

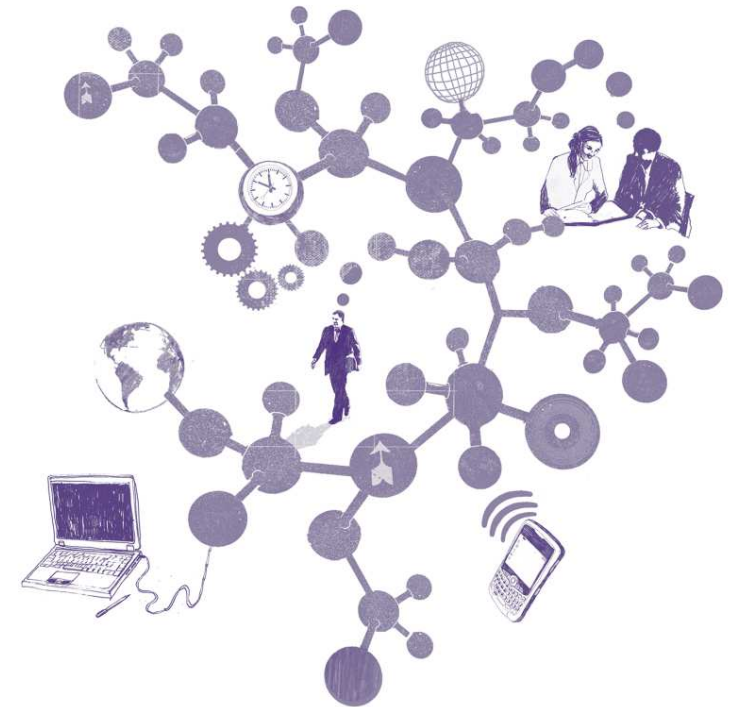
Certification report 2013/14 for London Borough of Haringey

Year ended 31 March 2014

December 2014

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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by the London Borough of Haringey ('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 2013/14 relating to expenditure of £284 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 June 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 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)	The Housing benefits claim was qualified as in previous years. The Council continue to process a large number of benefit claims incorrectly, but continue to support the audit process in an exemplary fashion. There were a high number of errors identified in the initial testing which has led to additional testing of 680 cases. The Council undertook this additional testing, but we were required to review and re-perform this work. The value of the additional work we undertook which was not required in 2011/12(the indicative fee is based on the 2011/112 year) is £9,663 The amendment to the claim increased the amount of subsidy claimed by £14k.	●
Supporting working papers	Working papers provided were of a good quality and were sufficiently detailed	●

Significant findings

Testing of an initial sample of 60 individual benefit cases identified several errors on the calculation of the claimants benefit including earned income, self employed income, non dependents income, child tax credits, working tax credits, childcare costs and claimant's capital. These errors subsequently impacted on the amount of benefit awarded to claimants. We also identified issues with the classification of overpayments. The number of errors remained fairly high and consistent with last year.

As a result of these findings the Council were required to undertake 17 sets of 40 plus testing (equating to an additional 680 cases) which focus on the errors identified. We were required to review and re-perform this testing. The additional testing identified similar errors. 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.

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for the 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.

We are proposing the following variations to the fee based an increase to the Housing and Council tax Benefit Subsidy return due to additional work having to be performed which was not required in 2011/12. The value of the additional work is £9,663

The revised fee for our certification work is £47,364. This compares to the 2011/12 fee of £55,830 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
December 2014

Appendices

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	£270,895,542	Yes	£13,573	Yes	Errors associated with calculating claimants income affecting benefits paid to claimants.
Capital receipts return	£13,335,555	No	Not Applicable	No	Not Applicable

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	Identify the reasons for the high number of errors identified within housing benefits cases. Implement a strategy to reduce the errors and to mitigate the risk that subsidy will be reclaimed by the Department of Work and Pensions.	High	<p>The Authority has already begun implementing a strategy for identifying and addressing errors made within the Housing Benefit process and revise the Quality and Control checking to include:-</p> <ul style="list-style-type: none"> •Targeting of checks of known high risk areas e.g. Earned Income, Tax Credits, Child Care Costs •An increased focus on financial errors specific to minimising subsidy loss •Looking at the comparative effectiveness of having a dedicated quality team against Control & Compliance officers sitting amongst the processing teams and addressing any skills gaps where these are identified •Assessing whether the current 4% check enables sufficient coverage of our caseload to identify potential errors •Improving the use of PMQA (RB Solutions system) to integrate our quality and staff performance monitoring so that errors can be analysed by type, staff and frequency and linking it to our training/development and capability processes •Benchmarking of our practices with a sample of similar Authorities to identify best practice wherever possible 	Assistant Director – Customer Services

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	52,160	34,614	44,247	(7,913)	Reduction due to Council Tax benefit removed from the claim as a result of the implementation of the Council Tax Reduction Scheme.
Capital receipts return	3,670	3,117	3,117	(553)	
Total	55,830	37,731	47,364	(8,466)	



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