



PUBLIC SECTOR

Certification of grants and returns 2009/10

Wiltshire Council

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AUDIT

Contents

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Headlines

<p>Introduction & background</p>	<p>This report summarises the results of work on the certification of the Council’s 2009/10 grant claims and returns</p> <ul style="list-style-type: none"> For 2009/10 we certified: <ul style="list-style-type: none"> – six grants with a total value of £147m; and – three returns with a total value of £404m. 	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for eight grants and returns, although a qualification was necessary in one case</p> <ul style="list-style-type: none"> An unqualified certificate means we were happy that the Council complied in all significant respects with the terms and conditions of the schemes we reviewed, and prepared claims and returns which were fairly stated (following amendment in a number of cases). A qualification was necessary for the housing benefit & council tax benefit grant claim due our testing identifying a small incidence of underpayments , although this had no impact on the amount of subsidy claimed for the year. 	<p>Pages 3 – 5</p>
<p>Audit adjustments</p>	<p>A number of adjustments were necessary to the Council’s grants and returns as a result of our certification work this year</p> <ul style="list-style-type: none"> Specific details of the adjustments can be found on pages 4 to 5. 	<p>Pages 3 – 5</p>
<p>The Council’s arrangements</p>	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work</p> <ul style="list-style-type: none"> The Council’s co-ordination of the grant and return certifications has been substantially improved from last year, with no particular issues to note for 2009/10. 	<p>-</p>
<p>Fees</p>	<p>Our overall fee for the certification of grants and returns is £87,015</p> <ul style="list-style-type: none"> This is substantially less than our prior year fee of £106,161, reflecting both efficiencies from the Unitary Authority now being in place, and also enhanced co-ordination arrangements within the Council. 	<p>Page 6</p>

Summary of certification work outcomes

Overall, we certified nine grants and returns

- **two were unqualified with no amendment**
- **six were unqualified but required some amendment to the final figures**
- **one required a qualification to our audit certificate**

Detailed comments are provided overleaf

Detailed below is a summary of the key outcomes from our certification work on the Council’s 2009/10 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 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
	1	●		●	
	2		●		●
	3			●	●
	4			●	●
	5			●	●
	6			●	●
	7			●	●
					●
					●
	Total	1	1	6	8

Summary of certification work outcomes (continued)

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>Housing benefit & council tax benefit</p> <ul style="list-style-type: none"> The audit of this claim went generally smoothly and there were fewer issues identified through our sample testing than was the case last year for the four demised district councils. As a result of the issues identified through the sample testing across the four hubs a number of amendments were required to the grant claims, with the principal issues being around the classification of benefit payments: <ul style="list-style-type: none"> as non-HRA rather than HRA; as board and lodge rather than licensed accommodation; and overpayments as categories which are eligible for subsidy, rather than 'local authority error' which are not. We also had to qualify our audit certificate because our sample testing identified a small incidence of underpayment. This issue did not lead to any financial impact on the 2009/10 grant claim. 	£(13,424)
2	<p>Pooling of Capital Housing Receipts</p> <ul style="list-style-type: none"> An adjusting figure for net interest that was included in the amended prior year return was also initially duplicated in the current year return in error. This was therefore adjusted in this year's return. 	£(91,007)
3	<p>Sure Start</p> <ul style="list-style-type: none"> One prepaid expense was identified as being included within the claim, and was removed as it was ineligible in the claim for the year. This item will, however, be included in the 2010/11 claim. 	£(44,720)
4	<p>HRA Subsidy Final Data - Salisbury</p> <ul style="list-style-type: none"> The amendment to this claim related to enhancing the calculation methodology for quantifying the average loan balance. The new methodology has been agreed, and will be taken forward in future years. 	£(3,432)
5	<p>HRA Subsidy Base Data Return - Salisbury</p> <ul style="list-style-type: none"> One of the disclosure figures for capital charges was initially included from an incorrect date. 	-

Summary of certification work outcomes (continued)

This table summarises the key issues behind each of the adjustments or qualifications that were identified on page 3.

