

<p><b>AUDIT COMMITTEE</b> DATE: 19 February 2014</p>	
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<b>Subject Heading:</b>	<b>2012/2013 AUDIT REPORT OF GRANT CLAIMS AND RETURNS</b>
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<b>Policy context:</b>	The Audit Committee are required to review the outcome of the Authority's grant claims process for audited grant claims relating to the financial year 2012/2013.
<b>Financial summary:</b>	No direct financial implications to report.

**The subject matter of this report deals with the following Council Objectives**

Clean, safe and green borough	□
Excellence in education and learning	□
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

**SUMMARY**

The 2012/2013 audit process was completed by the Audit Commission's representative, PricewaterhouseCoopers.

This report updates the Committee of the position regarding the final version of the 2012/2013 audit report of grant claims and returns and subsequent Action Plan for the 2013/2014 process.

The 2013/2014 Action Plan can be found at Appendix 1. The 2012/2013 Action Plan and progress made can be found at Appendix 2 and the certification report from PricewaterhouseCoopers can be found at Appendix 3.

## RECOMMENDATIONS

The Committee is recommended to:

1. review the outcomes of the 2012/2013 grant claims process
2. raise any issues of concern with officers on specific grant claims
3. note the year-on-year grant claims performance, and
4. otherwise note the report.

## REPORT DETAIL

### **Overall summary of the 2012/2013 audited grant claims compared to 2011/2012.**

#### **1. Performance**

- 1.1 Grant Funding Body conditions and guidelines determine whether a grant requires external audit. The Audit Commission publishes an index of grants over £125k that require audit annually. Most Specific Grants are subject to Chief Finance Officer Certification only.

In 2012/13 here were 4 grants over £125k that required audit certification, compared to 6 in 2011/2012.

- 1.2 All 4 claims due for 2012/2013 have now been certified.

- 1.3 There was 1 (25%) amended claim for 2012/2013, compared to 3 (50%) amended in 2011/2012.

- 1.4 2 (50%) claims were qualified for 2012/2013, compared to 1 qualified in 2011/2012 (17%).

The qualified grant claims are:

BEN01 – Housing and Council Tax Benefits Scheme. This grant was not subject to a qualification in 2011/12.

LA01 – National Non Domestic Rates Return. (NNDR). This grant was not subject to a qualification in previous years.

The agreed recommendations regarding the above can be found in the 2013/2014 Action Plan (see Appendix 1).

- 1.5 Of the 4 claims audited only 3 claims (75%) for 2012/2013 achieved their Audit Commission certification deadlines. The LA01 National Non Domestic Rates Return was submitted late to the Audit Commission by PricewaterhouseCoopers. All 6 claims (100%) met their Audit Commission deadlines for 2011/2012.

	2011/2012		2012/2013	
	No.	%	No.	%
Submitted by due date	6	100	4	100
<b>Total claims</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>

Amended claims	3	50	1	25
Claims not amended	3	50	3	75
<b>Total claims</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>

Qualified claims	1	17	2	50
Unqualified claims	5	83	2	50
<b>Total claims</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>

Certified by deadline	6	100	3	75
Uncertified by deadline	0	0	1	25
<b>Total claims</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>

## 2. Recommendations

- 2.1 PricewaterhouseCoopers identified 3 recommendations to address in the 2012/2013 Action Plan. All 3 recommendations were implemented during 2013/2014. (see Appendix 2)

- 2.2 The 2013/2014 Recommendations/Action Plan is attached as Appendix 1 and contains 4 issues identified during the 2012/2013 audit process for implementation during 2013/2014.

### 3. Audit Fees

3.1 The following table records audit fees paid each year:

Paid in 2010/2011 re 2009/2010 audits	Paid in 2011/2012 re 2010/2011 audits	Paid in 20112/2013 re 2011/2012 audits	Prosed fees to be Paid in 2013/14 re 2012/13
£81,000	£77,000	£67,105	£43,025
No of Claims Audited 10	No of Claims Audited 10	No of Claims Audited 6	No of Claims Audited 4

The audit fee for the 4 grants subject to audit for 2012/13 is £43,025. The audit fee for the same 4 grants audited for 2011/12 was £56,320. This shows a decrease of 24% in costs.

3.2 PricewaterhouseCoopers have been the Council's appointed auditor for grant claims since 2008/2009. The number of grants requiring audit for 2012/2013 decreased by 33% to 4. The total audit fees decreased by 36% however the total cost is within the 2012/13 grants audit fees budget.

The LA01- NNDR grant audit incurred additional audit fees due to additional work required in relation to the testing of empty property relief and debt write offs.

The PEN05 – Teachers Pensions audit was subject to additional audit fees due to the extra testing required since the implementation in 2012/13 of the tiered contribution rates system. This has increased the complexity of the preparation and certification of the return.

The good standard of working papers continues to contribute to the grants audit process.

3.2 The annual Audit Commission index for 2013/2014 has not yet been received although it is anticipated that 4 grants shall require Audit Commission certification for the period.

3.4. In Year Achievements

- During 2012/2013 both service and finance staff are being supported by one to one grants training upon request.

### 3.5. Future Planned Developments

- A grants workshop is due to take place in March 2014 which will be delivered prior to the start of the 2013/2014 grants and audit process.

## IMPLICATIONS AND RISKS

### **Financial Implications and risks:**

For 2012/2013 specific grant claims that require External Audit provided £188m in funding for the Council and poor performance in submitting claims puts income at risk and can affect the Council's reputation with funding bodies. Additional audit fees may also be incurred where working papers or procedures fail to meet the required standards.

Qualified claims may lead to the Council having to repay grant income and delays leading to late certification of claims can result in the suspension of grant income.

These outcomes are mitigated by having in place, a robust system of training, support and review. This ensures that all grant claims are robustly examined before submission and that any queries are taken back through a consistent route.

### **Legal implications and risks**

There are no Legal implications or risks arising directly from this report.

### **Human Resources implications and risks**

There are no HR implications or risks arising directly from this report.

### **Equalities and Social Inclusion implications**

There are no Equalities and Social Inclusion implications arising directly from this report.

## BACKGROUND PAPERS