



cutting through complexity™

Certification of grants and returns 2012/13

City of Westminster Council

December 2013



**The contacts at KPMG
in connection with this
report are:**

Andy Sayers
Partner

Tel: 0207 694 8981
andrew.sayers@kpmg.co.uk

Sally-Anne Eldridge
Senior Manager

Tel: 0207 311 2146
sally-anne.eldridge@kpmg.co.uk

Grant Slessor
Manager

Tel: 0207 311 3849
grant.slessor@kpmg.co.uk

	Page
■ Headlines	2
■ Summary of certification work outcomes	3
■ Fees	5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andy Sayers, who is the engagement lead to the Authority (telephone 0207 694 8981, e-mail andrew.sayers@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> For 2012/13 we certified four claims and returns with a total value of £1,924,690,235. 	<p>-</p>
Certification results	<p>We issued unqualified certificates for three grants and returns but a qualification was necessary in one case.</p> <ul style="list-style-type: none"> A qualification letter was agreed with the Council, extrapolating and reporting on the errors found on the Housing and Council Tax Benefit scheme claim. No amendments were made to the claim for the errors identified. This claim was also subject to qualification in 2011/12, however the number of errors identified in this year's testing has decreased compared to the prior year. 	<p>Pages 3 – 4</p>
Audit adjustments	<p>The Council made amendments to one of its claims and returns after it was submitted to audit for certification.</p> <ul style="list-style-type: none"> The Teacher's Pension Return was originally submitted for audit using an incorrect form. When it was re-submitted it was late and had missed the audit submission deadline and a few figures had been changed. We understand that the delays were caused by difficulties in getting data from the external payroll providers used by some of the schools. There were fewer amendments to claims and returns in 2012/13, compared to the prior year. 	<p>Pages 3 – 4</p>
The Council's arrangements	<p>The Council has good arrangements for preparing its grants and returns and supporting our certification work.</p> <ul style="list-style-type: none"> Last year we commented that the Council had good arrangements in place for the larger claims including the Housing and Council Tax Benefit claim and the National Non-Domestic Rates return but that improvement could be made on the smaller claims. Our testing this year did not identify any significant system issues or non-compliance with grant scheme requirements that need to be addressed. 	<p>Pages 3 – 4</p>
Fees	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £45,800. Our actual fee for the certification of grants and returns was £40,506.</p> <ul style="list-style-type: none"> This compares to a fee in 2011/12 of £83,583. The reduction is due to three factors: a reduction in the number of claims requiring certification; it being possible to place reliance on the control environment for three claims and therefore completing less detailed testing; and changes to the Audit Commission's fee regime. 	<p>Page 5</p>

Overall, we certified four grants and returns:

- Three were unqualified with no amendment.
- 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 2012/13 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.

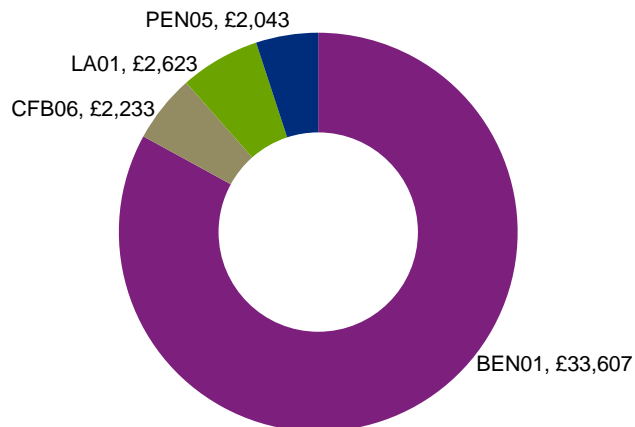
	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	1	1	0	0	0
Pooling of Housing Capital Receipts		0	0	0	1
National Non Domestic Rates return		0	0	0	1
Teachers' Pensions return		0	0	0	1
		1	0	0	3

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 and Council Tax Benefit</p> <ul style="list-style-type: none"> ■ One error was identified across two cells in the initial sample testing of 80 benefit cases. The error related to the misclassification of council tax benefit overpayments. In accordance with the certification instructions agreed with the Department of Work and Pensions (DWP), further sample testing was undertaken on each cell. A further 17 errors were identified in our extended sample testing. ■ As a result of the errors found, a qualification letter was agreed with the Council, extrapolating and reporting on the errors found. No amendments were made to the claim for the errors identified. Similar errors were reported to the Department last year. The number of errors identified has reduced this year compared to the prior year. ■ Our qualification letter also referred to the matching exercise the Council is doing whereby single persons on the Council Tax system are being reconciled with underlying benefits records in order to identify cases where single person discount should potentially be in place. Our testing of the initial 20 Council Tax cases identified four cases where an entitlement to single person discount could apply, but had not been claimed. ■ The Housing and Council Tax Benefits scheme is governed by more complicated regulations than the other claims and returns. A number of these claims nationally are certified subject to qualification. The qualifications relating to the Council are similar to those arising at other London Boroughs. 	

Our overall fee for the certification of grants and returns is less than the original estimate.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
BEN01 – Housing and Council Tax Benefit	33,607	60,832
CFB06 – Pooling of Housing Capital Receipts	2,233	4,802
LA01 – National Non Domestic Rates return	2,623	5,112
PEN05 – Teachers’ Pensions return	2,043	5,619
HOU 01 – HRA subsidy	0	3,391
Planning and reporting	0	3,827
Total fee	40,506	83,583

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £45,800. Based on the actual work we carried out, our estimated fee is lower than the indicative fee. The main reasons for the fee being less than the indicative fee were:

- the indicative fee included an amount for the certification of a Single Programme Regeneration claim (RG 31) that did not require certification in 2012/13;
- under the Audit Commission’s three year cyclical approach, we carried out less detailed testing than in previous years; and
- we identified less errors in the Housing & Council Tax Benefits claim and under the Commission’s HBCOUNT approach, we consequently carried out less detailed testing of benefit cases.

The fee reduction of £5,294 is still subject to confirmation by the Audit Commission, and consequently our fee information is presented as ‘estimated’ rather than final.



cutting through complexity™

© 2013 KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).