

Certification of Claims and Returns: Annual Report

South Somerset District Council

Audit 2008/09

February 2010



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 - any third party.
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Introduction

- 1 This report sets out our findings from our audit of the Council's grant claims for the financial year 2008/09. It aims to provide a summary of the issues identified during our audit with more detail in relation to the more significant claims and summarises any amendments or qualifications made.
- 2 We append an action plan containing recommendations for improvement in processes where appropriate.
- 3 We thank the Council for the help and assistance provided by the staff involved in preparing the grant claims.

Background

- 4 We undertake the certification of grant claims and returns at the Council, as your appointed external auditors under section 28(1) of the Audit Commission Act 1998. The audit of individual claims is carried out in accordance with Certification Instructions agreed by the Audit Commission with the grant paying departments.
- 5 The Council receives copies of guidance notes for completion of grant claims directly from the paying departments.
- 6 Typically, the deadline for our certification of the claim is three months after the Council's submission deadline. For Housing and Council Tax Benefits this timeframe is extended.

Audit approach

- 7 In completing the audit of grant claims, we follow detailed guidance documented in the Audit Commission Certification Instructions (CIs). The CIs describe the purpose of the scheme, the rules and regulations concerning the claim and the audit tests to be applied in our examination of the claim.
- 8 The certificate included on each claim or return requires us to apply some of or all the tests in the relevant CI dependant on the amount claimed and our assessment of the strength of the control framework surrounding the claim.
- 9 Our audit work on the Council's 2008/9 claims is now complete and all claims have been certified (with or without qualification), although we will continue to respond to any queries from grant paying departments.
- 10 Where we are unable to certify that the entries are fairly stated and that expenditure has been properly incurred in accordance with the conditions under which the claim is made, we either:
 - request the Council to amend the claim; or
 - issue a report on the claim explaining why we are unable to certify the claim without qualification.
- 11 Where our certificate is qualified we are required to indicate or estimate the value of any errors in the claim. On receipt of our report the grant paying department will consider what if any other action is appropriate. In some circumstances they may request further information and/or adjust any sum owing by or owed to the Council.
- 12 The results of our grant certification work will be used to support auditors' other responsibilities, including use of resources and data quality.

Summary of our audit findings

13 The table below is a summary of the results of our certification work.

Table 1 **Results summary**

Criteria	2008/09	2007/08
Number of claims submitted	3	3
Number of qualifications	1	1
Number of claims amended	1	0
Number of claims received late	0	0
Number of claims achieving audit deadline	3	3

The way forward

14 We have made recommendations in this report which should help bring about further improvements in the Council's grant arrangements. The Council also needs to ensure that all issues raised in any qualification letters are addressed, to reduce the risk of further qualifications.

Detailed report

Introduction

- 15 This report details our assessment of the Council's general arrangements for producing grant claims and returns (hereafter just referred to as claims) and the performance of the Council in respect of 2008/09 claims.

Qualitative

- 16 The Council met the submission date for all claims.
- 17 Officers provided adequate working papers to support all the 2008/9 claims, and any further requests for information were met in a timely manner.

Review of claims

Housing and council tax benefit claim (BEN01)

- 18 The claim was submitted for audit before the deadline.
- 19 The following issues were identified from the audit.
- Incorrect classifications of overpayments for all benefit types.
 - Incorrect award of entitlement for all benefit types.
- 20 The CI sets out the number of benefit cases that we are required to test in our 'discovery sample'. For South Somerset District the discovery sample was 58 cases.
- 21 The CI also prescribes further testing where errors have been found in the discovery sample or where errors found in previous years audit testing indicate a high risk of error in the current year. For South Somerset, 417 further cases required testing as a result of this requirement.
- 22 Some of this additional testing identified fairly high rates of error, albeit these were consistently of a low value. In many cases the type of error found was the same as in previous years.
- 23 The table below provides a summary of the errors found.

Table 2 Test failures

Description	Discover sample error rate	Value of errors found in discovery sample	Reason further testing required	Further testing error rate	Value of errors found in further testing
Classification of rent allowance overpayments	3 from 10	£101	Errors in discovery sample and in previous year	14 from 40	£358
Eligibility for rent allowances	3 from 20	£130	Errors in discovery sample	5 from 40	£932
Classification of Council tax benefit eligible excess benefit	2 from 6	£52	Errors in discovery sample and in previous year	15 from 40	£446
Council tax benefit not otherwise identified elsewhere in the claim	No errors in 18 cases		Errors in previous years	3 from 40	£84
Modified schemes	No cases in discovery sample		Errors in previous years	4 from 75	£382
Classification of Non HRA overpayments	No errors in 8 cases		Errors in previous year	1 from 68	£2
Benefit Eligibility for Board & Lodging cases	3 from 18	£69	Error in discovery sample	28 from 114	£753

Detailed report

- 24 This year as a result of the issues identified the claim was amended by the Council, reducing the amount payable to the Council by £869. We also issued a qualification letter to the grant paying department, the Department for Work and Pensions. A qualification letter has now been issued in each of the last three years. To put this into context, this is a highly complex claim, and a large number of qualification letters are issued by auditors annually on the benefit claim.

