

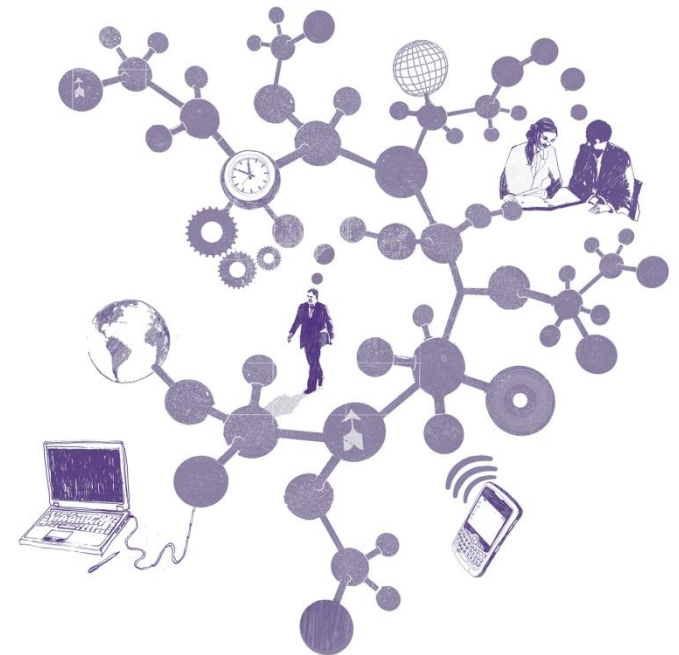
Certification Report 2014/15 for Croydon Council

Year ended 31 March 2015

February 2016

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Summary of findings

Introduction

We are required to certify certain claims and returns you submit. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm your entitlement to funding.

We have certified one claim, the Housing Benefit subsidy, under the Audit Commission contract for the financial year 2014/15 relating to subsidy of £261.8 million.

We have also undertaken certification of claims outside of the Public Sector Audit Appointments (formerly the Audit Commission) contract for three central government bodies, relating to the pooling of housing capital receipts, teachers pension and GLA compliance audit. We have reported the findings against these grants separately.

This report summarises our overall assessment of your management arrangements in respect of the certification process and draws attention to significant matters identified.

Approach and context to certification

Arrangements for certification are prescribed by the Public Sector Audit Appointments which agrees the scope of the work with the Department of Work and Pensions and issues auditors with a Certification Instruction (CI) for the claim.

For grants required by other Central Government bodies, we follow the guidance requirements set out by the grant awarding body and following our own testing methodology dependent on the level of assurance required.

No material errors have been identified in any of the grants claims undertaken outside of the Public Sector Audit Appointments contract.

Key messages

A summary of claims and returns subject to certification (under the Audit Commission contract) is provided at Appendix A. The key messages from our certification work are summarised in the table below.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	The claim was submitted for audit on time, however, due to the significant issue identified in relation to manual adjustments, the certification deadline for the Housing Benefit subsidy return was not met and was signed on 18 December 2015.	● Amber
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Housing Benefit Subsidy return was subject to qualification and amendment with a similar number of the errors identified compared to the prior year. Manual adjustments were applied to the claim but were unsupported, the amendment required reduced subsidy by around £2m.	● Amber
Supporting working papers	Working papers in relation to the manual adjustments were unsupported. This resulted in additional work to review amendments made and has resulted in a reduction in subsidy of around £2m. For other aspects in relation to detailed claim documentation, working papers were adequate and provided in a timely manner to support each type of claim.	● Amber

Certification fees

The indicative certification fee for your was set by the Audit Commission for 2014/15, based on final 2012/13 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. The indicative fee for certification of housing benefit subsidy claim compared to the 2013/14 indicative fee was reduced to reflect the changes to the scheme compared to the base year.

Your indicative certification fee for 2014/15 was £34,340 (£33,192 for 2013/14), and we have reflected this as the final fee for 2014/15.

Our fees for the three additional grant certifications undertaken this year was £13,700.

The way forward

Errors continue to be identified in relation to data input and expenditure classification on the subsidy claim form. We set out recommendation to address this at Appendix B.

Implementation of the agreed recommendation will assist you in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank your officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
February 2016

Appendix A: Details of claims and returns certified for 2014/15

Public Sector Audit Appointments required claims

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	£261,814,540	Yes	£1,961,209 reduction in subsidy claimed	Yes	<p>The certification work identified an issue in relation to manual adjustments to the claim form. Officers could not support the methodology used to reach the adjustments and there was a lack of adequate understanding and review over the claim compilation process. This was the result of significant changes to the housing benefit team in 2014/15. This resulted in further substantial adjustments to the claim to remove unsupported manual adjustments and has reduced the subsidy claimed by £2m. Revised process have been put in place (see Appendix B) to address the issues identified.</p> <p>The work also identified a number of errors in the claim which could not be quantified, even following additional testing, and the claim was qualified on this basis. Errors identified were in respect of data input issues relating to state retirement pension and child care costs. In addition, classification errors were identified in relation to non-HRA rent rebates (payments above the cap and detailed cell classification) and rent allowances overpayments.</p>

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Ensure the process to compile the housing benefit subsidy claim is clearly documented. Ensure there is scope for appropriate internal review and all manual adjustments are clearly supported and have been reviewed at the claim level before being applied.	High	The process to compile the Housing Benefit subsidy claim is now clearly documented. This documentation includes clearly defined scope for internal review, as well as clear timelines and responsibility lines within the Council. The process contains a review of all manual adjustments at a claim level before they are included within the subsidy calculation claim.	Catherine Black Benefits and Corporate Debt Manager Completed December 2015



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