

Certification report 2013/14 for Bath and North East Somerset Council

Year ended 31 March 2014

February 2015

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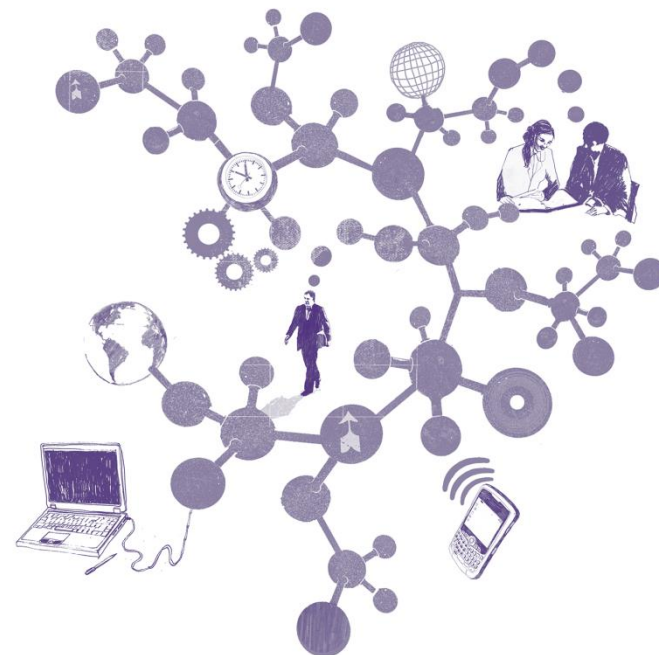
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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by Bath and North East Somerset Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified two claims and returns (under the Audit Commission regime) for the financial year 2013/14 relating to expenditure of £56.97 million. In addition, we have certified three further returns, for which separate letters of engagement have been agreed.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

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

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in May 2015.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims and returns were submitted and certified by the deadlines.	Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	Housing benefits – there were a number of errors, which resulted in a qualified claim.	Amber
	Teachers' pensions (non Audit Commission regime return) – the return was qualified as contributions and contributory salary were understated.	Amber
Supporting working papers	The supporting working papers for all claims and returns were of a satisfactory standard.	Green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Bath and North East Somerset Council is based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims were reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix C.

The indicative certification fee for Bath and North East Somerset Council for 2013/14 was £16,306. However this was only for certification of the housing benefit claim. A fee variation request has been submitted to the Audit Commission as we were required to undertake work on the Bath Transport Package return, a fee for which was not included in the indicative fee, and additional work on the housing benefit return. The additional fee requested is £2,199 for the transport claim and £6,043 for the additional housing benefit work. We are awaiting approval of the fee variation.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
February 2015

Appendices

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

Audit Commission regime

Claim or return	Value	Amended?	Amendment (£)	Revised value	Qualified?	Comments
Housing benefit subsidy claim	£53,889,914	Yes	£770	£54,659,914	Yes	<p>Rent rebates (non-HRA properties) - we identified a number of errors relating to deductions and incorrect application of the weekly limit on the rent allowable for housing benefit. Additional testing undertaken and further errors identified. The claim was amended resulting in an increase in subsidy of £449.</p> <p>Rent allowances – one case incorrectly showed the landlord as a registered social landlord (further testing identified no additional errors) and one case where the rent was incorrectly recorded. Additional testing undertaken did not identify further errors relating to designation as a social landlord but did identify two further rent errors. The claim was not amended, but was qualified in relation to these errors.</p> <p>Rent allowances – as errors identified in 2012/13, testing of 40 cases was undertaken, which identified six where the income had been incorrectly calculated. The claim was not amended, but was qualified in relation to these errors.</p> <p>Rent allowances (overpayments) – due to a bug in the Northgate system some overpayments were not correctly categorised. The claim was amended resulting in additional subsidy of £321.</p> <p>Rent allowances (modified schemes) – testing identified an error in one of the three items in our initial sample. Additional testing undertaken but no further errors identified. The effect of the error was an under claim of £197. The claim was not amended.</p>

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

Audit Commission regime

Claim or return	Value	Amended?	Amendment (£)	Revised value	Qualified?	Comments
Bath Transport package	£3,078,945	Yes	Nil overall	Not applicable	No	Although the claim was amended, the changes only related to the analysis of the expenditure, not the total expenditure.

