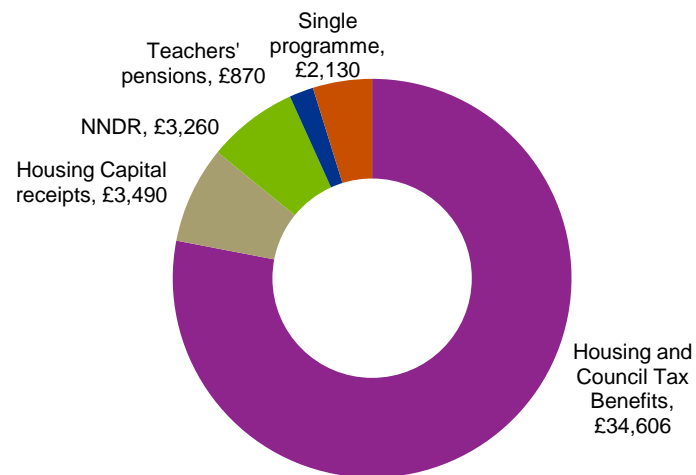
	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing and Council Tax Benefits Claim	1				
Pooling of housing capital receipts claim					
National Non-Domestic Rates Return					
Teachers' Pensions Return					
Single Programme regeneration scheme – High Street 2012					
		1	0	0	4

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 and Council Tax Benefits Claim</p> <ul style="list-style-type: none"> ■ There were three qualification points identified as part of certifying the Housing and Council Tax Benefits claim. These are summarised below, but the extent and impact of the qualification was significantly less than previous years: <ul style="list-style-type: none"> ■ For non HRA claims there was an underpayment to a benefit claimant due to applying the child maintenance disregard incorrectly. There is no reduction in subsidy payable to the Council as a result of the error. ■ For HRA claims two cases were identified with errors as a result of miscalculating the claimant's weekly income. One resulted in an over payment and one an underpayment. The underpayment has no impact on the subsidy payable to the Council. However, the overpayment could potentially affect the subsidy payable, but this is a decision for the DWP. We have calculated the potential impact as being £9,000. ■ There were very minor differences in reconciliations between the claim and the benefit system (the largest difference was £4). ■ We also included the results of our work that the DWP required in relation to Council Tax Single Persons Discount qualifications made by the Council's previous auditor when certifying the 2009/10 and 2010/11 claims. The Council had assessed all of the cases affected by this issue and included the impact in the 2012/13 claim as prior year overpayments. Our testing confirmed the results of the Council's work. 	NIL

Our overall fee for the certification of grants and returns is less than the initial indicative fee set by the Audit Commission. It is also significantly less than the 2011/12 fee that was charged.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
Housing and Council Tax Benefits	34,606	48,977
Pooling of housing capital receipts	3,490	1,515
HRA subsidy	No claim	3,759
NNDR	3,260	6,350
Teachers' Pensions	870	1,189
Single Programme – High Street 2012	2,130	4,296
Management and reporting	0	3,120
Total fee	44,356	69,206



The Audit Commission's revised approach means there is no longer a separate fee identified for management and reporting eg producing this report.

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £48,150, based on a 40% reduction on the fees for certifying the 2010/11 claims and returns.

The actual fee we charged was lower than the indicative fee. The main reasons for the fee being less than the original estimate were:

- We were able to limit our testing to part A for the NNDR return; and
- We completed less additional testing on the Housing and Council Tax Benefits scheme.

We made 2 recommendations in our 2011/12 Certification of Grants and Returns report. We have detailed their current status below.

Prior year recommendation	Priority	Status as at December 2013
Housing and Council Tax Benefit Claim – Single Persons Discount		
1 Complete the review of 2009/10 and 2010/11 Council Tax benefit cases to identify instances where single persons' discount should have been applied. Make the results of the review available for our review.		The Council completed this work and included the impact in the 2012/13 claim as prior year overpayments where appropriate. The results were reviewed and tested by us and we were able to confirm the Council's findings. We included the results of our testing in this year's qualification letter for the Housing and Council Tax Benefits Claim.
Overall Control Environment		
2 Strengthen the overall control environment for smaller grant claims and returns.		We did not identify any issues concerning the compilation of the smaller claims and returns certified in 2012/13.



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