

# Certification of claims and returns - annual report

South Hams District Council

Audit 2010/11



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# Introduction

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**Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to 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 such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

# Summary of my 2010/11 certification work

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My work gave rise to amendment of only one of the three claims and returns for the year ended 31 March 2011 that the Authority was required to submit for certification. In the case of the amended claim, Housing and Council Tax Benefit Subsidy, I did have to issue a qualification letter accompanying my certificate.

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Table 1: **Summary of 2010/11 certification work**

<b>Number of claims and returns certified</b>	<b>3</b>
Total value of claims and returns certified	£50,610,142
Number of claims and returns amended due to errors	1
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	1
Total cost of certification work	£21,634

# Results of 2010/11 certification work

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

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit subsidy claim	27,019	Yes	£401 increase in subsidy due to SHDC.	Yes, due to the identification of 2 cases of underpaid benefit.
National non-domestic rates return	23,353	Yes	N/A	No

## Housing and council tax benefit subsidy claim

1 I completed work on your Housing and council tax benefit subsidy claim in accordance with the certification instruction agreed with the Department of Work and Pensions (DWP).

- 2 My testing identified two classification errors where overpayments had been incorrectly classified. Additional testing was undertaken by the Authority of all cases in the affected cells to ensure that all overpayments were correctly classified. Five further errors were identified and appropriate amendments were made to the claim prior to certification.
- 3 My testing identified one case where the basic pay of a claimant had been incorrectly determined. The Authority completed additional testing on all related cases where the same assessor had assessed basic pay. Two further errors were identified and appropriate amendments were made to the claim prior to certification.
- 4 My testing identified two cases where claimants had overlapping tax credits (i.e. two amounts of tax credits identified as being paid to the claimant during the same period) which had resulted in underpayments to the claimants. The Authority ran a report to identify other cases of overlapping tax credits. There were twenty one additional overlapping cases of which thirteen cases had underpayments. Appropriate amendments were made to the claimants' benefit entitlement by the Authority. As there is no eligibility to subsidy for benefit which has not been paid, no amendment to the claim was required.
- 5 In accordance with the certificate instruction, a qualification letter was issued in respect of your Housing and council tax benefits subsidy claim due to the identified underpayments (paragraph 4).

## Recommendations

**R1** The Council should implement appropriate training for assessors in relation to classification of overpayments and basic pay calculations.

**R2** The Council should ensure that claim assessments do not include periods of overlapping tax credits

### National non-domestic rates return

- 6 I completed work on your national non-domestic rates return in accordance with the certification instruction agreed with the Department of Communities and Local Government.
- 7 In line with the Certification instruction and my audit approach, I completed detailed (Part A & B) testing of your national non-domestic rates return in 2010/11. In 2009/10 I completed Part A only testing. At least every three years I am required to complete Part B testing as well as Part A. and this was necessary in 2010/11. In 2011/12, I plan to complete part A testing only, providing that your control environment remains strong.
- 8 My 2010/11 testing did not identify any errors. Therefore the return was certified without amendment or the need for a qualification letter.

Table 3: **Claims between £125,000 and £500,000**

Claim or return	Value of claim or return presented for certification (£'000)	Value of any amendments made	Qualification letter
Disabled facilities grant claim	238	N/a	N/a

**Disabled facilities grant claim**

**9** I completed work on your Disabled facilities grant claim in accordance with the certification instruction agreed with the Department of Communities and Local Government.

**10** My testing did not identify any errors. Therefore the claim was certified without amendment or the need for a qualification letter.

# Summary of recommendations

This section highlights the recommendations arising from my certification work and the actions agreed for implementation.

Table 4: Summary of recommendations arising from 2010/11 certification work

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
R1 The Council should implement appropriate training for assessors in relation to classification of overpayments and basic pay calculations.	M	We will be devising and running on line refresher training to cover both of these elements.	October 2012	Paul Eels
R2 The Council should ensure that claim assessments do not include overlapping tax credits.	M	Atlas should minimise this. However we are now running a monthly report to identify cases where overlapping tax credits are present. This is checked by a quality officer and persistent inaccurate inputting by assessors will be addressed via internal processes.	March 2012	Paul Eels



# Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 5: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit subsidy claim	£16,093	£16,945	N/A
National non-domestic rates return	£3,122	£1,785	Part A & B testing required in 2010/11 (Part A only in 2009/10)
Disabled facilities grant claim	£799	£595	Different skill mix used in 2009/10.
Planning & Reporting	£1,620	£1,493	N/A
<b>Total</b>	<b>£21,634</b>	<b>£20,818</b>	

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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.

