



KPMG LLP

15 Canada Square
Canary Wharf
London E14 5GL
United Kingdom

Tel +44 (0) 20 7311 2184
Fax +44 (0) 20 7311 3311
DX 157460 Canary Wharf 5
Name.stephen.lucas@kpmg.co.uk

Ian O'Donnell
Executive Director of Corporate
Resources
Perceval House
14-16 Uxbridge Road
Ealing
London W5 2HL

Our ref

18 December 2014

Dear Ian

Certification of claims and returns - annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client under the Audit Committee regime. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims and returns:

Claim/return	Certified value (£)
BEN01 – Housing Benefit subsidy claim	274,291,426
CFB06 – Pooling of Housing Capital Receipts return	11,862,818
Total	286,154,244

Matters arising

Our certification work did not identify any issues or errors with the Pooling of Housing Capital Receipts return on which we issued an unqualified certificate with no amendments made to the return.

For the Housing Benefit subsidy claim, there was a decrease on the number of errors identified with only three errors in the initial 60 cases tested compared to 17 from the similar cases selected in 2012/13. These errors related to:

- Two cases where the amount of benefit awarded had been incorrectly included in the wrong cells in the claim form due to it being incorrectly classified in relation to a rent cap: and
- An incorrect calculation for a housing benefit overpayment.

Further testing on these areas or where errors were found in previous years identified further errors that included misclassification between LA error and eligible overpayments and incorrect income figures being used to calculate individual claims.

As a result of our testing we qualified the Housing Benefit Subsidy claim. The total extrapolated error reported in our qualification letter was approximately £300,000 across various cells within the claim. The net effect on the amount received from the department could be an increase of up to £170,000 on a total claim of £274 million.

In our 2012/13 Certification Annual Report we raised three recommendations, one relating to the housing benefit grant claim. We are satisfied that the Council has taken steps to implement this and have improved the accuracy of processing housing benefit claim including classification but needs to continue to build on this.

In addition in the 2012/13 Certification Annual Report there were two recommendation relating to the Teachers' Pension return that is no longer certified under the Audit Commission's regime. We are though auditing this return separately for the Authority and will report our findings to the Audit Committee in our progress report. Full details of our 2012/13 recommendations are included in Appendix 1.

Certification work fees

The Audit Commission set an indicative fee for our certification work of £37,388 for the work required for 2013/14. Our actual fee was the same as the indicative fee, and this compares to the 2012/13 fee for these claims of £34,691. The reason for the increase in the Housing Benefit subsidy claim fee was that in 2012/13 the Authority's staff completed the initial testing on the claim that allowed us to reduce the fee which is partially offset by Council Tax Benefit ceasing on 31 March 2013 and thus was not included in the claim this year.

The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim	36,428	36,428	33,453
CFB06 – Pooling of Housing Capital Receipts	960	960	1,238
Total	37,388	37,388	34,691



Yours sincerely

A handwritten signature in black ink that reads 'Tony Crawley'. The signature is written in a cursive, slightly slanted style.

Tony Crawley
Director



Appendix 1 – Follow up of 2012/13 Certification of Claims and Returns Recommendations

Number	Prior year recommendation	Priority	Status as at November 2014	Management comments
Housing Benefit				
1	Review the controls over the accuracy of information used to calculate housing benefits and the recording of it within the benefit system.	Two	The number of errors identified in 2013/14 reduced significantly which demonstrated the actions put in place by the Authority had had an impact. There are still though errors arising and the Authority should continue to promote training/ carry out spot checks to reduce the error rate further.	<p>Due to the complex nature of Benefits administration the subsidy regime allows for full subsidy, 100% repayment, to the Council on errors it makes which total less than 0.48% of the gross Benefit expenditure. The Council had local authority errors less than this parameter and the additional errors identified during the audit will lead to an increased subsidy payable to the Council of approximately £170K as the total is still less than the 0.48% allowed.</p> <p>The section will continue to review the current controls in place in order to further reduce errors.</p>



Teachers Pension Return				
2	Review new guidance in detail to ensure grants and returns are properly prepared.		This claim is no longer required to be certified under the Audit Commission regime. We are though certifying the claim for the Authority and will report the findings from this work in our progress report to the Audit Committee.	Not applicable
3	Work in conjunction with payroll system provider to enable key data for the teachers' pension return to be extracted. Review the reasons for incorrect pension contributions rates being used and strengthen controls.		This claim is no longer required to be certified under the Audit Commission regime. We are though certifying the claim for the Authority and will report the findings from this work in our progress report to the Audit Committee.	Not applicable

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 Tony Crawley, who is the engagement leader to the Authority (telephone 0116 256 6067, e-mail tony.crawley@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.