

Certification report 2013/14 for Derby City Council

Year ended 31 March 2014

20 January 2015

Phil W Jones

Director

T 0121 232 523

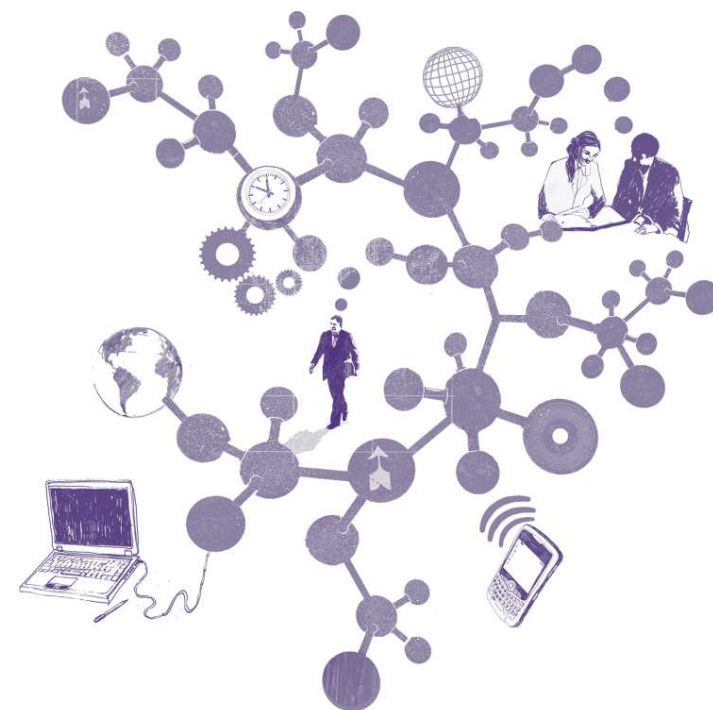
E phil.w.jones@uk.gt.com

Tony Parks

Manager

T 0121 232 5301

E tony.l.parks@uk.gt.com



Contents

Section	Page
1. Summary of findings	3
 Appendices	
A Details of claims and returns certified for 2013/14	7
B Action plan	8
C Fees	9

Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by Derby City 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 2013/14 relating to expenditure of £99.5 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 March 2014.

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 were submitted and certified within the required deadline.	● green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Council's Housing Benefit Subsidy claim was qualified again, although the improvement in the quality of the assessment of individual claims seen in the previous two years has continued in 2013/14. The number of qualifications issues reported to the Department for Work and Pensions reduced from six to five.	● green
Supporting working papers	Overall working papers were of a good standard, and enabled all audit reviews to be completed within the required deadline.	● green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Derby City 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 Derby City Council for 2013/14 was £30,764. A fee variation of (£177) is proposed. This fee is subject to approval by the Audit Commission.

The way forward

We set out one recommendation to address the findings arising from our certification work at Appendix B.

Implementation of the agreed recommendation 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
January 2015

Appendices

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	89,417,439	Yes	100,505	Yes	The number of errors and level of additional testing was reduced compared to 2012-13. However classification errors relating to backdate awards have been reported in our qualification letter for the past four years.
Pooling of housing capital receipts	5,941,196	Yes	344	No	Two minor errors were identified where incorrect values were input for the 1999 valuations of the respective right to buy disposals.
Local Transport Plan Major Projects – London Road Bridge	4,144,639	No	n/a	No	The claim was certified without amendment or qualification.

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	Housing benefit scheme Backdated expenditure – Provide training to assessors on coding of backdated expenditure and undertake sample quality checks on a regular basis.	High	Agreed: <ul style="list-style-type: none"> We will continue the existing training programme on key areas identified within the HB subsidy audit, with a new programme of training in the spring. Sample quality checks are in place on high risk cases. 	By May 2015 In place Beverly Parks

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	30,418	29,594	27,794	(2,624)	The actual fee has reduced because of the removal of council tax benefit from the scheme and a reduction in the level of additional testing (40+ testing) required.
Pooling of housing capital receipts	1,196	1,170	1,170	(26)	
Local Transport Plan Major Projects – London Road Bridge	2,600	0	1,623	(977)	
Total	34,214	30,764	30,587	(3,627)	



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk