

Certification of claims and returns - annual report

South Oxfordshire District Council

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from government departments and other grant-paying bodies and must complete returns providing financial information to government departments. My certification work provides assurance to government departments and grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where the Audit Commission arranges certification it issues instructions setting out the work auditors must complete before giving their certificate. The work necessary varies according to the value of the claim or return and the requirements of the government department or grant-paying body. Broadly for claims and returns:

- Below £125,000 - I carry out no work.
- From £125,000 and £500,000 -I undertake limited tests to agree form entries to underlying records, but do not test the expenditure or data is eligible.
- Over £500,000 - I plan and perform my work following the certification instruction. I assess your control environment for preparing the claim or return and decide how much I can rely on your controls. Based on my assessment, I tailor my approach to agree form entries to underlying records and test the expenditure or data is eligible. The only claim I cannot tailor my approach to is the housing benefit claim, where the grant paying department has decided what level of testing must be done for clients regardless of the control environment.

Where I agree it is necessary you can amend your claim or return. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you do not comply with scheme terms and conditions.

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues.

In 2010/11 I checked and certified four claims and returns. I carried out three limited and one full review using HBCOUNT. I found no errors in the three limited reviews. The housing benefit claim was adjusted as a result of my audit, and there were also two areas I reported on in the qualification letter. You have carried out my recommendation from last year and have improved the classification of overpaid benefit.

Housing and council tax benefits subsidy claim

This is the largest claim by fee charged

Scope of work	Results
Value of claim presented for certification	£32,213,208
Limited or full review	Full using HBCOUNT
Control environment relied on	No
Amended	Yes – increased by £1,172
Qualification letter	Yes
Fee – 2010/11	£23,953
Fee – 2009/10	£34,660

Councils run the government's housing and council tax benefits scheme for tenants and council taxpayers. Councils responsible for the scheme claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits. DWP requires errors found during the audit to be reported within a qualification letter if they lead to underpayment of benefit. Where overpayments or misclassifications are found, the potential impact across all similar claims also has to be reported.

I identified errors on the benefits which you amended before I certified the claim. I issued a qualification letter to report:

- Some of the parameters within the housing benefit system did not agree with those set by DWP, which could lead to benefit being slightly mispaid;
- you underpaid benefit where a rent increase was not applied; and
- you paid extended benefit when you should not have done..

National non-domestic rates return

This is the largest claim or return by amount certified

Scope of work	Results
Value of return presented for certification	£39,442,201
Limited or full review	Limited
Control environment relied on	Yes
Amended	No
Qualification letter	No
Fee – 2010/11	£1,359
Fee – 2009/10	£1,087

The government runs a system of non-domestic rates using a national uniform business rate. Councils responsible for the scheme collect local business rates and pay the rate income over to the government. Councils have to complete a return setting out what they have collected under the scheme and how much they need to pay over to the government.

I found no errors on the national non-domestic rates return and I certified the amount payable to the pool without qualification.

Pooling of housing capital receipts

This claim meets the requirements for review

Scope of work	Results
Value of claim presented for certification	£705,124
Limited or full review	Limited
Control environment relied on	Yes
Amended	No
Qualification letter	No
Fee – 2010/11	£414
Fee – 2009/10	£1,150

Authorities pay part of a housing capital receipt into a pool run by Communities and Local Government (CLG). Regional housing boards redistribute the receipts to those authorities with the greatest housing needs. Pooling applies to all local authorities including debt-free ones and those with closed HRAs, who typically have housing receipts in the form of mortgage principal and Right to Buy (RTB) discount repayments.

I found no errors on the pooling of housing capital receipts and I certified the claim without qualification

Disabled facilities grant

This claim meets the requirements for review

Scope of work	Results
Value of claim presented for certification	£480,000
Limited or full review	Limited
Control environment relied on	Yes
Amended	No
Qualification letter	No
Fee – 2010/11	£322
Fee – 2009/10	£564

The disabled facilities grant funds adaptations, such as installing ramps and chairlifts, to allow disabled people to continue to live at home.

I found no errors on the disabled facilities grant claim and certified the claim without qualification.

Certification fees

I charged £26,048 in total for grant certification work in 2010/11 and £39,046 in 2009/10. The overall cost of certification has reduced.

Claim or return	2009/10 fee £	2010/11 fee £
Housing and council tax benefits subsidy claim	34,660	23,953
National non-domestic rates return	1,087	1,359
Pooling of housing capital receipts	1,150	414
Disabled facilities grant	564	322
Certification of claims and returns - annual report	included in claims	included in claims
Grant planning, supervision and review	Included in claims	included in claims
Total	£39,046	£26,048

There are two main reasons for the reduction in fees:

- there were no errors in either the pooling of capital receipts or the disabled facility grants; and
- the level of errors in the housing benefit claim was significantly reduced.

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.

