



**Haringey** Council

Agenda Item

**Audit Committee**

**On 1st February 2010**

Report title: **Grants Report 2008/09**

Report of: **Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Information

**1. Purpose**

1.1 To report to the committee the outcomes of the annual grant work by Grant Thornton and to obtain approval for the action plan resulting from the report of the auditors.

**2. Recommendations**

2.1 That the Committee agrees the management responses contained in the action plan.

**Report authorised by: Gerald Almeroth – Chief Financial Officer**

**Contact officer: Kevin Bartle – Head of Corporate Finance**  
**Telephone 020 8489 3743**

### **3. Executive Summary**

3.1 The attached report from Grant Thornton details the Council's performance in relation to Grant Thornton's certification of external grant claims for the financial year 2008/09. The accompanying action plan from the auditors contains the Council's response and deadline dates for action.

### **4. Reasons for any change in policy or for new policy development (if applicable)**

4.1 None.

### **5. Local Government (Access to Information) Act 1985**

The following background papers were used in the preparation of this report:

Grant Thornton Report: London Borough of Haringey Grants Report 2008-09

### **6. Background**

- 6.1 Each year the Council is required to obtain certification of a number of its external grant claims by the council's external auditors Grant Thornton. The attached report from Grant Thornton details their findings from these certifications and provides details of the Council's overall performance in relation to grant claims.
- 6.2 As can be seen from section 2.2 of the Grant Thornton report the Council's performance in relation to grants has improved in 2008/09, when compared to 2007/08, in all areas except for number of claims amended. In addition the table in Appendix B details the level of fees charged for this work.
- 6.3 However there are still areas where further improvements are required, particularly in the areas of amendments to claims, and the action plan is intended to bring about the required improvements.

### **7. Action Plan arising from Grants Report 2008/09**

- 7.1 The action plan contained within the auditors' report has the Council's responses included, along with key actions, responsibilities and target dates. The action plan will be monitored over the coming months in conjunction with the auditors.

## **8. Financial Implications**

- 8.1 There are no direct financial implications arising from the recommendations in this report. However if improvements to the grants processes and certification continue to occur there is scope for further savings to be made on the fees charged to the Council for this work.

## **9. Recommendations**

- 9.1 That the Committee agrees the management responses contained in the action plan.

## **10. Head of Legal Services comments**

- 10.1 The Head of Legal Services has been consulted on the content of this report and has no specific comment to make.



Grant Thornton

## London Borough of Haringey

Grants Report 2008-09

DRAFT - 18 January 2009

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### **Appendices**

- A Approach and context to certification**
- B Details of claims and returns certified in 2008-09**
- C Action plan**

# 1 Executive summary

## Introduction

- 1.1 The Council received 14 grant claims and returns from government departments and other bodies requiring external audit certification in 2008-09, representing income in excess of £362 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 and areas for action

- 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 The key messages from our review are summarised in Exhibit One below, and set out in detail in the next section of the report.

### Exhibit One: Key messages and areas for action

Aspect of certification arrangements	Action
Performance has improved against 3 of the 5 performance measures and 100% performance was maintained on another measure. Finally, the number of claims requiring amendment in 2008/09 is the same as in 2007/08; however this performance measure falls as the total number of claims submitted has reduced.	Officers should give attention to ensuring fewer claims are amended in 2009/10.

#### 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.

Aspect of certification arrangements	Action
BEN01 - Housing and Council Tax Benefit - significant improvement is required in respect of Housing Benefits where the claim was qualified due to a number of issues with the quality of data. This was the only claim or return to be qualified in 2008/09.	The issues revealed by the certification work should be discussed within the Benefits and Local Taxation team, and extra training be provided to officers to avoid the same issues arising again
BEN01 - high error rates were found in the Single Person Discount (SPD) applied to Council Tax Benefit (CTB) claimants	The Council should undertake regular checks of SPD cases, by matching all cases in both the CT system and the benefits system where there appears to be single occupancy and SPD has not been awarded in the CT system
BEN01 - in response to the issues identified the Council has introduced more stringent quality control (QC) measures within Benefits and Local Taxation. This includes the purchase of improved QC software	The successful implementation and use of this software should be monitored by senior management on a regular basis
PEN05 - Teachers' Pensions Return - in response to the 2007/08 qualification of this return it was agreed that Internal Audit would complete detailed testing of schools with external payroll providers. The process of securing these testing results proved to be more time consuming than anticipated and should be improved upon in future years.	The Council officers with responsibility for the PEN05 return should liaise closely with Internal and External audit (IA and EA) to ensure that IA complete the required testing prior to EA coming on site for their certification work