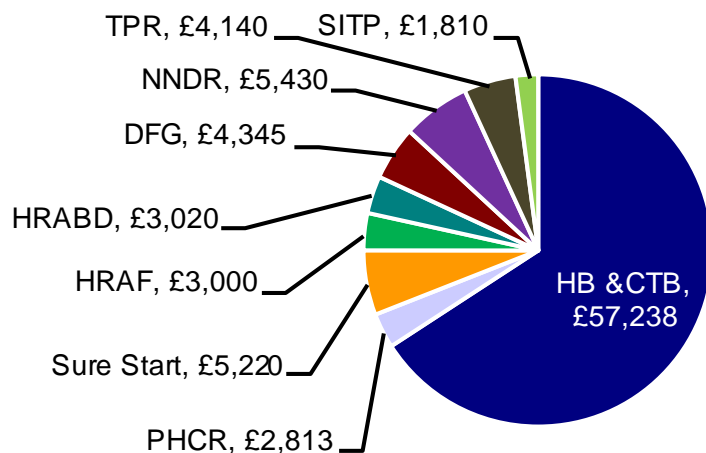
Ref	Summary observations	Amendment
⑥	<p>Disabled Facilities Grant – West Wilts</p> <ul style="list-style-type: none"> ● The ex-service personnel disclosure figures were initially estimated, and have subsequently been amended. ● This has no impact on the value of the claim. 	-
⑦	<p>National Non-Domestics Rates</p> <ul style="list-style-type: none"> ● A number of numerical and transposition errors were identified in our review of this return. These errors resulted from: <ul style="list-style-type: none"> – three reports being run on an incorrect date; – accidental omission of a figure; and – miscalculations in the consolidation across the four hubs. 	£(16,800)

Fees

Our overall fee for the certification of grants and returns is substantially reduced from the prior year, although it is slightly larger than the original estimate

The decrease from the prior year reflects both efficiencies from the Unitary Authority now being in place, and also enhanced co-ordination of the review process

Breakdown of certification fees 2009/10



Breakdown of fee by grant / return	2009/10 (£)	2008/09 (£)
Housing benefit & council tax benefit (HB&CTB)	57,238	79,729
Pooling of Housing Capital Receipts (PHCR)	2,813	1,672
Sure Start	5,220	3,050
HRA Subsidy Final (HRAF)	3,000	3,000
HRA Subsidy Base Data Return (HRABD)	3,020	3,004
Disabled Facilities Grant (DFG)	4,345	2,990
National Non-Domestics Rates (NNDR)	5,430	6,411
Teachers' Pension Returns (TPR)	4,140	4,655
Salisbury Integrated Transport Package (SITP)	1,810	1,650
Total fee	87,015	106,161

Our initial estimated fee for certifying 2009/10 grants and returns was £80,000. The actual fee charged, as above, was slightly higher than that estimate. The main reasons for the fee exceeding the original estimate were:

- the need to estimate the and the overall work required and the levels of efficiencies achievable from having singles grants and returns for Wiltshire Council, and the impact of where multiple systems are still in place (e.g. separate Housing Benefits systems remain in place at each of the four hubs); and
- the work required to see through the required amendments on a number of grants and returns.

The fee charged does, however, represent a substantial saving on the previous year.

Prior year recommendations

We made two recommendations in our 2008/09 Certification of Grants and Returns report. We have detailed the current status of these recommendations below, showing that the Council has taken steps to address the issues raised originally.

Priority rating for recommendations

- | | | |
|--|---|---|
| <p>1 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>2 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>3 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 in prior year	Implication	Recommendation last year	Priority	Current Status
<p>Identification of grants & returns</p> <p>Not all grants and returns requiring certification were identified by the Council. In one case, a grant claim was submitted to KPMG just days before the certification deadline.</p>	<p>Late awareness and submission of claims and returns hampers our ability to plan certification work. This in turn may result in certification deadlines being missed, which could mean grant paying bodies withhold payment on account for the particular scheme.</p>	<p>The Council should ensure that it considers thoroughly which grants and returns require certification and notify us on a timely basis, so we can plan our certification work to meet the grant paying departments' deadlines.</p>	<p>2</p>	<p>This point was appropriately addressed in 2009/10 - all grants and returns requiring certification were identified and submitted to KPMG on a timely basis.</p>
<p>Grants co-ordination</p> <p>In a number of cases our certification work was affected by Council staff either not being aware of scheduled visits by KPMG, or not being prepared for them.</p>	<p>If Council staff are not prepared for our review, it may take longer than necessary and result in additional fees being charged to the Council. This can often be addressed by the introduction of a central grants co-ordinator, to support other staff and ensure they are prepared.</p>	<p>Establish a central grants co-ordinator role to ensure all grants and returns requiring certification are identified, and to support the preparation and certification processes.</p>	<p>2</p>	<p>This point was appropriately addressed in 2009/10 – all grant and return reviews were co-ordinated with Kathleen Elsdon, and no similar issues were encountered this year.</p>