

Certification report 2012/13 for Bath & North East Somerset Council

Year ended 31 March 2013

December 2013

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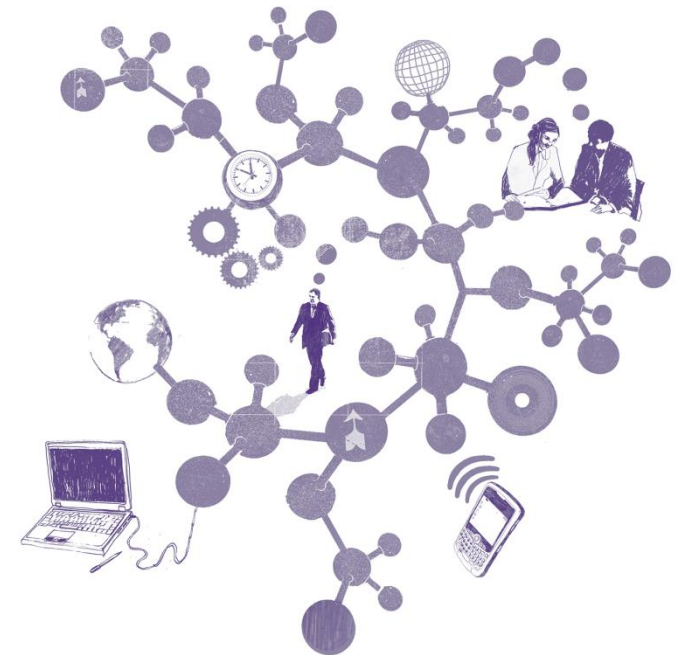
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Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Bath & 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 4 claims and returns for the financial year 2012/13 relating to expenditure of £ 136.8 million.

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 audit work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

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 following table and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims were submitted and certified by the deadlines	Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	<p>Housing Benefits: there were some errors in relation to classifying overpayments.</p> <p>Bath Transportation Package: the claim was qualified as it included preparatory costs of £2.7m. It was not clear whether it was correct to include these costs in the claim, or a later claim, although they were clearly included in the project Bid and subsequent interim claims to the Department for Transport.</p>	Amber
Supporting working papers	<p>Housing Benefits: the audit trail was not always clear; for example, in relation to manual adjustments.</p> <p>Bath Transportation Package: supporting working papers did not include a clear reconciliation to the Council's general ledger.</p>	Amber

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
December 2013**

Results of our certification work

Key messages

We have certified 4 claims and returns for the financial year 2012/13 relating to expenditure of £136.8 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
Claims submitted on time	100%	4	100	4	100	↔
Claims certified on time	100%	4	100	4	100	↔
Claims certified without amendment	100%	2	50%	1	25%	↑
Claims certified without qualification	100%	2	50%	2	50%	↔

Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

- Overall arrangements for the management of claims remain satisfactory. However, there was insufficient management capacity in the team responsible for preparing the Housing and Council Tax Benefit Scheme claim. This resulted in delays in completing the audit, although the national deadline was met. It was necessary to complete additional testing, for example all homelessness rent rebates claims were tested, some 100 cases. In addition, the audit trail wasn't always clear; for example in relation to manual adjustments to the claim which were not supported.
- We are pleased to note there were no amendments to two of the claims audited.

Details of the certification of all claims and returns are included at Appendix A.

Recommendations for improvement are included in the action plan at Appendix B

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £24,550. Please see Appendix C for further details.

This indicative fee did not include the work done on Local Transport Plan-Bath Transportation Package which is a new claim for 2012/13. The Audit Commission will confirm the fee early in 2014.

The Audit Commission will also confirm the final fee for certification of the Housing and Council Tax Benefits scheme grant early in the new year.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value (£m)	Amended ?	Amendment (£)	Qualified ?	Comments
Housing and council tax benefits scheme	£63m	Yes	187	Yes	<p>Our initial testing identified one case where the claimant's proof of income was not retained on file. In accordance with the guidance issued by the audit commission and DWP we extended our sample testing to 60 items in total but did not identify any further errors. The case in question was valued at £3,609.</p> <p>Overpayments are required to be categorised reflecting the reason or cause of the error. For example council error or claimant error. They attract different levels of subsidy to the Council from the DWP. Last year we identified errors in the classification of overpayments. This year a further four errors were identified from a total sample of 120 cases, chosen in line with the guidance. The errors totalled £64, but if extrapolated over the large population could potentially come to £160,778.</p>
National non-domestic rates return	£59m	No	N/A	No	
Local Transport Plan-Bath Transportation Package	£7.8m	Yes	191,533	Yes	<p>The claim was qualified as it included preparatory costs of £2.7m. From the guidance provided to us it was not clear whether it was correct to include these costs in the claim, or whether they should be included on a subsequent claim form. We note these costs were included in the project Bid and subsequent interim claims to the Department for Transport.</p> <p>The audit trail supporting the claim back to the ledger was complex and difficult to follow.</p> <p>The claim was also amended to exclude certain costs relating to a part of the scheme where planning consent remained to be confirmed (at the time of our audit). We understand these costs will be included in a later claim now planning consent is confirmed.</p>
Teachers' Pensions return	£7.0m	No	N/A	No	

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Ensure that the Housing Benefits claim is reviewed by management before it is submitted for audit. This check should include confirmation that the information included in the claim is consistent between different cells/parts of the claim.	Medium		
2	The schedule of manual adjustments to the Housing Benefits claim should be checked to make sure that the adjustments have been made to the correct cells.	Medium		
3	Bath Transportation Package: Provide a full reconciliation of expenditure included in the claim to the Council's general ledger system (Agresso)	Medium		

Appendix C: Fees

The table provides details of fees for each claim. The 2012/13 fees are subject to approval and confirmation by the Audit Commission.

Claim or return	2011/12 fee (£) *	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits subsidy claim	18,799	18,640	20,845	2,046	Additional audit work required clearing queries.
National non-domestic rates return	3,784	3,070	3,070	(714)	
Teachers pension return	1,720	2,840	2,840	1,120	
Bath Transport package claim	N/A	N/A	5,235	5,235	Certification required for the first time in 2012/13
Land stabilisation	3,352	N/A	-	(3,352)	Scheme completed and further certification not required
Total	27,655	24,550	31,990	4,335	

* 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.



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