### The way forward

- 1.8 We have made a number of recommendations to address the key messages above and other findings arising from our certification work at Appendix C.
- 1.9 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 certification fees.
- 1.10 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 assessment will be further integrated with grant certification work, including consideration of the outcome of a wider range of grant claims.

### Acknowledgements

- 1.11 We would like to take this opportunity to thank the grant claim co-ordinator and Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP  
18 January 2009

## 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 Exhibit Two summarises the Council's performance against key certification performance targets for the 14 claims and returns submitted for certification in 2008-09 compared to 17 claims and returns in 2007-08:

**Exhibit Two: Achievement against key performance measures**

Performance measure	Target	Achievement in 2008-09		Achievement in 2007-08		Direction of travel
		No.	%	No.	%	
Number of claims submitted on time	100%	14	100	15	88	↑
Number of claims certified on time *	100%	14	100	17	100	→
Number of claims amended by the auditor	0%	5	36	5	29	↓
Number of claims qualified by the auditor †	0%	1	7	5	29	↑
Number of claims for which certification fee exceeded budget	0%	3	21	4	24	↑

\* 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.

† the qualification of a grant claim or return has a much lower threshold than for a set of accounts. We are required to qualify for any non-compliance with Audit Commission / Departmental requirements even where they are not significant to the claim as a whole.

- 2.3 This analysis of performance against targets shows that:
- All grant claims and returns were submitted for certification on time. This is an improvement on the prior year when 88% were submitted on time



- Only one claim was qualified, the BEN01 Housing and Council Tax Benefit claim. This represents 7% of all claims, an improvement on the prior year performance when 29% of claims were qualified
  - The number of amended claims remained the same at 5, although in percentage terms this was a deterioration on the prior year's performance (36% as opposed to 29%)
  - The fee exceeded budget on 21% of claims. This was an improvement on the prior year performance of 24%.
- 2.4 We charged a total fee of £84,000 against a budget of £90,000 for the certification of claims and returns in 2008-09. In the majority of cases we charged less than budgeted as certification took less time than anticipated. This can be credited to improved working papers and processes at the Council. The most significant budget over-spend was on the BEN01 Housing and Council Tax Benefit claim, for which we billed £11,000 more than anticipated. This was due to the complicated nature of the qualifications on the claim, and the fact that additional testing was required beyond our initial sample. Further details can be found in paragraphs 2.16 - 2.24. 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. The results of our review of aspects of the Council's management arrangements are set out below. Associated recommendations for improvement are included at Appendix C.

### **Grants co-ordination**

- 2.6 The Council has a grants co-ordinator who effectively liaises with key officers and external audit on all grants claims and returns. This is an area of strength for the Council, as shown by the overall improvement in key targets this year (see Exhibit Two above).

### **Compilation procedures**

- 2.7 As part of our Control Environment and Testing Assessment we reviewed the compilation procedures for each claim or return. We generally found that the person compiling the claim was of sufficient experience to do so, or if new to the role was given adequate supervision and guidance. In one case, on the HOU02 Housing Subsidy Base Data Return, we found there was a new compiler this year and that some errors occurred due to lack of adequate supervision. In future when there is a change of compiler thorough instructions and sufficient supervision should be arranged.

### **Quality of working papers**

- 2.8 Adequate working papers were provided in a timely fashion for all claims and returns. These were appropriate to our needs and in most cases were easy to follow, or could be explained swiftly by the key officers who made themselves available to us.

### **Sign off arrangements**

- 2.9 The Head of Corporate Finance has delegated authority to sign off all grant claims. This allowed the certification process to run without unnecessary delays, as both he and the Chief Financial Officer were able to sign off the claims and returns.

