

27 January 2016

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

CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014/15

EXECUTIVE SUMMARY

1. This report brings KPMG's report 'Annual Report on Grants and Returns work 2014/15' 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. The report is not exempt.

RECOMMENDATIONS

4. It is recommended that Members of the Audit Committee 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 2015/16 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.

MATTERS ARISING

7. Members should note that through close liaison with KPMG, efforts have been made to improve the preparation of grant claims, taking improvement opportunities highlighted by KPMG into account. This is done to minimise the external audit work required to certify the claims and minimise the respective audit fees.
8. The main area of improvement remains the independent review of claims after compilation and before submission to the auditor.

9. 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 2014/15: -

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

	2013/14	2014/15
Number of claims and returns certified	4	4
Number of claims and returns which were issued a qualification letter	2 (50%)	1 (25%)
Total cost of certification work	£31,929	£42,880
Increase in audit fee (year on year)		£10,951 (34%)

10. The Housing Benefit Subsidy claim of £96m was qualified. An error resulted in an overpayment of £3k. The claim was not adjusted but reported to the Department for Work and Pensions (DWP) in the qualification letter. We have since had confirmation from DWP that the claim has been settled on the unadjusted basis and that no repayment is required.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

11. Not relevant to this report.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 12.

Outcomes	Implications
We will deliver modern value for money services.	Receiving an unqualified opinion on the accounts and a good Value for Money conclusion will show that the Council is delivering effective services and demonstrating good governance arrangements.
We will provide strong leadership and governance, working in partnership.	

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 2014/15 was £42,880. The original indicative fee for these claims and returns in 2014/15 was £41,839 representing a slight increase of £1,041.
16. The fee for the same four claims in 2013/14 was £31,929, an increase of £10,951. The difference is largely 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.

CONSULTATION

17. Not relevant to this report.

BACKGROUND PAPERS

18. None

REPORT AUTHOR & CONTRIBUTORS

Robert Isaac, Finance Manager, Financial Planning & Control
Telephone: 737983
E-mail: robert.isaac@doncaster.gov.uk

Simon Wiles
Director of Finance and Corporate Services