



PUBLIC SECTOR

Certification of grants and returns 2009/10

Bury Metropolitan Borough Council

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AUDIT

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Headlines

| | | |
|---|--|---------------------------|
| <p>Introduction & background</p> | <p>This report summarises the results of work on the certification of the Council’s 2009/10 grant claims and returns</p> <ul style="list-style-type: none"> For 2009/10 we certified <ul style="list-style-type: none"> eight grants with a total value of £127m | <p>-</p> |
| <p>Certification results</p> | <p>We issued unqualified certificates for five grants and returns but qualifications were necessary in the following three cases:</p> <ul style="list-style-type: none"> Housing Subsidy Base Data – the process by which the Council carries out surveys of their stock is not in line with the requirements of the Certification Instructions. This is a technical issue and was also raised in 2008/09. General Sure Start – the claim included recharges for sensory support expenditure and nursery provision, however audit evidence could not be obtained to support the calculation of this apportionment of expenditure to the grant. Housing Subsidy – One of the pre-set cells had the wrong figure included. This is due to an error in the brought forward balance resulting from a change to the claim in 2007/08. The claim was qualified on the same issue last year. The Council has contacted DCLG to make them aware of this on numerous occasions but the issue is yet to be resolved. | <p>Pages 3 – 4</p> |
| <p>Audit adjustments</p> | <p>No adjustments were made to the Council’s grants and returns as a result of our certification work this year</p> | <p>Pages 3 – 4</p> |
| <p>Fees</p> | <p>Our overall fee for the certification of grants and returns has been contained within the original estimate of £36,189, at £34,743.</p> | <p>Page 5</p> |
| <p>The Council’s arrangements</p> | <p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but slight improvements are required in some areas.</p> <ul style="list-style-type: none"> The Council should ensure that all expenditure amounts, particularly internal recharges, included within the grant claims can be supported by up to date methodologies. | <p>Page 6</p> |

Summary of certification work outcomes

Overall, we certified 8 grants and returns:

- 5 were unqualified with no amendment
- 3 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 2009/10 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 or the Council did not want to change the claim. 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 |
|---|-------------------|-----------------------|------------------------|------------------|-------------------------|
| NNDR (LA01) | | | | | ● |
| Pooling of Housing Capital Receipts (CFB06) | | | | | ● |
| HRA Subsidy Base Data Return (HOU2) | 1 | ● | | | |
| Disabled Facilities (HOU21) | | | | | ● |
| Housing Benefit (BEN01) | | | | | ● |
| Teachers' Pensions (PEN05) | | | | | ● |
| General Sure Start (EYC02) | 2 | ● | | | |
| Housing Subsidy (HOU1) | 3 | ● | | | |
| Total | | 3 | | | 5 |

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

| Ref | Summary observations |
|-----|---|
| 1 | <p>Housing Subsidy Base Data</p> <ul style="list-style-type: none"> The return was qualified because the Council uses a method of property cloning based on similar archetypal stock upon the advice of external surveyors who implement the system. This is not in-line with the strict requirements of paragraph 28 of the Certification Instruction, which requires a comprehensive survey of the Council's dwellings. DCLG have, however, accepted that this is a reasonable approach for the Council to take and will not be taking any further action, as the Council surveys a large proportion of the dwellings. This claim was qualified for the same reason in 2008/09. |
| 2 | <p>General Sure Start</p> <ul style="list-style-type: none"> There was a qualification to this claim as the apportioned cost relating to sensory support expenditure is based on a historical calculation, which the Council could not explain the basis of. This matter was discussed at length with the responsible officers, however no audit evidence could be obtained to support this item of expenditure. The claim was subject to a qualification as we were unable to satisfactorily complete our testing as required by the Certification Instruction. |
| 3 | <p>Housing Subsidy</p> <ul style="list-style-type: none"> The return was qualified because the Council identified an error in a cell which is pre-set and cannot be altered by the Council. The Subsidy Capital Financing Requirement for 2008/09 had not been adjusted to take account of the 2007/08 special determination, which is a variation to the terms of the general determination for exceptional circumstances. The error was carried forward in 2009/10 in the opening balance. This qualification is a repeat issue from the previous year, however it should be noted that this is out of the control of the Council. |

Fees

Our overall fee for the certification of grants and returns has been contained within the original estimate.

| Breakdown of fee by grant / return | 2009/10 (£) | 2008/09 (£) |
|-------------------------------------|---------------|---------------|
| NNDR | 2,831 | 4,273 |
| Pooling of Housing Capital Receipts | 1,541 | 2,607 |
| HRA Subsidy Based Data | 4,416 | 5,222 |
| Disabled Facilities | 1,144 | 1,375 |
| Housing Benefit | 12,661 | 11,311 |
| Teachers' Pensions | 3,484 | 3,773 |
| General Sure Start | 5,921 | 2,875 |
| Housing Subsidy | 2,744 | 4,753 |
| Total fee | 34,742 | 36,189 |

Our initial estimated fees for certifying 2009/10 grants and returns was £36,189. Overall the actual fee charged was lower than that estimate.

There were two claims where the fee was higher than that of 2008/09, the main reasons were:

- Additional work being required to address errors in the General Sure Start grant and the issues on that claim that required qualification of the claim; and
- Changes to the certification instructions for the Housing Benefit claim which meant additional testing was required to be performed in order to certify the claim.

Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

- | | | |
|--|---|---|
| <p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p> | <p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> | <p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|--|---|---|

| Issue | Implication | Recommendation | Priority | Comment | Responsible officer & target date |
|---|--|---|-----------------|--|-----------------------------------|
| General Sure Start | | | | | |
| <p>Management Fee</p> <p>The Council had claimed for apportioned expenditure relating to this project.</p> <p>This is based on a historical calculation for which there was no evidence to support the basis of the apportionment.</p> | <p>It may not be possible to recover such costs in future years.</p> <p>The grant claim was qualified in 2009/10 due to the lack of evidence to verify the amount claimed.</p> | <p>The Council should revisit its methodology for allocating support services to the Sure Start claim annually, to ensure that recharges can be fully supported for audit purposes.</p> | <p>2</p> | <p>The Council is currently considering its response to this recommendation.</p> | <p>To be agreed</p> |