Recommendations

- R1** Carry out a check of a sample of overpayments each month, and make any necessary amendments to the subsidy claim form.
- R2** Carry out a check of a sample of benefit awards each month, and make any necessary amendments to benefit paid to reflect the amendment in the subsidy claim form.
- R3** If errors are found in the sample checks, 'drill down' to see if these are common or recurring errors.
- R4** Use the results of the 'drill down' approach to focus future testing and to identify training needs.
- R5** Agree with the Audit Commission a testing strategy for similar cases arising during 2009/10 to ascertain the extent to which this type of error has continued into 2009/10.
- R6** Review the procedure for processing board and lodging benefit claims to ensure the correct entitlement is included in 2009/10 grant claim.
- R7** Obtain confirmation every four weeks from the homelessness department that claimants are still placed in board and lodging accommodation.
- R8** Obtain a monthly uncashed benefit cheques report for timely review and investigation.
- R9** Investigate uncashed internal cheques promptly and ensure action arising is timely.

Disabled Facilities Grant (HOU21)

- 25 Our review of this claim identified no issues with this return and it was certified without amendment or qualification.

National Non Domestic Rate (LA01)

- 26 Our review of this claim identified no issues with this return and it was certified without amendment or qualification.

Appendix 1 – Summary of grant claims for 2008/09

1 The table below summarises the results of our audit for each individual claim

Table 3 Summary of individual grant claims

CI Ref	Description	Value of claim/return	Submitted to audit on time	Auditor deadline met	Claim amended	Value of amendment	Impact on subsidy	Claim qualified
BEN01	Housing and council tax benefits scheme	£40,206,454	Yes	Yes	Yes	£869	-£869	Yes
HOU21	Disabled facilities	£365,000	Yes	Yes	Yes	N/a	N/a	No
LA01	National non-domestic rates return	£34,764,000	Yes	Yes	No	N/a	N/a	No

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Housing and Council Tax Benefit Claim						
9	R1 Carry out a check of a sample of overpayments each month, and make any necessary amendments to the subsidy claim form.	3	Benefit and Control Officer/ Quality Control Officer	Yes (already done in part)	Some overpayment checking and correction already being conducted as part of role, however the scope of the checks has been extended wef 1 February 2010.	Completed
9	R2 Carry out a check of a sample of benefit awards each month, and make any necessary amendments to benefit paid to reflect the amendment in the subsidy claim form.	3	Benefit and Control Officer/ Quality Control Officer	Yes we already do this	Backdating, new claims, indicative rents report, B&B claims and changes of circumstances and subsidy monitoring cases are already checked by the Benefit and Control Officer and Quality Control, all errors found are returned for correction. Checks carried out by QC role are normally done pre-notification.	Completed
9	R3 If errors are found in the sample checks, 'drill down' to see if these are common or recurring errors.	3	Benefit and Control Officer/ Quality Control Officer	Yes we already do this	We have for several years of records of checks made and errors found.	Completed
9	R4 Use the results of the 'drill down' approach to focus future testing and to identify training needs.	3	Benefit and Control Officer/ Quality Control Officer	Yes (already done in part)	We use info from checks to inform training. We need to look at how we can take a more targeted approach to sample testing to reduce overall error levels.	31 May 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R5 Agree with the Audit Commission a testing strategy for similar cases arising during 2009/10 to ascertain the extent to which this type of error has continued into 2009/10.	1	Benefit and Control Officer	Yes	BCO to discuss approach with AC.	31 March 2010
9	R6 Review the procedure for processing board and lodging benefit claims to ensure the correct entitlement is included in 2009/10 grant claim.	3		No	As agreed with Assistant Director – Finance we will use correct procedure wef 1 April 2010.	
9	R7 Obtain confirmation every four weeks from the homelessness department that claimants are still placed in board and lodging accommodation.	3	Revenues and Benefits Manager	Yes	To be agreed with Housing and Welfare Manager.	31 March 2010
9	R8 Obtain a monthly uncashed benefit cheques report for timely review and investigation.	3	Revenues and Benefits Manager	Yes	Customer will be contacted where a cheque appears on two consecutive months reports.	31 March 2010
9	R9 Investigate uncashed internal cheques promptly and ensure action arising is timely.	2	Revenues and Benefits Manager	Yes	As for R8.	31 March 2010

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