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# Certification of grants and returns 2010/11

Wyre Borough Council

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in connection with this  
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<p><b>Introduction and background</b></p>	<p><b>This report summarises the results of work on the certification of the Council's 2010/11 grant claims and returns.</b></p> <ul style="list-style-type: none"> <li>■ For 2010/11 we certified:             <ul style="list-style-type: none"> <li>– Housing and Council Tax Benefit Claim with a value of £37,843,522.</li> <li>– Disabled Facilities Grant with a value of £612,000.</li> <li>– NNDR return with a value of £20,818,861.</li> </ul> </li> </ul>	<p>-</p>
<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for all grants and returns.</b></p> <ul style="list-style-type: none"> <li>■ We also issued unqualified certificates for all grants and returns audited in 2009/10.</li> </ul>	<p><b>Page 3</b></p>
<p><b>Audit adjustments</b></p>	<p><b>An adjustment was necessary to one of the Council's grants and returns as a result of our certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ The Housing and Council Tax Benefit claim was adjusted by £2,969 as a result of our certification work.</li> <li>■ There were no adjustments to grants or returns in 2009/10.</li> </ul>	<p><b>Pages 3-4</b></p>
<p><b>The Council's arrangements</b></p>	<p><b>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but we have made one recommendation;</b></p> <ul style="list-style-type: none"> <li>■ For the Housing and Council Tax Benefit claim, the Council should follow up the issue with the subsidy system regarding the treatment of uncashed cheques with their software supplier to ensure that it has been fully resolved and does not cause an issue for subsequent audits.</li> </ul>	<p><b>Pages 3-4</b></p>
<p><b>Fees</b></p>	<p><b>Our overall fee for the certification of grants and returns has been contained within the original estimate</b></p> <ul style="list-style-type: none"> <li>■ There was an increase in costs relating to the Housing and Council Tax Benefit claim when compared to 2009/10 due to the error identified above and the additional testing that this required us to perform under the Audit Commission's guidelines.</li> <li>■ There was a small increase on the NNDR claim as additional testing had to be completed in 2010/11 as part of a three year cycle of audit tests, but a saving was made on the DFG claim which partially offset this increase.</li> </ul>	<p><b>Page 5</b></p>

Overall, we certified three grants and returns:

- Two were unqualified with no amendment;
- One was unqualified but required some amendment to the final figures

Detailed below is a summary of the key outcomes from our certification work on the Authority's 2010/11 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 Authority'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 Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing and Council Tax Benefit	1				
Disabled Facilities Grant					
NNDR					
		-	-	1	2

This table summarises the key issues behind the adjustment that was identified on the previous page.

Ref	Summary observations	Amendment
1	<p><b>Housing and Council Tax Benefit claim</b></p> <ul style="list-style-type: none"> <li>■ Uncashed cheques brought forward from 2009/10 had been incorrectly accounted for by the Authority's benefits software. This software error lead to an understatement of the subsidy claimed.</li> <li>■ The risk to the Authority of not addressing the issue going forwards is that future claims could be misstated and an incorrect amount of subsidy could be claimed.</li> <li>■ This recommendation does not relate to any previous recommendation made by KPMG regarding any of the Authority's claims or returns.</li> </ul>	- £2,969

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

### Breakdown of certification fees 2010/11



Breakdown of fee by grant/return		
	2010/11 (£)	2009/10 (£)
Housing and Council Tax Benefit	14,025	11,939
Disabled Facilities Grant	750	1,311
NNDR	3,575	3,409
Coastal Defence Grant – Phase 4b	-	2,148
Coastal Defence Grant – Beach Groyne	-	1,073
<b>Total fee</b>	<b>18,350</b>	<b>19,880</b>

Our initial estimated fees for certifying 2010/11 grants and returns was £20,000. The actual fee charged was lower than that estimate.

- The Housing and Council Tax Benefit claim costs more than last year because of the error identified within the claim which resulted in the need to complete additional testing in line with Audit Commission guidance.
- There was a small increase in costs relating to the NNDR claim. This came about because the audit programme contains two parts, Part A and Part B. Due to the size of the claim Part A only needs to be completed in most years, however every three years Part B must also be completed – this was the case in 2010/11.
- The Disabled Facilities Grant was completed more quickly due to staff continuity from previous years enabling the work to be completed in a shorter period of time.

We have given the recommendation a risk rating and agreed what action management will need to take. We will follow up this recommendation during next year's audit.

**Priority rating for recommendations**

- |  |   |   |
|--|---|---|
| <p><b>1</b> Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p> | <p><b>2</b> Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> | <p><b>3</b> Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|--|---|---|

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and date
<p><b>Uncashed cheques</b></p> <p>The Authority has a technical issue relating to uncashed cheques within the benefits software.</p> <p>We selected a sample of 15 uncashed cheques from 2009/10 to verify that they had been correctly accounted for in 2010/11. We identified nine instances where the cheque had been cashed during 2010/11, but the benefits software incorrectly indicated that the cheque remained uncashed at the end of 2010/11.</p>	<p>An amendment was made to the claim of £2,969.</p> <p>An incorrect level of subsidy could be claimed in future years if the issue with the benefits software remains unresolved.</p>	<p>The Authority should follow up the issue with the recording of uncashed cheques on the benefits system with their software supplier to ensure that it has been fully resolved and does not cause an issue for the 2011/12 claim or audit.</p>	<p><b>2</b></p>	<p>The software provider has subsequently confirmed that there was a bug in the system of which they were unaware which will be corrected in version 6.5.</p> <p>All uncashed cheques will be reviewed in advance of submitting the 2011/12 subsidy claim by WBC officers to ensure that there are no similar issues.</p>	<p>Contact Centre Systems and Project Manager</p> <p>27 February 2012</p>



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