### **Submission procedures**

- 2.10 The grants co-ordinator actively seeks to be provided with the Audit Commission's monthly Certification Instruction index. This gives an up to date list of the claims and returns that need to be submitted by each Council and by the submission deadlines. As agreed within the

Grants Plan for 2008-09, the grants co-ordinator emails us an electronic copy of the signed claim or return and this year all claims and returns were submitted to us by the required deadlines.

#### **Officer availability**

- 2.11 We give the Council as much notice as possible of our proposed dates for the certification of each claim or return. Where these dates are not convenient for the Council, we are as flexible as we can be in order to facilitate a successful certification process. We found officers to be helpful, co-operative and available as planned. In one case, the key officer was only available for three of the five days that had been agreed, but through working together with the Council we were still able to certify on time.

#### **Independent review**

- 2.12 For each grant claim or return there is a cover sheet in the working papers, which includes an independent review checklist. We were satisfied that for each claim or return the working papers had been independently reviewed by somebody who had not compiled the claim. This person was usually a manager or somebody with more experience than the compiler.

#### **Significant findings in relation to individual claims and returns**

- 2.13 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.
- 2.14 Of the claims and returns submitted for certification the most significant findings were in relation to the following claims:
- BEN01 - Housing and Council Tax Benefit
  - CFB06 - Pooling of Housing Capital Receipts
  - EYC02 - General Sure Start Grant
  - HOU02 - HRA Subsidy Base Data Return
  - HOU21 - Disabled Facilities Grant
  - LA01 - National Non-Domestic Rates Return
  - PEN05 - Teachers' Pensions Return
  - RG31 - Single Programme LDA (Mayor's Offer)
- 2.15 Recommendations for improvement are included at Appendix C.

#### **BEN01 - Housing and Council Tax Benefit**

- 2.16 The Council submitted the BEN01 claim on time and provided well referenced working papers. The deadline for completion of the HBCOUNT workbooks was earlier than in prior years, due to it having an impact on our Use of Resources conclusion and Accounts Opinion, which had to be given by the end of September. The certification deadline for the claim was not until the end of November.
- 2.17 The Council co-operated effectively with us on this complex claim. For example, in order to facilitate being able to complete the HBCOUNT workbooks by the required deadline the Council provided us with a split screen terminal. This enabled us to input information from the Housing Benefit (HB) and scanned document systems in a more time efficient manner.
- 2.18 As part of our initial testing we agree the claim form back to subsidy reports from the HB system. We found some inconsistencies which required an amendment to the claim, resulting in an £18k increase in the amount of grant due to the Council from the DWP.

- 2.19 Our detailed testing of individual claims looked at an initial sample of 80 cases, in which we found 19 errors. These errors fell into three main areas: incorrect start dates, incorrect recording of earned income and incorrect application of single person discount (SPD) on Council Tax Benefit (CTB). In 8 of the 20 CTB cases tested, SPD had not been applied where the claimant was eligible for the discount against their bill.
- 2.20 The Council has undertaken a complete check of SPD cases, by matching all cases in both the council tax system and the housing benefits system where there appeared to be single occupancy and SPD had not been awarded in the council tax system. The Council has corrected all errors identified as part of that process. In addition to the work completed in response to our audit findings, the Council completed a National Fraud Initiative (NFI) data matching exercise that identified potential cases where SPD had been awarded erroneously in the council tax system.
- 2.21 The Council has estimated that the combined impact of the above checks is to increase the SPD granted and therefore reduce the council tax liability by £427k. This then has the effect of reducing council tax benefit by the same amount and, since the corrections have been made in the 2009-10 year, will automatically be included in the 2009-10 Housing Benefits grant claim. It should be noted that our work has not involved directly verifying this figure, although the corrections will form part of the 2009-10 certification.
- 2.22 The Council also agreed to undertake additional testing on the two other key areas in which we had found errors - start date and earned income. All errors identified have been adjusted for within the 2009/10 claim.
- 2.23 The ultimate outcome was for the 2008/09 claim to be qualified on several counts, however the extrapolated errors have not at this stage resulted in any amendments to the amount claimed in 2008/09. The DWP raised further queries in response to the qualification letter, about which we have now provided further information. We await confirmation from the DWP that the 2008/09 claim can be considered closed.
- 2.24 In response to the issues identified the Council has introduced more stringent quality control (QC) measures within the Benefits and Local Taxation team. This includes the purchase and implementation of improved QC software. We will be reviewing these enhanced procedures as part of our work on the 2009/10 claim.

