

<b>4 February 2015</b>		<b>ITEM: 7</b>
<b>Standards and Audit Committee</b>		
<b>Report from Ernst and Young: Certification of Claims and Returns Annual Report 2013-14</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-Key	
<b>Report of:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is Public</b>		

### **Executive Summary**

Attached to this paper is a report from Ernst and Young on the Certification of Claims and Returns Annual Report 2013-14. This will be presented by Ernst and Young.

#### **1. Recommendation(s)**

**1.1 That the report attached at Appendix 1 and the agreed actions are noted.**

#### **2. Introduction and Background**

2.1 The Certification of Claims and Returns Annual Report 2013-14 was issued in January 2015. The certification of the individual claims and returns was completed between May and November 2014. The report sets out the detailed findings and is presented to the Committee by Ernst and Young who are happy to receive questions on the report. All findings have been accepted and agreed by officers.

#### **3. Issues, Options and Analysis of Options**

3.1 Ernst and Young were required to certify two claims and returns relating to the year 2013-14. This was reduced by two compared with the prior year as the National Non-Domestic Rate return is no longer subject to audit and The Teachers' Superannuation return no longer falls within the certification arrangements of the Audit Commission. It is noted that separate arrangements were made with Ernst and Young for the audit of the Teachers' Superannuation return and the work has been completed with no significant

issues identified. The summary position for each claim or return audited under the Audit Commission arrangements is as follows:

- 3.2 Housing and Council Tax Benefits Subsidy claim 2013/14 – total value £61.8m – the work identified three main issues which have been set out in a qualification letter to the DWP. These issues related to misclassification of expenditure and errors in the calculation of overpayments for HRA and non-HRA rent rebates, the incorrect calculation and misclassification of rent allowance overpayments and the incorrect application of local housing authority rent. The DWP will determine if further action is required or whether benefit subsidy should be repaid and there may be additional audit work required.
- 3.2 Housing and Council Tax Benefits Subsidy claim 2012/13 - It is noted additional work was required by the DWP in respect of issues identified from the audit undertaken last year with an estimated additional fee of £3,063.
- 3.3 Pooling of Housing Capital Receipts – total value £6.9m. There were minor amendments to the return with no overall impact on the amount submitted to Central Government.
- 3.4 The total fees for the audit of claims and returns were £21,367 a fall of 37.5 per cent relative to 2012/13. This reflects the National-Non Domestic Rates return and the Teachers' Superannuation return were not required to be certified in 2013-14 under Audit Commission arrangements and there was also additional work on the Housing Benefits claim required in respect of the prior year.

#### **4. Reasons for Recommendation**

- 4.1 The Committee is asked to note the findings of the report. Future reports to the Committee will contain updates on the recommendations raised.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 The matters have been considered by this Committee. The detailed findings from the report have been discussed and agreed with relevant officers. They are also subject to the review of the Head of Corporate Finance.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 There are no direct implications arising from this report in terms of the community and delivery of services.

#### **7. Implications**

## 7.1 **Financial**

Implications verified by: **Sean Clark**  
**Head of Corporate Finance**

The financial implications have been noted in the body of the report.

## 7.2 **Legal**

Implications verified by: **Alison Stuart**  
**Principal Solicitor**

There are no specific legal implications of the report. The claims and returns are certified under section 28 of the Audit Commission Act 1998.

## 7.3 **Diversity and Equality** **Teresa Evans**

**Equalities and Cohesion Officer:**

There are no specific implications from this report.

## 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

## 8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

## 9. **Appendices to the report**

- Appendix 1: Certification of Claims & Returns – Annual Report

### **Report Author:**

Sean Clark  
Head of Corporate Finance  
Corporate Finance