



Stevenage Borough Council

Grants Report 2008-09

January 2010

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1 Executive summary

Introduction

- 1.1 The Council received six grant claims and returns from government departments and other bodies requiring external audit certification in 2008-09, representing income in excess of £31 million.
- 1.2 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, is required to certify the claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.3 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

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. 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.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

Key messages

- 1.6 A summary of all claims and returns subject to certification is provided at Appendix B, together with the certification fee and outcome of our review.
- 1.7 Except for one, all grants claims and returns that required certification were submitted to us on time and were certified by the required deadlines. The one exception was the Housing Revenue Account (HRA) Subsidy claim where the Accountancy team were unable to resolve problems with the electronic submission system. The quality of the working papers to support the claims was adequate and there were no significant issues identified from our work that require action from the Council. The Housing & Council Tax Benefits claim was qualified as benefit granted and benefit paid could not be reconciled in respect of rent allowance and rent rebate benefits.
- 1.8 The most significant amendment related to the pooling of housing capital receipts. Adjustment was made to take out the amendments recommended by the previous auditors which were processed in the current year claim. Minor amendments were made to the two HRA claims. Neither amendment had a financial impact on the Council.

The way forward

- 1.8 The new use of resources assessment in 2009 required auditors to consider the results of certification work when undertaking the Use of Resources assessment, including, in particular, the impact of housing benefit and council tax testing on data quality. The 2010

Arrangements for certification:

- amounts claimed below £100,000 - no certification
- amounts claimed between £100,000 - £500,000 - agreement to underlying records
- amounts claimed over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

assessment will be further integrated with grant certification work, including consideration of the outcome of a wider range of grant claims.

Acknowledgements

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

Grant Thornton UK LLP

January 2010

2 Detailed findings

Introduction

- 2.1 This section of the report summarises the main issues arising from the certification of grants and returns in 2008-09. Further details of the individual grants that have been certified are provided at Appendix B and the Action Plan at Appendix C sets out our recommendations and improvement opportunities arising from the certification of individual grants.

Performance against targets

- 2.2 Table One summarises the Council's performance against key certification performance targets for the six claims and returns submitted for certification in 2008-09:

Exhibit Two: Performance against key certification targets

Performance measure	Target	Achievement in 2008-09	
		No.	%
Number of claims submitted on time	100%	5	83%
Number of claims certified on time *	100%	6	100%
Number of claims amended by the auditor	0%	3	50%
Number of claims qualified by the auditor	0%	1	17%

* the certification deadline is that prescribed by the grant paying body as advised by the Audit Commission, or if a claim is received after the submission deadline, within three months of receipt.

- 2.3 This analysis of performance against targets shows that:
- Except one, all grant claims and returns requiring certification were submitted on time and all claims were certified by the required deadlines; and
 - The Housing & Council Tax Benefits claim was qualified as benefit granted and benefit paid could not be reconciled in respect of rent allowance and rent rebate benefits.
- 2.4 We charged a total fee of £40,000 for the certification of claims and returns in 2008-09. Details of fees charged for specific claims are included within Appendix B.

Management arrangements

- 2.5 Good arrangements are required for successful management of the certification of grant claims and returns. We are pleased to report that the Council has good procedures in place to identify grant claims or returns that require certification and we identified no significant areas of weakness that require the Council to take improvement actions. The Housing & Council Tax Benefits Scheme was qualified and we have made one recommendation for improvement, as set out in Appendix C.
- 2.6 We consider that the Council's policies and procedures around the co-ordination of grants are good. Other than the late submission of the Housing Revenue Account (HRA) Subsidy claim due to the Accountancy team not being able to resolve problems with the electronic submission system, there have been no issues regarding co-ordination, completion and submission of the claims. Whilst testing the initial sample of Council Tax Technical Excess benefit, one case was identified as having been incorrectly treated as the claimant had moved out of their property and when the Council processed the change four weeks later, the amount was recorded as a nominal award and should have been recorded as a technical error. Testing was performed on 40 cases of technical excess benefit to ensure that the correct amount of excess benefit had been awarded and no errors were identified.

Significant findings in relation to individual claims and returns

- 2.7 A summary of all claims and returns we have certified is attached at Appendix B, together with the certification fee and outcome of our review.
- 2.8 Amendments were made in relation to the following claims:
- Pooling of housing capital receipts;
 - HRA base data return; and
 - HRA subsidy
- 2.9 The most significant amendment related to the pooling of housing capital receipts. Adjustment was made to take out the amendments recommended by the previous auditors which were processed in the current year claim. Minor amendments were made to the two HRA claims. Neither amendment had a financial impact on the Council.

A Approach and context to certification

Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £100,000 - no certification required;
- for amounts claimed above £100,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council; and
- for amounts claimed over £500,000 - certifying that the claim agrees to underlying records of the Council and an assessment of the control environment. Where reliance is not placed on the control environment, detailed testing is performed.

Roles and responsibilities

The following table sets out the roles and responsibilities of the parties involved in the certification of claims and returns.

Party	Role and responsibility
Grant paying body	Sets grant conditions and the deadlines for submission of the pre-certificated and certified claim
Audit Commission	Issues certification instructions
Council	Submits claims and returns to the Appointed Auditor within grant paying body submission deadlines. Ensures adequate documentation is maintained to support compilation of claims and returns.
Appointed Auditor	Certifies claims in accordance with Audit Commission instructions and within certification deadlines.

Scope

We assess the Council's arrangements for submission of grant claims for certification. We do not review the Council's wider arrangements for managing external funding or maximising its entitlement to external funding.

B Details of claims and returns certified in 2008-09

Ref	Claim	Claim value (£)	Amended? Y/N	Amendment value (£)	Qualified?	Budgeted fee (£)	Actual fee (£)			
LA01	National Non Domestic Rates Return	£41,934,000	N	N/A	N		4,035			
CFB06	Pooling of Housing Capital Receipts	£924,531	Y	(34,605)	N		1,883			
HOU01	HRA Subsidy	£(13,179,260)	Y	No financial impact	N		1,703			
HOU02	HRA Base Data Return	No value to this claim.	Y	-	N		6,063			
HOU21	Disabled Facilities Grant	£179,000	N	N/A	N		620			
BEN01	Housing & Council Tax Benefits Scheme	£31,806,500	N	N/A	Y		25,410			
TOTAL								89,961	60,000*	39,714

* The budget was not split out between individual claims and returns.

C Action Plan

Ref	Claim	Recommendation	Priority	Management response and implementation details
BEN01	Final Subsidy Claim for Housing Benefit and Council tax Benefit	The authority should ensure that the benefit granted has been reconciled with benefit paid for each benefit type.	High	The problems experienced in recent years completing this reconciliation related to system weaknesses in the Pericles Revenues System. The Council has recently replaced Pericles with the Academy System which has the functionality to allow this reconciliation to be efficiently completed. It should be noted that the 2009/10 benefit subsidy claim will be split across the two systems, so the Council will attempt to determine an alternative way of completing this reconciliation for the Pericles part of the claim for 2009/10.



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