#### **CFB06 - Pooling of Housing Capital Receipts**

- 2.25 Part of the testing required for this claim looks at invoices for improvement works. Some of the invoices that are required to be sampled are for costs incurred over 3 years ago. Upon selection of our sample we were told that these old invoices had been archived and that it would take up to a fortnight to retrieve them, which in order to certify by the deadline would not have been possible. For additional assurance over the improvement costs we tested a further 10 invoices with no issues to note, and were satisfied that this did not mean the claim had to be qualified.
- 2.26 As far as possible the Council needs to anticipate our visit with regards supporting paperwork for any grant claim. However, as we can appreciate the need to archive old paperwork due to space restrictions, we have reached an agreement with the Council that during our final accounts audit in July we will be provided with the working papers to support the improvement cost expenditure within the CFB06 claim. This will enable us to select our sample at that early stage, enabling the Council to retrieve the necessary invoices from archive prior to our certification work commencing in September.

#### **EYC02 - General Sure Start Grant**

- 2.27 Under the terms of the EYC02 grant, the Council must demonstrate that assets funded from the Sure Start grant are included in an asset register. Following a recommendation last year, the Council agreed to provide an appropriate extract from the Council Asset Register cross referenced to the Sure Start assets within the General Sure Start grant file for 2008/09. However, this was not initially provided and the process of agreeing the assets to the corporate asset register caused delays to the certification process.

#### **HOU02 - HRA Subsidy Base Data Return**

- 2.28 An amendment was required to the return due to 13 properties which had been included in the return in error.
- 2.29 In seven cases the error related to properties for which the Council had a formal resolution to demolish or dispose. These properties should have been removed from the return but this did not occur. This oversight was picked up by the Council as part of the review process which, due to the independent reviewer being on leave, was not finalised until after the draft HOU02 return had been submitted to audit.
- 2.30 In addition, the Council normally reconciles both Right to Buy (RTB) and Non-Right to Buy (NRTB) capital receipts to the HOU02 return. The compiler of the return in 2008/09 had no prior experience, and had not been made aware that both types of receipts needed to be reconciled to the return. As a result there were six additional NRTB disposals that should have been incorporated into the return. The compiler now knows that all capital receipts as a result of dwelling sales will need to be properly reconciled to the HOU02. Furthermore, this will now be built into the review process.

#### **HOU21 - Disabled Facilities Grant**

- 2.31 There were no issues with the HOU21 claim this year. However, subsequent to certification of the claim we worked together with the Council to clarify our minimum paperwork requirements for the claim. After the recent merger of the Homes for Haringey and Adult Social Services adaptations services, the Council is trying to streamline its processes regarding administration of the HOU21 claim. The proactive approach of the adaptations team should lead to future savings for the Council as officer time spent administering the grant will be reduced. Within the Action Plan we have recommended that the minimum paperwork requirement list be applied to the preparation of future HOU21 claims.

#### **LA01 - National Non-Domestic Rates Return**

- 2.32 The LA01 needs to be completed as per the Certification Instructions, whereby the Losses in Collection figure must accurately reflect the change in the bad debt provision for the year and the amounts written off in the year. In order to gain assurance over this figure we agree it back to supporting working papers and our findings from the accounts audit.
- 2.33 We found that the figure for NNDR write-offs incorporated into the annual accounts was an estimated figure, which differed to the actual authorised write-offs. Of the £3.4m estimated write-offs, £2.0m were authorised for write-off in August 2009. The majority of the balance consists of write-offs under £5k, which at time of LA01 certification had not yet been written off.
- 2.34 As agreed with the Council, any write-offs that have not yet occurred cannot be included within this year's return. Once the remaining write-offs (those below £5k totalling £1.3m) are authorised, they can be included within the 2009/10 NNDR3 form.
- 2.35 In addition to the above, we found that the working papers provided did not tie back to the change in bad debt provision that had been incorporated into the Losses in Collection figure in the LA01. The combined impact of these errors was to increase the Losses in Collection

figure on the return by £672k, which in turn reduced the Contribution to the Pool figure by the same amount.

