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Certification of grants and returns 2012/13

Lancaster City Council

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Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – Three grants and returns with a total value of £96.6million. 	<p>-</p>
Certification results	<p>We issued unqualified certificates for two of the three grants and returns but a qualification was necessary for the Housing and Council Tax Benefit claim.</p> <ul style="list-style-type: none"> ■ This claim was qualified as our sample testing identified one case of underpayment and one case of overpayment of benefit. ■ We issued unqualified certificates for all grants and returns in 2011/12. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>Adjustments were necessary to one of the Council's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ Adjustments with a total value of £4,236 were made to the Housing and Council Tax Benefits Subsidy claim of £53.1million. ■ In 2011/12, adjustments with a total value of £14,951 were made to the Housing and Council Tax Benefits Subsidy claim. 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has good arrangements in place for preparing its grants and returns and supporting our certification work.</p>	<p>-</p>
Fees	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £15,900. Our actual fee for the certification of grants and returns was £15,900 and therefore consistent with that outlined in our annual fee letter 2012/13.</p> <p>The fee represents a reduction of £13,980 compared to 2011/12, which is as a result of the change in the Audit Commission fee regime and a reduction in the number of grants and returns requiring certification in 2012/13.</p>	<p>Page 5</p>

Overall, we certified three grants and returns:

- two were unqualified with no amendment; and
- one required a qualification to our audit certificate and a minor adjustment.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

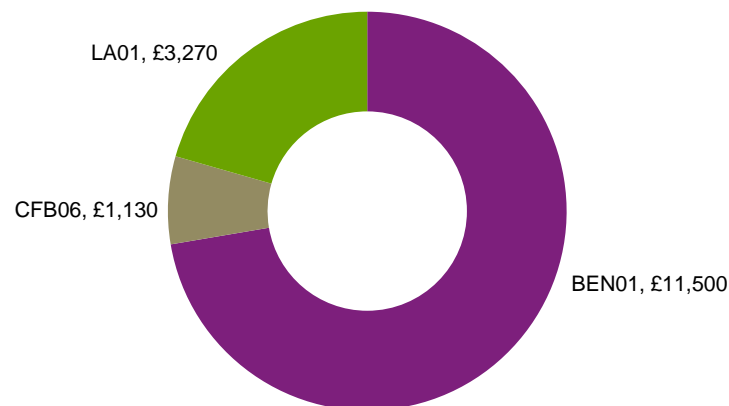
	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	●		●	
Pooling of Housing Capital Receipts				●
National Non Domestic Rates return				●

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Qualification letter/ Amendment
1	<p>Housing and Council Tax Benefit Adjustments with a total value of £4,236 were made to the Housing and Council Tax Benefits Subsidy claim of £53.1million . Three separate errors were identified as follows:</p> <ul style="list-style-type: none"> ■ An adjustment for an increase of £5,431 was required due to the incorrect classification of an overpayment; ■ An adjustment for a decrease of £75 was made due to the incorrect treatment of a modified scheme case where the statutory disregard of £10 was applied twice in error; and ■ A further adjustment for a decrease of £1,120 was made due to a case being incorrectly included in the initial claim form when it in fact related to 2013/14. 	+£4,236
2	<p>Housing and Council Tax Benefit We qualified the Housing and Council Tax Benefit claim because we found cases where the Council had made incorrect benefit payments. Our initial sample identified one error where the Council had underpaid benefit to claimants and one error where the Council had overpaid benefits to claimants. The errors identified included:</p> <ul style="list-style-type: none"> ➢ One case where benefit had been underpaid as a result of the Authority applying the claimant’s 13 week protection from the date they made their claim rather than the date their benefit began payment. This resulted in the 13 week protection ending five days prematurely. The amount of underpayment was £0.82. ➢ One case where benefit had been overpaid by £161.11 as a result of the Authority not correctly identifying the claimant as being entitled to a single person’s deduction. <p>No adjustments were made for the errors identified as:</p> <ul style="list-style-type: none"> ➢ The Council cannot receive subsidy where benefit has not been paid (underpayment errors); and ➢ Where overpayment errors were identified an extrapolation was calculated. However, given the nature of the population and the error found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.. <p>Although these errors are clearly trifling, the Audit Commission’s certification requirements mandate that any error, regardless of its value, is reported and that a ‘zero materiality’ threshold is applied.</p> <p>The above errors were reported to the Department of Work and Pensions in a qualification letter.</p>	QL

Our overall fee for the certification of grants and returns in 2012/13 is £15,900. This is consistent with the fee outlined in our annual fee letter 2012/13.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefit	11,500	18,260
CFB06 – Pooling of Housing Capital Receipts	1,130	1,625
LA01 – National Non Domestic Rates return	3,270	4,825
HOU01 - Housing Subsidy	-	5,170
Total fee	15,900	29,880

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £15,900. Based on the actual work we carried out the actual fee we charged was consistent with the indicative fee. The significantly reduced fee is a direct result of the change in the fee regime and the reduced number of returns requiring certification in 2012/13.



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