



# Certification report 2012/13 for Copeland Borough Council

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**Year ended 31 March 2013**

February 2014

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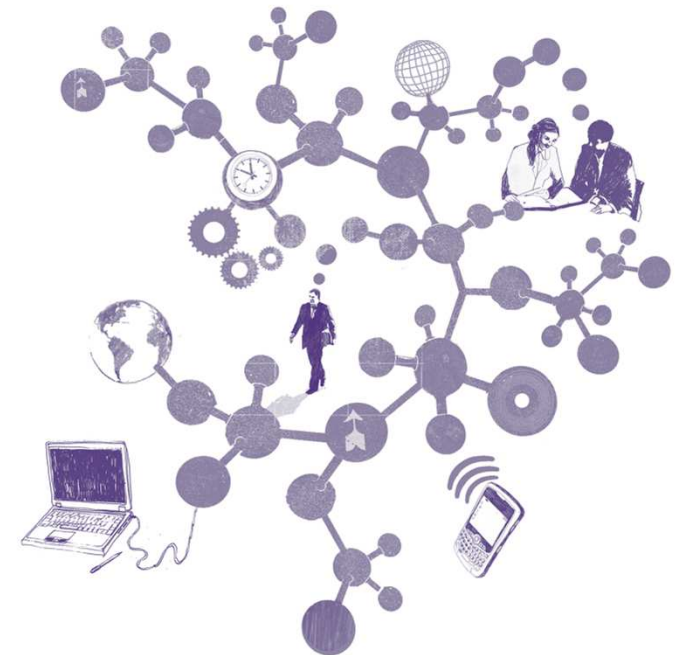
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## Section 1: Executive summary

01. Executive summary

02. Results of our certification work

# Executive summary

## Introduction

We are required to certify certain of the claims and returns submitted by Copeland Borough Council ('the Council'). 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 the Council's entitlement to funding.

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £67.4 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

## Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in September 2013.

## Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	Both claims were submitted on time to Grant Thornton and both were certified within the required deadlines.	●
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	No amendments or qualification letter was required for the National non Domestic Rates Return this year. This is in line with 2011/12. A significant number of errors were identified during testing of the Housing Benefit and Council Tax Benefit claim, although this was in less areas than in 2011/12. These errors resulted in both amendments to the claim and a qualification letter.	●
<b>Supporting working papers</b>	Supporting working papers for both claims were good which enabled certification within the deadlines.	●

## **The way forward**

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B. We have made recommendations to address issues relating to:

- improving the assessments on non-HRA Rent Rebate cases to ensure ineligible deductions are deducted from assessments and that benefit is awarded at the correct rate.
- ensuring that cases with non-dependents are correctly assessed and that benefit is awarded at the correct rate.
- ensuring that the correct amount of War Disablement Pension is input into the assessment so that the split of normal expenditure to modified scheme expenditure is correct and that the benefit awarded to the claimant is at the correct rate.
- ensuring the expenditure relating to modified schemes is valid.

Implementation of the agreed recommendations will assist the Council 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 the Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**  
**February 2014**

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## Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

# Results of our certification work

## Key messages

We have certified 2 claims and returns for the financial year 2012/13 relating to expenditure of £67.4 million.

Details of the certification of all claims and returns are included at Appendix A.

## Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of the Housing Benefit and Council Tax Benefit claim.

Certifying the Housing Benefit and Council Tax Benefit claim involved us testing an initial sample of 50 individual cases for 2012/13 taken from across the four headline cells. Where errors are identified in the initial sample another sample of up to 40 cases must be tested for the error identified. Errors in the initial sample of cases meant we needed to undertake additional testing in three areas.

We issued a qualification letter on the Housing Benefit and Council Tax Benefit claim to the Department for Works and Pensions (DWP) because of errors in the initial sample and to report the outcome of additional testing of individual cases. Additional testing related to Non HRA Rent Rebates, Rent Allowances and Modified Schemes. In addition to the qualification letter we made some amendments to the claim.

The errors identified related to:

- 20 cases (tested all 48 cases in the population) in respect of Non- HRA rent rebates. These included various types of errors, the most common (15 cases) being where ineligible deductions were still included in assessments resulting in the overpayment of benefit.

