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# Certification of grants and returns 2011/12

Doncaster Metropolitan Borough Council

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	<b>Page</b>
■ Headlines	2
■ Summary of certification work outcomes	3-4
■ Fees	5

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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Paul Lundy, who is the engagement leader to the Authority (telephone 0113 231 3547, e-mail paul.lundy@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

<b>Introduction and background</b>	<p><b>This report summarises the results of work on the certification of the Council's 2011/12 grant claims and returns. The work was done by the Audit Commission as appointed auditor and reported by KPMG.</b></p> <ul style="list-style-type: none"> <li>■ For 2011/12 the following were certified:             <ul style="list-style-type: none"> <li>– Three grants with a total value of £118m; and</li> <li>– Three returns with a total value of £100m.</li> </ul> </li> </ul>	<p>-</p>
<b>Certification results</b>	<p><b>Unqualified certificates were issued for four grants and returns but qualifications were necessary in two cases.</b></p> <ul style="list-style-type: none"> <li>■ The Housing and Council Tax Benefit subsidy was qualified in respect of several issues detailed on page 4. However the estimated scale of the error on the subsidy claimed has reduced compared to last year. The total value of extrapolated error was £40,000 which is very small in the context of the overall claim of £115m.</li> <li>■ The Pooled Housing Capital Receipts return was qualified in respect of claimed administrative costs of housing disposals which are not clearly linked to actual disposals.</li> </ul>	<p><b>Pages 3-4</b></p>
<b>Audit adjustments</b>	<p><b>Adjustments were necessary to three of the Council's grants and returns as a result of certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ The National Non Domestic Rates (NNDR) Return was amended following the discovery of a clerical compilation error which resulted in a £975k reduction in the Council's contribution to the NNDR pool. No adjustments had been made to the NNDR return in the previous two years.</li> <li>■ Smaller adjustments were made to the Employer Based Initial Teacher Training claim (+£54k) and the Housing and Council tax Benefit Subsidy claim (+£1k).</li> </ul>	<p><b>Pages 3-4</b></p>
<b>The Council's arrangements</b>	<p><b>The Council has good arrangements for preparing its grants and returns and supporting our certification work and there are no recommendations for improvement.</b></p>	
<b>Fees</b>	<p><b>The overall fee for the certification of grants and returns has been contained within the original estimate</b></p>	<p><b>Page 5</b></p>

Overall, six grants and returns were certified:

- Two were unqualified with no amendment;
- Two were unqualified but required some amendment to the final figures; and
- Two required a qualification to the 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 certification work or where the audit certificate was qualified.

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 likely that the relevant grant paying body will 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
Housing & Council Tax Benefit Subsidy	1	●		●	
Pooled Housing Capital Receipts Return	2	●			
National Non Domestic Rates Return	3		●		●
Employer Based Initial Teacher Training	4			●	●
Housing Subsidy					●
Teachers Pensions Return					●
		2	1	2	4

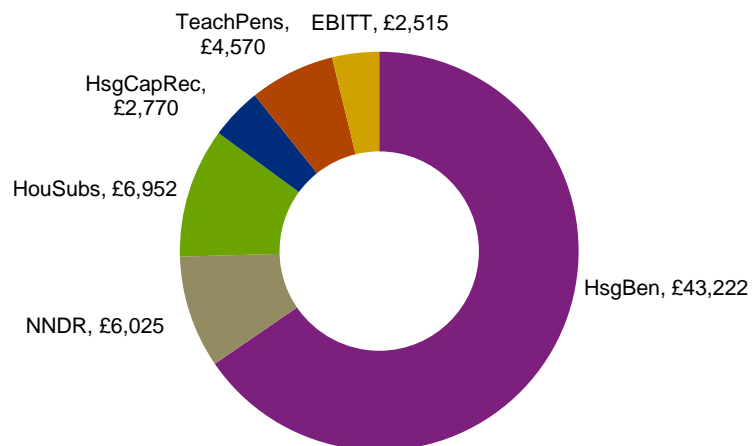
This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p><b>Housing and Council Tax Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>As in previous years the claim was qualified in respect of underpaid and overpaid benefit arising from incorrect assessment of claimant income. However the estimated scale of error on the subsidy claimed has reduced compared to last year. The total value of extrapolated error was £40,000 which is very small in the context of the overall claim of £115m.</li> <li>The claim was qualified for the fact that previous year un-cashed cheques are not recorded in subsidy cell 179S as required by the certification instructions. However the Authority's system correctly adjusts subsidy for un-cashed cheques. So although claim compilation does not strictly comply with the certification instructions, no corrective action is required.</li> <li>In accordance with Audit Commission and DWP guidance the claim was qualified for the first time in 2011-12 in respect of underpaid benefit arising from i) incorrect benefit start date and ii) failure to record a rent increase. Additional testing did not identify any further errors.</li> <li>The claim was amended by £1k in respect of a number of small, isolated errors.</li> </ul>	+ £1k
2	<p><b>Pooled Housing Capital Receipts Return</b></p> <ul style="list-style-type: none"> <li>The return was qualified because the Council did not provide evidence that the estimated administrative costs of housing disposals are linked to actual disposals.</li> <li>This is the fourth year that the return has been qualified for this issue. Officers have decided to accept the repeated qualification (and hence the risk of possible reclaim of grant income) rather than introduce procedures to provide the evidence. Officers assert that it would be too costly to introduce new procedures to split the total cost of the disposals team between successful and unsuccessful Right To Buy applications. We understand that officers have communicated with the Department for Communities and Local Government on this issue.</li> </ul>	-
3	<p><b>National Non Domestic Rates Return</b></p> <ul style="list-style-type: none"> <li>Officers amended the return in respect of an error found in the spreadsheet supporting the calculation of losses on collection. The effect of this error was to overstate the contribution to the pool by £975k. The error arose for the first time in 2011-12 and did not affect previous years.</li> </ul>	- £975k
4	<p><b>Employer Based Initial Teacher Training</b></p> <ul style="list-style-type: none"> <li>The claim was amended for a £54k understatement of income accrued for the year. This error had not arisen in previous years.</li> </ul>	+ £54k

## Fees

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

**Breakdown of certification fees 2011/12**



**Breakdown of fee by grant/return**

	2011/12 (£)	2010/11 (£)
Housing & Council Tax Benefit Subsidy	43,222	50,555
National Non-domestic Rate return	6,025	3,737
Housing Subsidy	6,952	8,510
Pooled Housing Capital Receipts Return	2,770	2,303
Teachers Pensions Return	4,570	6,842
Employer Based Initial Teacher Training grant	2,515	4,010
<b>Total fee</b>	<b>66,054</b>	<b>75,957</b>

The initial estimated fees for certifying 2011/12 grants and returns was £125,000 which was broadly consistent with the £122,548 total fee charged for grant certification work in 2010-11. The main reason for the fees being significantly less than the original estimate was that during the year the number of grants subject to auditor certification was reduced from twelve to six.

Fees charged for the Pooling of Housing Capital Receipts return and the National Non Domestic Rates return increased between 2010-11 and 2011-12 in accordance with the Audit Commission's guidance that all claims should have more extensive part B testing carried out once every three years.



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