



Certification report 2012/13 for Carlisle City Council

Year ended 31 March 2013

February 2014

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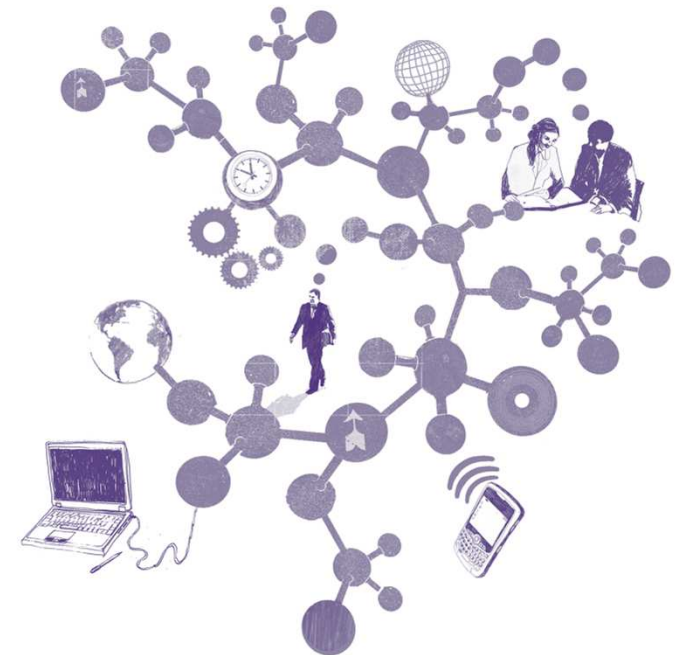
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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Carlisle 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 2 claims and returns for the financial year 2012/13 relating to expenditure of £77.4million.

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 July 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	Both claims were submitted on time to Grant Thornton and both were certified within the required deadlines.	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	No amendments or qualification letter was required for the National Non Domestic Rates Return this year. This is in line with the performance in 2011/12. A significant number of errors were identified during detailed testing of the Housing Benefit and Council Tax Benefit claim. These errors resulted in amendments to the claim and a qualification letter. This represents a significant deterioration in performance when compared with 2011/12.	●
Supporting working papers	Supporting working papers for both claims were good, which enabled certification within the deadline.	●

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B. We have made recommendations to address issues relating to:

- improving data input into assessments for income to ensure the correct amount of benefit is awarded to claimants
- ensuring overpayment errors are correctly classified according to type, i.e., eligible error or LA error
- ensuring that expenditure relating to modified scheme is valid.

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
February 2014

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £77.4million.

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

Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of the Housing Benefit and Council Tax Benefit claim.

Certifying the Housing Benefit and Council Tax Benefit claim involved us testing an initial sample of 60 individual cases for 2012/13 taken from across the four headline cells. Where errors are identified in the initial sample another sample of up to 40 cases must be tested for the error identified. Errors in the initial sample of cases meant we needed to undertake additional testing in three areas.

We issued a qualification letter on the Housing Benefit and Council Tax Benefit claim to the Department for Works and Pensions (DWP) because of errors in the initial sample and to report the outcome of additional testing of individual cases. Additional testing related to Non HRA Rent Rebates, Rent Allowances and Modified Schemes. In addition to the qualification letter we made some amendments to the claim.

The errors identified related to:

- 4 cases in respect of Non- HRA rent rebates where the assessors had incorrectly classified the overpayments as eligible (claimant) error when the overpayment had actually arisen because of the Council's own errors or administrative delay.

- 13 cases in respect of Rent Allowances where the assessors had miscalculated claimant's weekly earnings. This resulted in:
 - 5 cases where benefit was overpaid
 - 5 cases where benefit was underpaid
 - 3 cases where the error had no impact on the level of benefit paid
- Testing of modified schemes (tested all 38 cases in the population) identified 15 cases where there were errors of which:
 - 14 cases related to assessors inputting income incorrectly into the assessment resulting in a misclassification of expenditure between modified scheme and headline cell and expenditure cell
 - 1 case where the assessor had incorrectly classified the overpayments as eligible (claimant) error when the overpayment had actually arisen because of the Council's own errors or administrative delay.

This represents a significant deterioration in performance compared with 2011/12 where only one error was identified in the detailed testing.

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 £22,150. This is set out in more detail in Appendix C.

Appendices

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

Claim or return	Value of claim submitted for audit (£)	Amended?	Amendment (£)	Value of claim certified (£)	Qualified?	Comments
Housing Benefit and Council Tax Benefit Claim	38,635,615	Yes	-167	38,635,448	Yes	Significant number of errors in 2012/13 resulting in additional 40+ testing. Errors also identified on modified scheme. Significant deterioration in performance when compared to the results of the testing completed on the 2011/12 claim.
National Non-Domestic Rates Return	38,751,539	No	N/A	38,751,539	No	No issues. Reliance placed on control environment in place in 2012/13 allowing us to reduce the level testing required to comply with the Audit Commission's Certification Instruction.
TOTAL	77,387,154			77,386,987		

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	Improve the accuracy of the work of benefit assessors to minimise the under or overpayment of benefit. This should include the provision of training and additional support as necessary.	High	The effectiveness of the training providers will be reviewed, and roles and responsibilities clarified within the RBS service to facilitate improvements in the accuracy of benefit assessors.	April – September 2014 Shared Service Partnership Manager / Benefits Manager
2	Ensure adequate training is provided to benefit assessors so that they are able to correctly classify overpayment according to the applicable error type, for example eligible error or LA error.	High	The effectiveness of the training providers will be reviewed, and roles and responsibilities clarified within the RBS service to facilitate improvements in the accuracy of benefit assessors. Specialised training will also be provided.	April – September 2014 Shared Service Partnership Manager / Benefits Manager
3	Review all modified schemes to confirm that expenditure to be included in the 2013/14 claim is correctly classified as modified schemes.	High	100% accuracy checks are being undertaken, on a phased approach, in 2013/14.	March 2014 Performance Manager

Appendix C: Fees

Claim or return	2011/12 fee (£) *	2012/13 indicative fee (£) **	2012/13 actual fee (£)	Variance (£)	Explanation for significant variances
Housing Benefit and Council Tax Benefit claim	16,470	21,350	21,350	0	No variance to indicative fee as the work undertaken in 2012/13 was comparable to that undertaken in 2010/11, on which the indicative fee was based. The 2012/13 fees is an increase of £4,480 against the 2011/12 fee. This is a result of the significant additional work / testing that was required because of the number of errors identified in 2012/13 when compared to 2011/12.
National non-domestic rates return	3,636	800	800	0	No variance to indicative fee as the work undertaken in 2012/13 was comparable to that undertaken in 2010/11, on which the indicative fee was based. The 2012/13 fees is a decrease of £2,836 against the 2011/12 fee. This is due to the fact that in 2011/12 detailed testing had to be done on the claim to comply with Audit Commission requirements of full testing once every three year. In 2012/13 reliance was placed on the Council's control environment allowing us to reduce the level testing required.
Total	20,106	22,150	22,150	0	

* 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.

** 2012/13 indicative fee was set by the Audit Commission based on 2010/11 actual certification fees for the Council less the 40% reduction.



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