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Certification of grants and returns 2011/12

Kettering Borough Council

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Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2011/12 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2011/12 we certified four grants and returns with a total value of £62.7m. 	<p>-</p>
Certification results	<p>We issued unqualified certificates for three grants and returns but qualification was necessary in one case.</p> <ul style="list-style-type: none"> ■ We issued a qualified certificate for the Housing and Council Tax Benefit (HCTB) claim due to an error within the up-rating of a claimant's state pension, resulting in an underpayment of benefit. ■ The HCTB claim has not been previously qualified on this basis and there were no prevailing issues from our 2010/11 certification. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>Minor adjustments were necessary to three of the Council's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ The Pooling of Housing Capital Receipts claim was amended by £3,750 and the HRA Subsidy return by £17; and ■ Our testing of the HCTB claim identified some classification errors (between HRA and Non-HRA benefit expenditure). The Council undertook additional testing and corrected all errors. There was no overall impact on the subsidy claimed by the Council. 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work.</p> <ul style="list-style-type: none"> ■ The Council provided good quality working papers; ■ Grants were made available to us in a timely manner within the agreed audit timetable; and ■ All grants and returns were certified by the required deadline. 	
Fees	<p>Our overall fee for the certification of grants and returns has been contained within the original estimate of £45,000.</p> <ul style="list-style-type: none"> ■ Our initial estimated fees for certifying 2011/12 grants and returns was £45,000. The actual fee charged was £37,973. The 2011/12 fee represents a 25% reduction from our 2010/11 fee due to fewer claims requiring certification in 2011/12. 	<p>Page 5</p>

Overall, we certified four grants and returns:

- one was unqualified with no amendment;
- two were unqualified but required some amendment to the final figures; and
- one required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2011/12 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 possible that the relevant grant paying body may require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
National Non-Domestic Rates Return					
Pooling of Housing Capital Receipts	1				
Housing and Council Tax Benefit Scheme	2				
HRA Subsidy	3				
		1	-	3	1

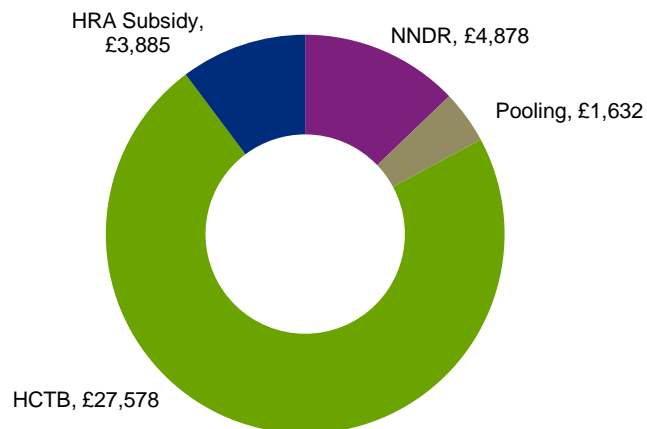
This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Pooling of Housing Capital Receipts</p> <ul style="list-style-type: none"> A small amendment was made to recognise the cost of capital improvements for the two dwellings. The amendment was for £5,000. The 'poolable' part of the capital receipts for dwellings was 75%, resulting in a bottom line adjustment of £3,750. This was not a repeat issue from the previous year. 	-£3,750
2	<p>Housing and Council Tax Benefit Scheme</p> <ul style="list-style-type: none"> The grant was qualified following the results of our initial sample testing. Our testing highlighted one case where the claimant was in receipt of state pension, receiving the basic and add-on elements. These amounts should be up-rated using different rates, but were not split within the Academy system resulting in both elements being up-rated at the higher of the two rates. The use of this higher rate has the effect of overstating the claimants income and reducing the benefit entitlement calculated. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified did not affect subsidy and was not, therefore, classified as an error for subsidy purposes. The software supplier (Academy) has indicated that the system is currently unable to apply separate up-rating percentages to the different elements of the state pension and there are no immediate plans to develop this capability in future. There were also some amendments made for the misclassification of benefit expenditure between HRA and Non-HRA rent rebates. However, there was no overall impact on the subsidy from these amendments. 	No monetary effect
3	<p>HRA Subsidy</p> <ul style="list-style-type: none"> A minor adjustment of £17 was required to ensure that the return agreed to the supporting working papers and calculations. This was not a repeat issue from the previous year and is not seen to be systematic. 	-£16.88

Our overall fee for the certification of grants and returns has been contained within the original estimate.

The actual fee was £37,973.

Breakdown of certification fees 2011/12



Breakdown of fee by grant/return

	2011/12 (£)	2010/11 (£)
National Non-Domestic Rates Return	4,878	4,886
Pooling of Housing Capital Receipts	1,632	2,693
HRA Base Data Return	0	12,183
Disabled Facilities Grant	0	2,975
Housing and Council Tax Benefit Scheme	27,578	24,575
HRA Subsidy	3,885	3,290
Total fee	37,973	50,602

Our initial estimated fees for certifying 2011/12 grants and returns was £45,000. The actual fee charged was lower than the estimate. The 2011/12 fee represents a 25% reduction from our 2010/11 fee. This is due to the HRA Base Data Return and Disabled Facilities Grant not requiring certification in 2011/12.



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