



Certification report 2012/13 for London Borough of Haringey

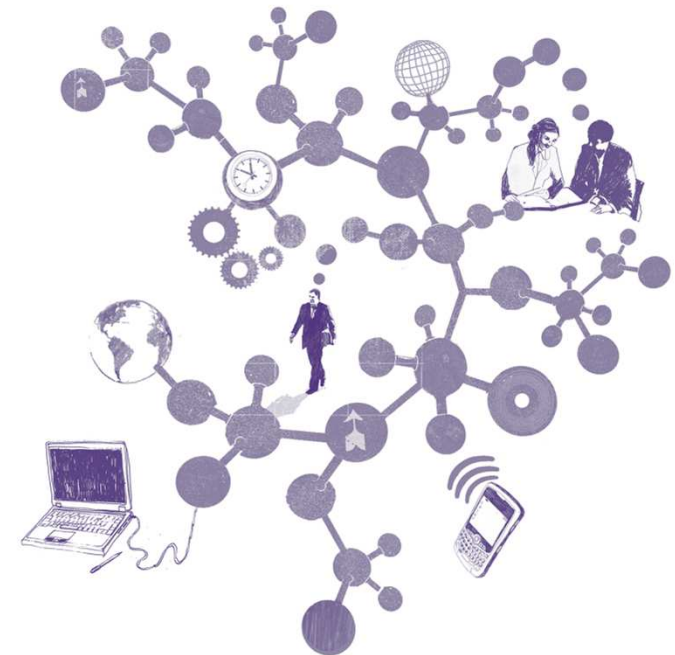
Year ended 31 March 2013

January 2014

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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 London Borough of Haringey 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 four claims and returns for the financial year 2012/13 relating to expenditure of £390.7 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 September 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	All claims were submitted and certified by the specified deadlines.	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	Two errors were identified on the Teachers' Pensions return which were corrected. The draft return did not agree to the payroll system and the March 2013 contributions for an academy school were incorrectly included in the return. Total amendment reduced contributions payable by £35k. The Housing and Council Tax benefits claim was qualified as in previous years. However, there was an increase in the number of errors identified from our initial sample of 80 cases from the previous year which led to testing an additional 600 cases. The Council undertook this additional testing, but we were required to review and re-perform this work. In addition, the Council undertook testing on all cases within two balances on the claim which we were required to review. The value of the additional work we had to undertake which was not required in 2010/11 (the indicative fee is based on the 2010/11 year) is £12,510. The amendment to the claim reduced the amount of subsidy claimed by £14k.	●
Supporting working papers	Working papers provided were of a good quality and were sufficiently detailed	●

Certification Fees

The Council's total indicative fee, as set by the Audit Commission was £52,950. This was based on the 2010/11 certification fee. However, we are proposing the following variations to the fee based on:

- Removal of the single programme grant from the national certification requirement. This is a reduction in the fee of £900.
- An increase to the Housing and Council tax Benefit Subsidy return due to additional work having to be performed which was not required in 2010/11. The value of the additional work is £12,510.

The revised fee for our certification work is £64,560. This compares to the 2011/12 fee of £79,861 for certification of the same returns

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B

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
January 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 four claims and returns for the financial year 2012/13 relating to expenditure of £390.7 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
Claims submitted on time	100%	4	100	5	100	↔
Claims certified on time	100%	4	100	5	100	↔
Claims certified without amendment	100%	2	50	3	60	↓
Claims certified without qualification	100%	3	75	4	80	↓

This analysis of performance shows that:

- Claims are consistently submitted on time.
- Claims are consistently certified on time
- Two claims were amended and one claim was qualified in 2012/13. The amendments to the claims were not significant. It should be noted that the Housing and Council tax benefit claim is complex and it is not unusual for this claim to be subject to qualification

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

Significant findings

Testing of an initial sample of 80 individual benefit cases identified significantly more errors than previous years. Errors were identified on the calculation of the claimants income including earned income, child tax credits, childcare costs and pensions. These errors subsequently impacted on the amount of benefit awarded to claimants. We also identified issues with the coding of overpayments particularly within Council Tax benefits. As a result of these findings the Council were required to undertake 15 sets of 40 plus testing (equating to an additional 600 cases) which focus on the errors identified. We were required to review and re-perform this testing. The Council are investigating the reasons for the increase in error rate this year.

The additional testing identified the same errors, but the value of the errors were not as significant as those identified in the original sample of 80 cases. We have extrapolated the findings of all the cases tested over the populations and included these in our Qualification Letter which we agreed with the Council.

The result of the extrapolations was that the Council remained below the Local Authority Error lower threshold indicating that there is unlikely to be any impact on funding received from the Department for Work and Pensions.

The number of errors impact on the amount of additional testing that is required to certify the claim and also potentially impact on the subsidy due to the Council. Therefore, we have raised a recommendation for improvement within the action plan at Appendix B

Appendices

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

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing and council tax benefits scheme (BEN01)	306,359,401	Yes	£14,346	Yes	Increase in errors associated with calculating claimants income affecting benefits paid to claimants.
National non-domestic rates return (LA01)	59,625,772	No	n/a	No	
Teachers' pensions return (PEN05)	16,364,924	Yes	£34,776	No	The draft return did not agree to the payroll system and the March 2013 contributions for an academy school were incorrectly included in the return.
Pooling of housing capital receipts (CFB06)	8,338,021	No	n/a	No	

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	Determine the reasons for the increase in errors identified within the Housing and Council Tax benefits claim and undertake additional training where necessary.	High	An Improvement Board has been established and a Programme commenced to identify and address performance issues across designated areas of the Service (including those around the assessment and administration of benefits claims). This is also being underpinned by enhanced training and development measures, across all relevant staff. The Improvement Programme is facilitated by External consultants (Indigo Edge) and the Board incorporates the senior Service Management Team as well as representation from Corporate Finance. The performance issues leading to the errors identified during the 2012/13 audit are a specific consideration for the group.	On Going. Head Revenue and Benefits & Customer Services.

Appendix C: Fees

Claim or return	2011/12 fee (£)	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance (£)	Explanation for significant variances
Housing benefits subsidy claim	64,013	39,650	52,160	12,510	Increased fee resulting from requirement to undertake 40+ testing on 15 different areas of the claim and 2 cases of additional work to confirm on specific errors for adjustment to the claim
National non-domestic rates return	5,650	6,470	6,470	0	No additional fee required
Teachers' pensions return	5,125	2,260	2,260	0	No additional fee required
Pooling of Housing Capital Receipts	5,073	3,670	3,670	0	No additional fee required
Housing Revenue Account Subsidy	4,915	N/A	N/A	N/A	No longer applicable
Single Programme	0	900	0	-900	No longer covered by Audit Commission Certification Instructions
Reporting to those charged with Governance	2,120	N/A	N/A	N/A	
Total	86,896	52,950	64,560	11,610	



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