#### **PEN05 - Teachers' Pensions Return**

- 2.36 In 2007/08 the PEN05 was qualified due to a lack of assurance over schools with external payroll providers. The Council accepted our recommendations that it explore the option of Internal Audit doing some CI testing at schools that have external payroll providers on an annual basis, and that it should put in place arrangements to confirm that non-pensionable salary items have been excluded from the contributory salary figure.
- 2.37 In April we provided Internal Audit with full details of the certification work they needed to complete in order for qualification to be avoided. Due to us not having access to the records kept by individual schools this testing could not be carried out by ourselves.
- 2.38 An internal audit review was conducted of the schools with external payroll providers, but unfortunately this only went so far as to provide general controls assurance over arrangements at those schools, rather than specifically completing the CI testing that was required. After further discussions with ourselves Internal Audit were able to complete the required testing, but this did not happen until a few days before the certification deadline at the end of November. The process of securing these testing results proved to be time consuming for both external and internal audit, and has led to costs on this claim being higher than anticipated.

#### **RG31 - Single Programme LDA (Mayor's Offer)**

- 2.39 Two amendments were required to the Mayor's Offer claim. The date of the CFO's certificate was incorrect, and the figure for total grant received to date did not include the payment already received for quarter 4 of £80k. This amendment meant that the balance due to the Council was in fact zero.
- 2.40 In addition, on two of the five RG31 claims (the North London Pledge and Sub Regional programme) we suffered delays in receiving the information requested which had an adverse impact upon the amounts billed for these claims.

## 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
- 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.

### **Assessment of the control environment**

Our assessment of the control environment for a claim is a balanced judgement taking into consideration the following factors:

- the relative risk attached to the particular claim i.e. volume of transactions, complexity of scheme
- cumulative knowledge about the history of the claim, and how the Council has addressed past qualification issues
- how the claim is compiled and monitored, including any changes from the previous year
- arrangements to ensure claims and returns are completed accurately and in accordance with the scheme terms and conditions
- internal financial controls e.g. cost codes for each claim/return, with controls over data posted from other systems/journals and reconciliations that ensure transactions are properly authorised and coded
- for claims/returns based on complex financial systems, internal audit assurance that systems have operated satisfactorily over the period covered by the claim
- procedures to demonstrate funding passed to third parties has been used for the intended purpose
- quality of working papers
- expertise and relevant knowledge of preparers, including the adequacy of supervision and review
- analytical review of the claim, including comparison of expected with actual outcomes and comparison with other authorities or national statistics

Where we judge that we can place full reliance on the control environment, only the CI Part A tests need be completed. Where we judge that we cannot place full reliance on the control environment, Part B of the CI tests must also be completed. We assign a level of risk to the claim which impacts upon the sample size required for Part B tests. Where a claim is deemed to be low risk, the sample size is smaller, whereas where the risk is deemed to be medium or high, the sample size increases accordingly.

The level of risk assigned takes into consideration the control environment assessment combined with reliance on other external or internal audit work.

### **Roles and responsibilities**

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

<b>Party</b>	<b>Role and responsibility</b>
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. However, in 2009/10 the Council's Internal Audit function will be carrying out reviews of Voluntary Organisations and the Area Based Grant. Their findings will inform our assessment.

## B Details of claims and returns certified in 2008-09

Ref	Claim	Draft claim value (£)	Amended? Y/N	Amendment value (£)	Qualified?	Budgeted fee (£)	Actual fee (£)
BEN01	Housing and Council Tax Benefit Scheme	259,160,541	Y	£18,106 increase	Y	29,500	40,220
CFB06	Pooling of Housing Capital Receipts	1,598,384	N	-	N	4,600	3,433
EYC02	General Sure Start Grant	11,411,660	N	-	N	5,300	3,833
HOU01	HRA Subsidy	17,307,842	Y	N/A - amendment to cell on form due to change made to HOU02 but no impact on subsidy receivable	N	6,700	2,988
HOU02	HRA Subsidy Base Data Return	N/A	Y	N/A. Number of properties reduced by 13, impacts upon various cells on form	N	8,200	5,965
HOU21	Disabled Facilities Grant	716,000	N	-	N	5,000	4,233
LA01	National Non Domestic Rates Return	50,916,743	Y	£671,972.23 decrease in contribution to pool	N	10,300	5,290
PEN05	Teachers' Pensions Return	16,264,015	N	-	N	6,900	7,788
RG03	New Deal for Communities	3,885,000	N	-	N	4,200	4,160



