



Certification report 2012/13 for Tamworth Borough Council

Year ended 31 March 2013

January 2013

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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

The Council continues to have good arrangements in place for the compilation and submission of its claims and returns.

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Tamworth Borough 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 three claims and returns for the financial year 2012/13 relating to expenditure of £58.3 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 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 September 2013.

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

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	The Council continues to have good arrangements in place for the submission and certification of claims and returns	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Housing Benefits claim was amended by £458.00 and subject to qualification. The impact of the qualification is an estimated reduction in subsidy of £13k. This is less than half of one percent of the value of the claim.	●
Supporting working papers	Detailed working papers were again provided. Officers again responded promptly to our queries. The Benefits Manager undertook some of the detailed testing of cases from the Benefits claim which was then reviewed by us for accuracy.	●

The way forward

The Council should continue with the good arrangements it has in:

- submitting claims and returns
- providing detailed working papers to us
- responding promptly to our queries.

This will reduce the potential risk of penalties for late submission, and 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
January 2014

Section 2: Results of our certification work

01. Executive summary	
02. Results of our certification work	No significant issues were identified from our testing

Results of our certification work

Key messages

Our detailed findings are contained on the next page. Our key messages are outlined below.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £58.3 million.

All the claims were submitted on time.

We identified only one (insignificant) amendment to the total value of claims submitted for certification. This related to the Housing and Council Tax Benefit claim.

The total value of the claim submitted for certification was £27.3m. The amendment was for £458,000 increasing the subsidy due to the Council by that amount. The claim was also subject to qualification. The potential impact on subsidy claimed is small, totalling £13,500 which is less than one half of a percent of total subsidy claimed.

There was a housekeeping amendment made within the Pooling of Housing Capital Receipts claim but this did not impact on the actual value of the return.

None of the issues identified were significant. We remain satisfied that the Council continues to have good arrangements in place for the compilation and submission of claims and returns.

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

Significant findings

Our work did not find any issues of significance. We have no recommendations to make in this matter.

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 was £18,800.

The indicative fee for the Pooling of Housing Capital Receipts certification was £440,00. This was based on the fact that, due to the value of the claim in 2010/11 very limited testing was required.

The value of the claim in 2012/13 triggered the requirement for us to undertake detailed testing leading to an additional work being required compared to both 2010/11 and 2011/12. As a result of this, we are discussing a variation to the scale fee with the Audit Commission of an additional £1,047 to reflect the further work required.

Results of our certification work

Detailed Findings

Housing and Council Tax Benefit Claim

The total value of the claim submitted for certification was £27.3m. The amendment was for £458,000 increasing the subsidy due to the Council by that amount.

The amendment resulted from a one-off misclassification of benefits payable for temporary accommodation. There were 50 cases making up the total value of that part of the claim. We reviewed the other cases and no other errors were identified. There was no impact on the benefit paid to the claimant.

The claim was also subject to qualification meaning that we were unable to conclude that the claim was fairly stated. We reported to the Department for Work and Pensions (DWP) that the maximum estimated impact of the 4 errors found in our testing was a potential over claim of subsidy relating to Rent Allowances of £13,500. This is an insignificant figure compared to total subsidy claimed of £27.3 million thus representing less than half of one percent.

We perform our testing according to DWP directions. We are required to initially test 20 cases. Two cases failed the testing:

- one where benefit was overpaid due the incorrect earnings disregard being applied in the assessment of benefit entitlement (value £66.70);
- one where benefit was overpaid due the incorrect rent/LHA rate being used in the assessment of entitlement. In addition transitional relief was not removed at the anniversary date (value £221.11).

DWP directs us to test a further 40 cases when we find errors from the first 20 cases tested. Two of these cases failed:

- one where incorrect income had been used in the assessment of entitlement leading to benefit being overpaid (value £28.26);
- one where the incorrect LHA rate was used in the assessment of entitlement leading to benefit being overpaid (value £99.50).

Where there is more than one fail, DWP directs us to apply a formula to calculate the maximum potential impact on subsidy claimed. The calculation resulted in the maximum estimated overclaim of subsidy of £13,500.

The error is very small representing 0.25% of the value of the subsidy claimed in relation to rent allowances paid under LHA rules. The value of the subsidy claimed was £5,345,355; the total value of errors found was £416.00.

DWP is currently considering this.

Given the volume of cases processed by the Council, and the small number of cases identified with errors (5 in total) we are satisfied that no significant concerns have been identified with the administration of this claim.

Pooling of Housing Capital Receipts Return

There was an amendment made within the Pooling of Housing Capital Receipts return form; but this did not impact on the actual value of the return. The amendment corrected the classification of £7,687.22 of mortgage principal receipts subject to pooling that related to Right To Buy (RTB) disposals that occurred before 1 April 2012. This was corrected to comply with DCLG directions as to where these receipts should be included within the return.

This was a "housekeeping" issue and, as such, we are satisfied that no significant concerns have been identified with the administration of this claim.

Appendices

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

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing & Council Tax Benefit scheme	£27,310,443.00	Yes	£458.00	yes	Very insignificant findings compared to the case load and value of errors found compared to total subsidy claimed.
Pooling of Housing Capital Receipts	£740,637.22	Yes	Nil	No	Amendment between cells only. No impact on the value of the return.
National Non Domestic Rates	£30,266,052.88	No	Nil	No	



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