

Non-Executive Report of the: Audit Committee 21 st March 2017	 TOWER HAMLETS
Report of: Zena Cooke, Corporate Director of Resources	Classification: [Unrestricted]
2015-16 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 2015-16. KPMG are appointed by the Public Sector Audit Appointment (PSAA) to audit the Council's large grant claims and returns.

They have reviewed the 2015-16 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:

1. Note the auditor's Annual report on grants and returns 2015-16.

1. REASONS FOR THE DECISIONS

- 1.1 As part of monitoring the financial management of the Council, 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 which the external auditor has asked to be brought to the Committee's attention; no alternative options have been considered.

3. DETAILS OF REPORT

- 3.1 This report details the findings made by the council's external auditors relating to the claims and grants identified above. 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 some 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 2015-16 Tower Hamlets had over 35,000 live claims of which 6,810 were new claims processed. Over 143,000 in year changes to individual's data were made following changes in personal circumstances. Over £280m of benefits were paid in 2015-16.
- 4.3 The Auditors checked 60 claims and found one non-HRA claim where £58.45 was over-claimed. An additional 40 cases were checked by the authority and no further errors were found. The £58.45 error was extrapolated by the Council's auditors and due to this the subsidy claim was revised by £2,587. However, the overall amount of the subsidy claimed remained unaltered.
- 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.
- 4.5 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 value for quarterly attributable debt in quarter 3 was understated by £2,700, which lead to an increase in the required amount of new build expenditure by £9,000, there were no amendments to the pooling claim.

4.6 Teachers pension return – this summarises the pension contributions collected and paid to the teachers’ pension fund. This totalled £27.7m for 2015-16. The auditors check that the Council systems contain accurate records. The auditors confirmed that the Council’s records were correct.

4.7 The audit fees for these pieces of work totalling £27,077 are explained in the report – the fee is lower than the £36,950 charged for 2014-15.

5. COMMENTS OF THE CHIEF FINANCE OFFICER

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

5. LEGAL COMMENTS

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

6. ONE TOWER HAMLETS CONSIDERATIONS

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

7. BEST VALUE (BV) IMPLICATIONS

7.1 The financial management and maintenance of financial records by officers should ensure that the Council optimises the use of its financial resources and maximises subsidy income due.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

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

9. RISK MANAGEMENT IMPLICATIONS

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

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 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 2015-16

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

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

List any background documents not already in the public domain including officer contact information.

- These must be sent to Democratic Services with the report
- State NONE if none.

Officer contact details for documents:

- Kevin Miles, Chief Accountant (ext. 6791)