



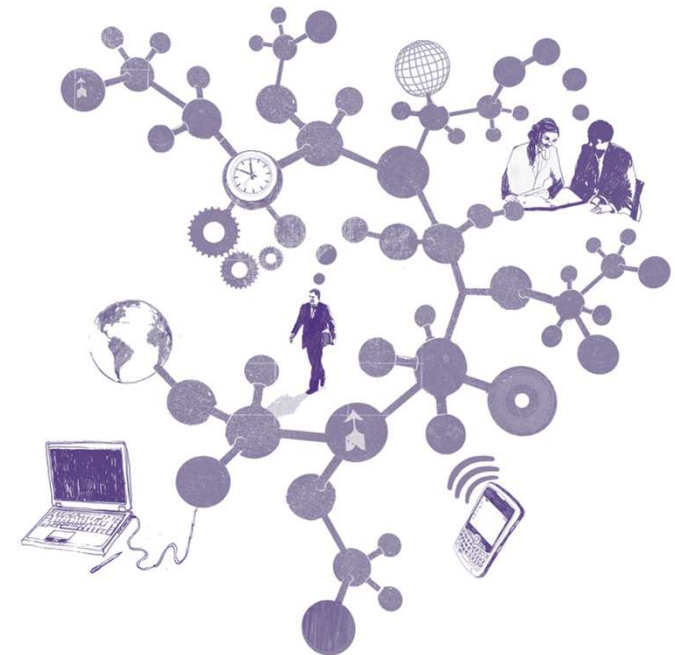
Certification report 2012/13 for Three Rivers District Council

Year ended 31 March 2013

December 2013

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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Three Rivers District Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £59.6million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

| Aspect of certification arrangements | Key Messages | RAG rating |
|---|---|------------|
| Submission & certification | The draft housing & council tax benefit return was submitted to the DWP on 31 May 2013, a month after the draft submission deadline of 30 April 2013. | ● |
| Accuracy of claim forms submitted to the auditor (including amendments & qualifications) | The housing and council tax benefit return was subject to amendment and both returns were submitted with accompanying qualification letters. We have recognised the improvements made by the Council regarding the outcome of the housing benefits audit. | ● |
| Supporting working papers | Improvement is required in the provision of working papers to support all cells contained within the national non domestic rate return. | ● |

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
January 2014

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £55.6 million.

Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

- The draft housing and council tax benefit return was submitted to the DWP a month after the draft submission deadline. The delay resulted in Grant Thornton having to populate the housing benefit analytical review module, which would have been pre-populated by the DWP had the claim been submitted by the draft deadline date.
- The return was subject to amendment with no impact on the overall balance owed to the Council. The claim was subject to qualification due to the benefit granted not fully reconciling to the benefit claimed for rent allowance and council tax benefit resulting in reconciling differences.
- The national non domestic return was qualified on the basis that a supporting listing to substantiate deferral relief totalling £97k could not be provided within timescale to allow the audit of the data and submission of the return within national deadline.
- The issue with submitting a certified return with an accompanying qualification letter is that the central government department may request further work to be performed on the qualification issue at further expense to the Council.

Recommendations for improvement are included in the action plan at Appendix B

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £15,334. However we will be billing £17,334 on the basis that the housing and council tax benefit claim was subject to a qualification, Grant Thornton populated the analytical review tool due to the late submission of the draft return to the department and the working papers supplied with the NNDR claim were of a sub standard quality. This is set out in more detail in Appendix C.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

| Claim or return | Value | Amended? | Amendment (£) | Qualified? | Comments |
|-----------------------------------|--------|----------|---------------|------------|---|
| National Non Domestic Rate Return | £26.0m | N | - | Y | Qualified on basis that a supporting listing for deferral relief totalling £330k could not be provided by submission deadline. |
| Housing & Council Tax Benefit | £29.6m | Y | - | Y | Amended headline cells for council tax and rent allowance expenditure to ensure they agreed to the in year reconciliation cells that resulted in no impact to the balance owed to the Council. Qualified on basis that there were reconciling differences between the reconciliation of benefit granted and benefit claimed. |

Appendix B: Action plan

Priority

High - Significant effect on arrangements

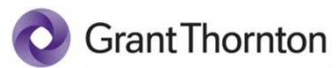
Medium – Some effect on arrangements

Low - Best practice

| Rec No. | Recommendation | Priority | Management response | Implementation date & responsibility |
|---------|--|----------|---------------------|--------------------------------------|
| 1 | The draft housing and council tax benefit claim is submitted in accordance with the DWP timetable. | Medium | | |
| 2 | Supporting working papers are provided for all cells within the National Non Domestic Rate Return. | Medium | | |

Appendix C: Fees

| Claim or return | 2011/12 fee (£) * | 2012/13 indicative fee (£) | 2012/13 actual fee (£) | Variance (£) | Explanation for significant variances |
|------------------------------------|-------------------|----------------------------|------------------------|--------------|---|
| Housing benefits subsidy claim | 21,000 | 13,368 | 15,368 | 2,000 | Increase in fee due to qualification letter being issued and auditors populated the analytical review module. |
| National non-domestic rates return | 4,534 | 2,000 | 2,000 | 0 | The supporting working papers were of a sub-standard quality. |
| Total | 25,534 | 15,334 | 17,334 | 2,000 | |



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