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

Other claims and returns

Claim or return	Value	Amended?	Amendment (£)	Revised value	Qualified?	Comments
Teachers' pensions	£6,721,233	No	Not applicable	Not applicable	Yes	
Regional Growth Fund 2	£1,845,000	No	Not applicable	Not applicable	No	Return related to year ending 31/12/2013
Regional Growth Fund 3	£4,129,152	No	Not applicable	Not applicable	No	Return related to period ending 31/1/2014

Appendix B: Action plan (Housing Benefit)

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Finding and recommendation	Priority	Management response	Implementation date & responsibility
1	<p>A number of standard reconciliation reports (known as BENCHK 85, 87 & 88) were run but not used in the final claim.</p> <p>All standard reconciliation procedures suggested by the software company (Northgate) should be run and used in compiling future claims.</p>	Medium	<p>We made a decision not to use the NNO script (BENCHK 85) as we did not have the time to do this. As a result, the Council is under-claiming subsidy . The BENCHK087 was run, but not worked on. However, the Northgate subsidy guide states that this is not compulsory. The BENCHK088 was not run. However it only included four claims. This will be done in future.</p>	<p>30 April 2015</p> <p>Systems Team Leader – Customer Services</p>
2	<p>Training in areas where errors had been found in relation to the 2012/13 claim was undertaken in 2014/15 and therefore it did not have had an impact on the 2013/14 claim. The issues mainly related to the calculation of income and evidence of rent.</p> <p>All benefit assessors should be trained in the areas that have been identified as issues. For evidence purposes, a full register of those who attended the training and the training material should be provided to support the 2014/15 claim.</p>	Medium	<p>Training needs were not identified until November 2013 and we were unable to fit in until May 14.</p> <p>We are already collating evidence to support the extra training we have been doing this year</p>	<p>30 April 2015</p> <p>Systems Team Leader – Customer Services</p>

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Rec No.	Finding and recommendation	Priority	Management response	Implementation date & responsibility
3	<p>A number of similar errors are being repeated within the non-HRA cell year on year. The issues identified relate to incorrect deductions, incorrect cell allocation and incorrect application of the cap associated with this type of claim. This has resulted in 100% testing in line with the guidance issued by DWP.</p> <p>Further training in this area should be provided to all benefit assessors. In addition, the Council should ensure that all non-HRA cases are checked for accuracy before submission to audit.</p>	High	<p>We have changed the way the properties are set up for Non-HRA subsidy in the 13/14 year so the wrong cell errors should not occur. We have also identified issues with the deductions especially around the start of the year.</p> <p>Non-HRA claims will be checked prior to submission.</p>	<p>30 April 2015</p> <p>Systems Team Leader – Customer Services</p>
4	<p>Our testing identified that a property that did not belong to a registered social landlord had been assigned to a cell that was specifically for registered social landlords. This resulted in additional testing.</p> <p>We recommend that, if possible, a report is run from Northgate to check landlord and property allocation prior to submission to audit.</p>	Medium	<p>Two claims were found that were incorrectly allocated to the cell specifically for registered social landlords, only one of which was within this subsidy year the other was for prior year.</p> <p>This is not a good use of time as one claim out of a total caseload 10,440 is not a high risk.</p>	Not applicable

Appendix B: Action plan (Housing Benefit)

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Rec No.	Finding and recommendation	Priority	Management response	Implementation date & responsibility
5	<p>We found that a rental amount for a landlord had been incorrectly applied to a housing benefit case, resulting in further testing.</p> <p>Benefit assessors should be provided with further training on the application of rental amounts from landlords to ensure that the correct amount is applied in all cases.</p>	Medium	<p>This was one case and was assessed by a very experienced benefit officer. Therefore, I would presume this to be human error rather than lack of training. I do not think further training is necessary based on one incorrect rental amount.</p>	Not applicable
6	<p>We identified a bug in the Northgate system relating to prior year overpayments, which would not have been identified by the standard reconciliation reports. We understand that Northgate have not released a fix for this at the present time.</p> <p>If by the end of the financial year 2014-15 Northgate have not issued a fix for the bug, the Council should request a report to identify all affected cases and review and amend the affected claims prior to submission of the claim for audit.</p>	Medium	<p>I have requested Northgate look at this further with support from my user group. The request included a script to show affected cases.</p>	<p>30 April 2015</p> <p>Systems Team Leader – Customer Services (in liaison with Northgate)</p>

Appendix C: 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	£20,845	£16,306	£22,349 (subject to approval by Audit Commission)	£1,504	Additional testing had to be undertaken in a number of areas.
Bath Transport package	£5,235	Not applicable	£2,199 (subject to approval by Audit Commission)	-£3,036	Last year (2012/13) was the first year of the claim. A number of issues were identified in relation to the 2012/13 return.
Total	£26,080	£16,036	£24,448	-£1,532	



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