



# Doncaster Council

## Report

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**Date: 5<sup>th</sup> April 2018**

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

### **EXTERNAL AUDITOR (KPMG) CERTIFICATION OF CLAIMS AND ANNUAL RETURNS – ANNUAL REPORT 2016/17**

#### **EXECUTIVE SUMMARY**

1. This report brings the external auditor's – KPMG – report 'Annual Report on Grants and Returns work 2016/17' 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 2017/18 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 2016/17: -

- a. Housing Benefit Subsidy
- b. Pooling of Housing Capital Receipts Return
- c. Employment Based Initial Teacher Training Grant
- d. Teachers' Pension Authority EOYCa Return

	2015/16	2016/17
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	£26,603	£34,035
Change in audit fee (year on year)	-£16,277 (-38%)	£7,432 (28%)

8. The Housing Benefit Subsidy claim of £90.8m was qualified. Seven errors were identified, relating to HRA property in Non-HRA cases, incorrect earnings in Non-HRA rent rebates, incorrect earnings in Rent Allowances, incorrect classification of overpayments, ineligible backdated expenditure in rent allowances, extended payments granted in rent allowances when conditions not met and manual adjustment error in rent allowances. Four of the errors were either misclassifications or potential under/overpayments which are reported to the Department for Work and Pensions (DWP) in the qualification letter. No amendments were made to the claim.
9. The report makes two recommendations that, "The Council should provide additional training for their assessors in the calculation of Earned income" and "The Council should provide additional training for their assessors in the assessment as to what was the cause of the overpayment and whether this is reflected correctly in the subsidy claim. The council should consider sample testing the overpayments identified in the subsidy claim". As a result, the council have reminded staff to take extra care entering the relevant data and further guidance has been issued to processing staff when applying a rent increase or decrease. In addition to the steps above, a random 2% checking sample is already carried out and high value payments are separately checked.

## 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
	<b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;	The audited Statement of Accounts provides information on all Council priorities incorporating

	<ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	income and expenditure for all Council services.
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	<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 strong governance is in place.</p>
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and beyond school</li> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<p><b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	
	<p><b>Connected Council:</b></p> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	

## **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 [Officer Initials SRF Date 14/3/18]**

14. The Council is required to arrange the certification of claims made in respect of various grants. The provision of this report meets that requirement.

## **FINANCIAL IMPLICATIONS [Officer Initials...RI...Date...07.03.18]**

15. The fee for the same four claims in 2015/16 was £26,603, an increase of £7,432. The difference is due to an increase in the fee for the Housing Benefit Subsidy claim. These fees are set nationally by the Public Sector Audit Appointments company.

## **HUMAN RESOURCES IMPLICATIONS [Officer Initials...MLV...Date...08.03.18]**

16. There are no specific HR implications in relation to the contents of this report.

## **TECHNOLOGY IMPLICATIONS [Officer Initials...PW...Date...08.03.18]**

17. There are no technology implications in relation to this report.

## **HEALTH IMPLICATIONS [Officer Initials...RS...Date...08.03.18]**

18. There are no direct health implications in this report.

## **EQUALITY IMPLICATIONS [Officer Initials...RI...Date...07.03.18]**

19. This report has no specific equality implications.

## **CONSULTATION**

20. Not applicable.

## **BACKGROUND PAPERS**

21. None.

## **REPORT AUTHOR & CONTRIBUTORS**

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