

**To the Chair and Members of the
AUDIT COMMITTEE**

**EXTERNAL AUDITOR (KPMG) CERTIFICATION OF CLAIMS AND ANNUAL
RETURNS – ANNUAL REPORT 2015/16**

EXECUTIVE SUMMARY

1. This report brings the external auditor's – KPMG – report 'Annual Report on Grants and Returns work 2015/16' to the attention of Members of the Council's Audit Committee.
2. The document formally sets out KPMG's certification arrangements, the Council's responsibilities in this area and matters arising from the audit of claims for this period.

EXEMPT REPORT

3. Not applicable.

RECOMMENDATIONS

4. The Audit Committee is asked to consider the report and note its findings.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. These arrangements will contribute towards the Council receiving an unqualified opinion on their 2016/17 accounts and secure good governance and value for money in its use of resources.

BACKGROUND

6. Under section 28 of the Audit Commission Act 1998, KPMG make arrangements for certifying claims and returns in respect of grants or subsidies paid by the Government to local authorities.
7. Processes will continue to be enhanced to ensure that claims and returns comply with conditions set by the grant paying body and that the claims and returns are fully completed and accurate. There were four claims and returns that required audit certification for 2015/16: -
 - a. Housing Benefit Subsidy
 - b. Pooling of Housing Capital Receipts Return
 - c. Employment Based Initial Teacher Training Grant

d. Teachers' Pension Authority EOYCa Return

	2014/15	2015/16
Number of claims and returns certified	4	4
Number of claims and returns which were issued a qualification letter	1 (25%)	1 (25%)
Total cost of certification work	£42,880	£26,603
Decrease in audit fee (year on year)		£16,277 (38%)

8. The Housing Benefit Subsidy claim of £93m was qualified. An error relating to the misclassification of modified schemes resulted in an overpayment of £1k. The claim was adjusted and reported to the Department for Work and Pensions (DWP) in the qualification letter.
9. The report makes a recommendation that "the Council introduce a control within the system to provide a 'sense check' on the Modified Scheme data". As a result, the council have agreed to verify all War Pension Cases for 2017 – letters were sent week commencing 06/02/17 to all claimants to obtain consent. Once returned a breakdown will be requested from the Veterans Agency and each case will be closely monitored to make sure a response is obtained. Up-rating will be done on an on-going basis as to whether just non-standard rates or all should be verified. This will continue to be monitored.

OPTIONS CONSIDERED

10. Not applicable.

REASONS FOR RECOMMENDED OPTION

11. Not applicable.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

12. These are detailed in the table below: -

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The audited Statement of Accounts provides information on all Council priorities incorporating income and expenditure for all Council services.</p> <p>An unqualified audit opinion from KPMG on the financial statements and supporting disclosure notes, together with an unqualified VfM conclusion assists with the positive reputation of the Council and ensures that</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> 	

	<ul style="list-style-type: none"> • <i>Mayoral Priority: Bringing down the cost of living</i> 	strong governance is in place.
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

13. Failure to address issues reported by the auditor could lead to a lower standard of financial control and accountability, potential claw-back of grant and higher external audit fees.

LEGAL IMPLICATIONS

14. The Council must comply with the requirements for audit relating to the submission of grants claims.

FINANCIAL IMPLICATIONS

15. Based on the work carried out, the actual audit certification fee charged for 2015/16 was £26,603. The original indicative fee for these claims and returns in 2015/16 was £27,103 representing a slight decrease of £500.
16. The fee for the same four claims in 2014/15 was £42,880, a decrease of £16,277. The difference is largely due to a decrease in the fee for the Housing Benefit Subsidy claim. These fees are set nationally by the Public Sector Audit Appointments company.

HUMAN RESOURCES IMPLICATIONS

17. There are no specific Human Resources implications related to the contents of this report.

TECHNOLOGY IMPLICATIONS

18. There are no specific Technology implications related to the contents of this report.

EQUALITY IMPLICATIONS

19. This report has no specific equality implications.

CONSULTATION

20. Not applicable.

BACKGROUND PAPERS

21. None.

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