Ref	Claim	Draft claim value (£)	Amended? Y/N	Amendment value (£)	Qualified?	Budgeted fee (£)	Actual fee (£)
RG31	Single Programme LDA - 5 separate claims	1,341,460	Y - 1 of 5 claims (Mayor's Offer)	-£80,297	N	4,400	5,815
<b>TOTAL</b>		<b>362,601,645</b>		<b>609,781</b>		<b>90,000*</b>	<b>83,723†</b>

\* Includes £4,500 budgeted for Grants planning, administration and reporting. The actual cost of this is included in the fees for each individual claim.

† As at December 2009. The DWP requested clarification on aspects of the BEN01 qualification letter and we have responded to their queries. This could potentially lead to further certification work being required.

## C Action plan

Ref	Claim	Recommendation	Priority	Management response and implementation details
Appendix A	All	The Council should consider the requirements of our assessment of the control environment for each claim, and be able to evidence the control environment that is in place. This could potentially lead to more reliance being placed on the control environment for a claim, resulting in smaller sample sizes for Part B testing and therefore reduced costs to the Council.	Medium	Agreed. The grants co-ordinator will work with external audit to determine which grants required Part B testing in 2008/09. For these grants, the control environment will be reviewed.  John Holden Grants Co-ordinator March 2010

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.19	BEN01 - Housing and Council Tax Benefit	<p>The Housing and Council Tax Benefit (CTB) Scheme was qualified for a number of reasons, including: incorrect start dates for benefit calculations; incorrect calculation of earned income, incorrect classification of backdated expenditure as normal expenditure; incorrect rent liability for a rent allowance case; and incorrect application of single person discount on CTB cases.</p> <p>It is recommended that the issues revealed by the certification work be discussed within the Benefits and Local Taxation team, and extra training be provided to officers to avoid the same issues arising in the future.</p>	High	<p>Agreed. The Head of Service has ordered an in depth review of all new claims assessed in 2009/10. Given the numbers of cases subject to review and correction, a risk based approach has been adopted which targets the work of individuals where there is evidence of a high error rate in start dates, earned income and SPD. Remedial training is being provided and more robust quality monitoring undertaken to avoid errors recurring. Additionally we have procured a Training Needs Analysis tool to identify gaps in knowledge and inform our training and quality strategies.</p> <p>All staff are being required to undertake a 10 question test on start dates. This will confirm which staff have understood the rules on start dates. Those who fail will be required to have every claim signed off by their Team Leader or start date champion (an officer who got all the questions correct) before they are authorised to calculate their claim.</p> <p>Ian Biggadike: ongoing</p>

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.20	BEN01 - Housing and Council Tax Benefit	<p>CTB Single Person Discount - The Council should undertake regular checks of SPD cases, by matching all cases in both the council tax system and the housing benefits system where there appears to be single occupancy and SPD has not been awarded in the council tax system.</p>	High	<p>Agreed. Extensive checking is in place and regular matching exercises between the Housing Benefit and Council Tax system will be undertaken. Head of Service has briefed every member of staff about the importance of this.</p> <p>A pilot is taking place where HB staff will apply the SPD's themselves rather than requesting this from CTAX staff.</p> <p>Ian Biggadike - Acting Head of Benefits &amp; Local Taxation</p> <p>Implemented from Dec 2009</p>
2.24	BEN01 - Housing and Council Tax Benefit	<p>In response to the issues identified the Council has introduced more stringent quality control (QC) measures within the Benefits and Local Taxation team. This includes the purchase and implementation of improved QC software. The successful use of this software should be monitored by senior management on a regular basis.</p>	High	<p>Agreed</p> <p>The software has been implemented and results are monitored regularly by senior management.</p> <p>Ian Biggadike- Acting Head of Benefits &amp; Local Taxation</p> <p>Implemented from June 2009</p>

