



**City of Westminster**

# Audit and Performance Committee Report

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| <b>Decision Maker:</b>    | Audit and Performance Committee                                     |
| <b>Date:</b>              | 4 February 2014   |
| <b>Classification:</b>    | General Release   |
| <b>Title:</b>             | KPMG Certification of Claims and Returns Annual Audit 2012/13       |
| <b>Financial Summary:</b> | There are no direct financial implications arising from the report. |
| <b>Report of:</b>         | <b>Head of Shared Service Centre</b>                                |

## **1. Executive Summary**

- 1.1 KPMG annually reviews the grants the City Council claims through a grants certification audit. KPMG require the City Council to communicate the key messages from our grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The KPMG report in relation to the financial year 2012/13 is shown at Appendix A.
- 1.3 There are no recommendations that KPMG wish to raise for Members consideration

## **2. Recommendation**

- 2.1 That the Committee notes the report.

### **3. Background**

- 3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and the timescales set by central government.
- 3.2 KPMG annually reviews the grants the City Council claims through a grants certification audit. KPMG require the City Council to communicate the key messages from our grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 3.3 There were 4 claims / returns audited by KPMG in relation to the 2012/13 financial year:
- Housing and Council Tax Benefit subsidy
  - Pooling of Housing Capital Receipts
  - National Non-Domestic Rates return
  - Teachers Pension return

### **4. Report Findings**

- 4.1 KPMG have made no recommendations in this year's report (Appendix A) . This compares with 3 recommendations for 2010/11 and one for 2011/12. This improvement is primarily due to the appointment of an officer to act as the Council's Grants Claim Co-ordinator.
- 4.2 The report makes the following positive comments regarding the Councils grant arrangements:-
- (i) The auditor's testing "did not identify any significant system issues or non-compliance with grant scheme requirements that need to be addressed"
- (ii) "There were fewer amendments to claims and returns in 2012/13, compared to the prior year".
- (iii) "The number of errors identified in this year's testing of the Benefit subsidy return has decreased compared to the prior year"
- 4.3 It is however recognised that the Council's performance could have been better, namely:
- a) The subsidy classification of the Council's Council Tax Benefit overpayments could have been better. However this will not be an issue for 2013-14 due to the replacement of the Council Tax Benefit

scheme with the Council's locally determined Council Tax Reduction (Support) scheme with effect from 1 April 2013.

- b) There were several issues with the Teachers Pension return.
  - i) The previous year version of the form was originally submitted, this apparently was common error at a number of other authorities.
  - ii) Some of the figures needed to be amended after the original submission and the commencement of the audit. This was primarily due to the first year using the Tiered Contributions which proved more difficult to manage than in previous years, particularly around backdated pay changes, but the discrepancies were picked-up by the Council's Grants Claim Co-ordinator. The Council's HR provider and the Council's HR service aim to have an earlier deadline next year to ensure that the data is correct before submission to the audit.

## **5. Financial Implications**

- 5.1 It is important that grant claims requirements are complied with, as they affect funding sources and funding assumptions in the City Council's business plans.
- 5.2 KMPG did not adjust any of the Council's four claims / returns.
- 5.3 The Housing Benefit and Council Tax Benefit Claim qualification letter will be reviewed by the Department for Work and Pensions (DWP). The DWP could ask the City Council to undertake further work or could make an adjustment to the claim based on an extrapolation. If the DWP took the later route the adjustment would equate to around £43K (0.016%) of the overall claim. This compares with a DWP adjustment of £14K in relation to the 2011/12 claim.
- 5.4 The overall fee for certification of the Council's claims and returns is less than the indicative fee estimate. (See Appendix A.)

## **6. Legal Implications**

- 6.1 There are no direct legal implications arising from this report.

**BACKGROUND PAPERS: None**

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