



EPPING FOREST DISTRICT COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Year ended 31 March 2013

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INTRODUCTION

THE PURPOSE OF THIS REPORT

This report summarises the main issues arising from the certification of grant claims and returns for the financial year ended 31 March 2013.

We undertake grant claim and return certification as an agent of the Audit Commission, in accordance with the Certification Instructions (CI) issued by them after consultation with the relevant grant paying body. Our work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.

After completion of the tests contained within the CI the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified with the reasons for qualification set out in a letter to the grant paying body. Sample sizes used in the work on the housing and council tax benefit subsidy return and the methodology for the certification of all grant claims are prescribed by the Audit Commission.

A summary of the fees charged for certification work for the year ended 31 March 2013 is shown to the right.

Appendix I of this report (page 5) shows the Council's progress against the action plan included in our 2011/12 Grant Claims and Returns Certification report (presented to the Audit and Governance Committee on 7 February 2013).

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance provided during the course of our certification work.

FEES

	PLANNED SCALE FEE (£)	OUTTURN FEE (£)
Housing and council tax benefit subsidy	28,070	28,070
National non domestic rates return	2,900	2,900
Pooled housing capital receipts return	1,280	1,280
TOTAL FEES	32,250	32,250

KEY FINDINGS

Summary of high level findings

CLAIM OR RETURN	VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS (£)
Housing and council tax benefit subsidy	46,901,290	Yes	Yes	5,652 decrease in the amount payable to DWP
National non-domestic rates return	32,127,305	No	No	-
Pooled housing capital receipts return	1,156,573	No	No	-

Detailed Findings

Below are details of each grant claim and return subject to certification by us for the financial year to 31 March 2013. Where our work identified issues which resulted in either an amendment or a qualification (or both), further information is provided. An action plan in respect of these matters is included at Appendix II of this report on page 6.

Housing and council tax benefit subsidy

Local authorities responsible for managing housing benefit and council tax benefit schemes are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A, which is subject to certification.

Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A. The methodology and sample sizes are prescribed by the Audit Commission and the Department for Work and Pensions (DWP). We have no discretion over how this methodology is applied.

Findings and impact on claim

During our initial testing of a sample of cases four errors were identified. These resulted in additional tested being required, as follows:

- **Non-HRA rent rebates rent liability:** Testing of the initial sample of eight cases identified one case where the rent liability had not been calculated correctly, resulting in an underpayment of benefit. As the population was small, testing on 100% of the remaining population was completed. No further errors were identified and therefore this error was concluded to be isolated. As this was an underpayment, no amendment was made to the claim form. The error was reported in our qualification letter.
- **Rent Allowances eligible rent:** Testing of the initial sample of twenty cases identified one case where the ineligible service charges were included within the eligible rent amount and one case where a rent increase was applied from the incorrect date. An additional, random sample of 40 cases was tested, where one further error was identified. No amendments were made to the claim form but an extrapolation of these errors, totalling £27, was reported in our qualification letter.
- **Rent Allowances tax credits:** Testing of the initial sample of twenty cases identified

Housing and council tax benefit subsidy

Findings and impact on claim

one case where the tax credit income had not been input correctly, although the benefit paid was correct because the claimant's income was too low for this to have any effect on their entitlement. However, an error of a similar type could lead to an overpayment and therefore an additional, random sample of 40 cases with tax credits was chosen for testing. One further error was identified. No amendments were made to the claim form but an extrapolation of these errors, totalling £0.30, was reported in our qualification letter.

The additional '40+' testing and 100% testing is required by the methodology agreed with the Department for Work and Pensions (DWP). This methodology requires that, for situations where errors are identified that cannot be concluded as isolated, extended testing of an additional sample of 40 cases is required. Where there is a small population (less than 100) a 100% check is undertaken.

The extrapolated errors all relate to over-claims of subsidy. If DWP decide to adjust for the extrapolated errors, then the total adjustment to the overpayments reported would be £27.30.

The Capita system reconciliation was carried out, but there were unreconciled differences of £1,112 in relation to Rent Rebates and £7 in relation to private tenants. These were both reported in our qualification letter.

Whilst the level of additional testing required by the methodology is similar to the previous year, we recognise that improvements have been made in the year, with 5% benefit checks now being undertaken by Benefits staff of new and amended claims.

National non-domestic rates return

Findings and impact on return

The Council is a billing authority and as such is required, on an annual basis, to calculate its contribution to the centrally-administered non-domestic rates pool. The value of the contribution must be notified to the Secretary of State. This is done on form NNDR3, which is subject to certification.

No issues were identified from our testing and the return was certified without amendment.

Pooling of housing capital receipts

Findings and impact on return

Local authorities are required to pay a portion of any housing capital receipt they receive into a national pool administered by central government. The Council is required to submit quarterly returns notifying central government of the value of capital receipts received. The information in these returns is subject to certification on an annual basis.

No issues were identified from our testing and the return was certified without amendment.



APPENDICES

APPENDIX I: STATUS OF 2011/12 RECOMMENDATIONS

HOUSING AND COUNCIL TAX BENEFIT SUBSIDY					
RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING	PROGRESS
Perform 5% (minimum) checks on new and amended claims to ensure that claims are being processed accurately.	High	Checking has been undertaken to cover the whole of 2012/13.	Assistant Director on Finance & ICT (Benefits)	Immediate, but checking is on-going	Implemented.
Split the component parts of long term incapacity benefit rate.	High	Agreed	Assistant Director on Finance & ICT (Benefits)	Before February 2014	Implemented.

APPENDIX II: 2012/13 ACTION PLAN

HOUSING AND COUNCIL TAX BENEFIT SUBSIDY					
CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
Although the Council completed the subsidy reconciliation using the spreadsheet methodology provided by Capita for the Academy system, un-reconciled differences remained and explanations could not be provided for all differences.	Investigate any differences arising from completion of the subsidy reconciliation prior to claim submission.	Medium	The timescale to submit the claim is very tight. Within the time available, all significant variances will be investigated. Given the amount of expenditure and the size of the caseload, a reconciliation to the last penny will not always be a good use of resources.	Assistant Director of Finance & ICT (Benefits)	April 2014
A small number of errors were identified during our testing regarding the input rent liability, eligible rent and tax credits.	Carry out refresher training for staff that specifically covers the correct treatment of these areas	Medium	Agreed	Assistant Director of Finance & ICT (Benefits)	April 2014

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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