- For Rent Allowance we identified two types of errors:
  - 6 cases where the Council had not correctly treated non-dependents in the assessments resulting in an incorrect amount of benefit being awarded to claimants. In 5 out of the 6 cases benefit was overpaid
  - 1 case where the rent level had been incorrectly input leading to an underpayment of benefit
- Testing of modified schemes (tested all 33 cases in the population) identified 4 cases where the amount of War Disablement Pension used in the assessments was input incorrectly resulting in a misclassification of expenditure.

Recommendations for improvement are included in the action plan at Appendix B

## Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £22,400. This is set out in more detail in Appendix C.

# Appendices



## Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value of claim submitted for audit (£)	Amended?	Amendment (£)	Value of claim certified (£)	Qualified?	Comments
Housing Benefit and Council Tax Benefit claim	26,751,109	Yes	+63	26,751,172	Yes	Significant number of errors in 2012/13 resulting in additional 40+ testing. Follow up required of issues identified in 2011/12.
National Non-Domestic Rates Return	40,649,842	No	N/A	40,649,842	No	No issues. Reliance placed on control environment in place in 2012/13 allowing us to reduce the level testing required to comply with the Audit Commission's Certification Instruction.
	67,400,951			67,401,014		

## 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	Provide training to benefit assessors undertaking assessments on non-HRA Rent Rebate cases to ensure that ineligible deductions are deducted from assessments so that benefit is awarded at the correct rate.	High	Specific training has been given and a specified officer is dealing with the assessment of cases to ensure consistency and correctness of entitlement awards.	Implemented during 2013/14 Shared Service Partnership Manager / Benefits Manager
2	Ensure that benefits assessors correctly assess cases which include non-dependents so that benefit is awarded at the correct rate.	High	Mandatory training given through inclusion in annual training on income calculation.	April – September 2014 Shared Service Partnership Manager / Benefits Manager
3	Provide training to benefits assessors undertaking assessments with War Disablement Pensions (modified schemes) to ensure the correct amount of pension is input into the assessment. This will ensure that the split of normal expenditure to modified scheme expenditure is correct and that the benefit awarded to the claimant is at the correct rate.	High	Training on income calculation and input has been given and will be refreshed on an annual basis. Appropriate guidance will also be provided due to the review of modified scheme cases as appropriate.	April – September 2014 Shared Service Partnership Manager / Benefits Manager
4	Review all modified schemes to confirm that expenditure to be included in the 2013/14 claim is correctly classified as modified schemes	High	100% Accuracy checks being undertaken, on a phased approach in 2013/14.	March 2014 Performance Manager

## Appendix C: Fees

Claim or return	2011/12 fee (£) *	2012/13 indicative fee (£) **	2012/13 actual fee (£)	Variance (£)	Explanation for significant variances
Housing Benefits and Council Tax Benefit claim	22,199	18,240	18,240	0	No variance to indicative fee as the work undertaken in 2012/13 was comparable to that undertaken in 2010/11, on which the indicative fee was based. The 2012/13 fees is a decrease of £3,959 against the 2011/12 fee. Although significant additional work / testing was required because of the number of errors identified in 2012/13 this was on less areas than in 2011/12. In 2011/12 errors were also identified in Council Tax benefits and with issues with how the change of address (CoA) indicator was used.
National non-domestic rates return	1,248	4,160	1,199 ***	(2,961)	The actual fee is £2,961 less than the indicative fee for 2012/13. This is due to the fact that the indicative fee is based on the level of work undertaken in 2010/11. In 2010/11 detailed testing had to be done on the claim as the auditor was not able to rely on the Council's control environment. However, in 2012/13 reliance was placed on the Council's control environment allowing us to reduce the level testing required and therefore reduce the fee. Work undertaken in 2012/13 was comparable to that undertaken in 2011/12.
<b>Total</b>	23,447	22,400	19,439	(2,961)	

- 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.
- \*\* 2012/13 indicative fee was set by the Audit Commission based on 2010/11 actual certification fees for the Council less the 40% reduction.
- \*\*\* Reduction in grant fee is still subject to confirmation by the Audit Commission.



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