


Non-Executive Report of the: Audit Committee 22 March 2016	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director of Resources	Classification: Unrestricted
2014/15 KPMG Annual Report on Grants and Returns Work	

Originating Officer(s)	Kevin Miles, Chief Accountant
Wards affected	All wards

Summary

This report presents KPMG's Annual Report on grants and returns for 2014/15. The report is

KPMG are appointed by the Public Sector Audit Appointment (PSAA) to audit the Council's large grant claims and returns. They have reviewed the 2014/15 Housing Benefit Subsidy claim, the pooling of housing capital receipts and the teachers pensions return.

Though a couple of minor matters were identified with the claims, no adjustments were made to the amounts of Housing Benefit Subsidy due to the Council or the amount paid regarding the share of right to buy receipts payable to the Government or teacher's pension contributions. Their report is enclosed with the report.

Recommendations:

The Audit Committee is recommended to:

- Note the auditor's Annual report on grants and returns 2014/15.

1. REASONS FOR THE DECISIONS

- 1.1. The Committee is asked to note the findings of the external auditor as part of their review of the Council's significant claims.

2. ALTERNATIVE OPTIONS

- 2.1 This is a report for noting and the external auditor would like the contents brought to the attention of the Audit Committee.

3. DETAILS OF REPORT

- 3.1 This reports details for members the comments made by the auditors relating to the claims and grants identified above findings. Overall, the issues identified by the auditors were minor in nature and did not require change to the subsidy claimed or payments made.

4. Details of Claims and Returns

- 4.1 The Housing Benefit Subsidy Claim – this is the validation of the claim the authority submits to recover Housing Benefit paid to residents from central government. There were issues identified as part of audit testing, however this did not lead to changes in the subsidy receivable from the government. Recent government statistics show that 77% of subsidy claims are qualified.
- 4.2 During the year, 36,000 live claims were processed of which over 7,200 were new claims and over 143,000 in year changes to individual's data was made as personal circumstances changed. Over £264m of benefits were paid in 2014/15.
- 4.3 HRA Rent Rebate – the auditors identified one case where benefit was overpaid by £120.42. This was extrapolated up to the figure of £5,200 quoted in the audit report.
- 4.4 Benefit officers conduct accuracy checks on income data provided by claimants as part of processing claims. However where an individual's income fluctuates from week to week, there is potential for incorrect assessments to be made. Also small transposition errors were made where earnings information on an income data management system was transferred to the benefits system. These non-material errors with HRA rebates and rent allowances did not result in the subsidy claim being amended.
- 4.4 Pooling of Housing Capital Receipts – Where Council dwellings are sold to tenants under the Right to Buy Scheme, a share of the capital receipt has to be paid to the Government. A pooling of Housing Capital Receipts form is completed to show how the receipt is to be shared between the Council and the Government. The audit review confirms that the calculations have been made correctly. Other than a very minor issue where a property was misidentified as a high rise flat rather than a medium rise flat, no other issues were identified in the processing of £29.3m of receipts in 2014/15. The incorrect record has since been updated.

4.5 Teachers pension return – this summarises the pension contributions collected and paid to the nationwide teachers pension fund. This totalled £26.2m for 2014/15. The auditors check that the Council systems contain accurate records. Other than one teacher who did not appear on the Teachers Pension Authority (TPA) employer Portal, the auditors confirmed that the Council’s records were correct. The portal has since been updated.

5. COMMENTS OF THE CHIEF FINANCE OFFICER

5.1 The comments of the Corporate Director of Resources have been incorporated into the report.

6. LEGAL COMMENTS

6.1 The Council’s external auditors are appointed under the Public Sector Audit Appointment arrangements to audit material grants and claims.

7. ONE TOWER HAMLETS CONSIDERATIONS

7.1 There are no specific one Tower Hamlets considerations from the findings of the audit report.

8. BEST VALUE (BV) IMPLICATIONS

8.1 The monitoring arrangement for the Pension Fund and the work of the officers, advisers and consultants should ensure that the Fund optimises the use of its resources in achieving the best returns for members of the Fund.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

9.1 There is no Sustainable Action for A Greener Environment implication arising from this report.

10. RISK MANAGEMENT IMPLICATIONS

10.1 The audit review of grants and returns confirms that the Council has robust systems of control in operation and adequate records.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

11.1 There are no any Crime and Disorder Reduction implications arising from this report.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- **KPMG Annual Report on Grants and Returns Work 2014/15**

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE

Officer contact details for documents:

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