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.25	CFB06 - Pooling of Housing Capital Receipts	The Council needs to ensure that documents supporting all grant claims are available for inspection. During the final accounts audit in July the Council should provide us with working papers to support the improvement cost expenditure within the CFB06 claim. This will enable us to select our sample at that early stage, enabling the Council to retrieve any necessary invoices from archive prior to our certification work commencing in September.	Medium	<p>Agreed. The working papers supporting the improvement cost expenditure related to capital receipts will be prepared expeditiously in order that an early sample can be requested from the Council.</p> <p>Ajit Sohi – Head of Finance Capital &amp; Financial Planning July 2010</p>
2.27	EYC02 - General Sure Start Grant	The working papers provided for the Sure Start claim should include an appropriate extract from the Council Asset Register cross referenced to the Sure Start assets.	Medium	<p>Agreed. The working papers for the Sure Start claim will include SAP extracts detailing the Sure Start assets where local asset registers have not been provided.</p> <p>Neville Murton – Head of Finance CYPS May 2010</p>

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.29	HOU02 - HRA Subsidy Base Data Return	<p>The Council should ensure that the HOU02 return is fully reviewed prior to submission.</p> <p>In addition, where the compilation arrangements change, for example a new officer being given responsibility for compilation of the return, thorough instructions should be issued and suitable supervision arranged.</p>	Medium	<p>Agreed.</p> <p>Peter Willett, Deputy Director of Finance HfH and Dave Palmer, Head of Finance (Projects). Implementation date: the 2009-10 grant year.</p>
2.31	HOU21 - Disabled Facilities Grant	<p>The adaptations team should utilise the minimum paperwork requirements list provided by external audit in order to streamline administration of the HOU21.</p>	Low	<p>Agreed. The Council will consider the minimum paperwork requirements list in preparation of the 2009/10 claim</p> <p>Graham Oliver – Head of Finance ACCS June 2010</p>

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.33	LA01 - National Non-Domestic Rates Return	We recommend that the Council improve its control processes around the timely authorisation of write-offs to ensure that in future years the figure reflected within the accounts and the LA01 return are in unison.	Medium	<p>Agreed. The Council will ensure that write-offs are processed in a timely fashion and that only authorised write-offs are included in the return.</p> <p>Measures have already been introduced by the Service to bring about more regular in year authorisation of write-offs which will enable the NNDR3 grant claim to be closed on a final, rather than estimated, figure in the future</p> <p>Jacqui McIntosh – BLT Finance Manager June 2010</p>
2.35	LA01 - National Non-Domestic Rates Return	The Council should ensure that all working papers provided tie back to the figures within the draft return.	Medium	<p>Agreed. The Council always endeavours to ensure the working papers provided agree to the draft claims.</p> <p>Jacqui McIntosh – BLT Finance Manager June 2010</p>

Ref	Claim	Recommendation	Priority	Management response and implementation details
2.38	PEN05 - Teachers' Pensions Return	Schools with external payroll providers - The Council officers with responsibility for the PEN05 return should liaise closely with Internal and External audit (IA and EA) to ensure that IA complete the required testing prior to EA coming on site for their certification work.	High	Agreed. The Council will proactively liaise with Internal audit about the additional audit work required prior to External Audit beginning their certification work.  Neville Murton – Head of Finance CYPS June 2010
2.39	RG31 - Single Programme LDA (Mayor's Offer)	The Council should ensure that all RG31 claims are checked for accuracy before submission, and that the information included is accurate up to and including the date of CFO sign-off.	Medium	Agreed. All claims are reviewed and checked for accuracy prior to being submitted to external audit.  Neville Murton – Head of Finance CYPS April 2010
2.40	RG31 - Single Programme LDA (North London Pledge and Sub Regional programme)	Key officers should ensure that information requested is provided promptly so as to avoid unnecessarily high bills due to the delays incurred.	Medium	Agreed. The requirement to respond in a prompt fashion to external audit enquiries during the certification period will be reiterated to the compiling officers  Matthew Gaynor – Head of Finance UE April 2010





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