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Ryedale District Council

Grant claims and returns 2008/09

Audit Letter

January 2010

Contents

1.	Grant claims and returns certified for 2008/09	2
2.	Adjustments and qualification letters issued	3
3.	Commentary on Housing benefit and council tax claim	4
4.	Observations and recommendations arising from our certification work	6
5.	Closing remarks	8
	Appendix 1: Analysis of certification fees	9

1. Grant claims and returns certified for 2008/09

The following claims and returns have been certified and delivered to the appropriate authorities within the relevant deadlines:

Claim or return	Value of claim	Date received	Date certified	Certification deadline	Adjustments required	Qualification letter issued
Housing benefit and council tax	£11.5m	2/6/09	21/10/09	30/11/09	Yes	No
National non-domestic rates return	n/a	27/7/09	14/9/09	25/9/09	No	No
Disable facilities grant	£192k	6/7/09	10/9/09	30/9/09	Yes	No
Moors project delivery team	£44k	3/7/09	8/9/09	30/9/09	No	No
Revitalise Malton	£177k	3/7/09	8/9/09	30/9/09	No	No

Notes

- All claims with a project lifetime value of over £100,000 require certification by the auditors. The claim for Moors project delivery team had a lifetime value exceeding £100,000 although the 2008-09 claim was only small, therefore an audit was required this year.
- See page 3 for detail of adjustments required and qualification letters issued.
- An analysis of certification fees is shown in Appendix 1 to this letter.

2. Adjustments and qualification letters issued

Adjustments

- The housing benefit and council tax claim required one minor adjustment of £1 to eliminate rounding errors.
- The Disabled facilities grant required two adjustments, but only one affected the value of the claim. The first adjustment was in respect of the prior year carryover which was under-spent by £224 in the current year, hence £224 was found to be repayable by Ryedale DC. A further adjustment to the current year carry forward was found to be required – for 2008-09 the grant rate had changed from 60% to 100%, the grant was fully spent in the year up to the capped amount, and so no further amounts were available to carry forward into 2009-10.

Qualification letters issued

- None issued.

3. Commentary on Housing benefit and council tax claim

Certification approach

- Certification instruction BEN01, issued by the Audit Commission, was followed and using the HB COUNT 2009 instructions, a Modular Approach was used to certify the claim.
- The system parameters specified by the NAO (ie this year's benefit rates and allowances) were agreed to those in use at Ryedale DC - work was performed at a preliminary stage in early June 2009.
- Workbooks supplied by the Audit Commission were used to test a sample of 20 cases (10 new and 10 change of circumstances) for each of the four benefit types (non-HRA rent rebates, rent rebates (not applicable for the Council), rent allowances and council tax benefit). At Ryedale DC we tested a total of 47 cases, reflecting the number of cases in the 3 applicable benefit types. An increased amount of detailed guidance was provided this year by the Audit Commission on how the workbooks were to be completed and this led to increased time required to carry out the case testing and workbook completion.
- The Audit Commission estimate that a full 80 cases should take 26 working days to test via the workbooks. Pro-rated for 47 cases, the estimated time for testing is 15 days and our completion of the workbook testing took 17.5 working days, so compares well to the Audit Commissions guide time.
- A review of the Civica software controls was performed.

Summary of findings

- No additional "40+" testing of a further 40 cases was deemed necessary. No errors were noted in our test cases.
- The Civica software was found to be operating effectively.
- A £1 rounding error amendment was required to the claim form.

3. Commentary on Housing benefit and council tax claim (continued)

Looking forward - 2009/10

At the time of writing this report, there is one change that the Audit Commission has announced. They will "introduce a change requested by the Department for Work and Pensions ("DWP") to the sample selection and testing methodology. For 2009/10, an initial sample of 20 cases will be selected at random from the audit trail supporting the headline cell for each of the four benefit types (non-HRA rent rebates, rent rebates, rent allowances and council tax benefit). A total of up to 80 cases is needed where the authority awards all four benefit types as before, but the sample will not be split between new claims and change of circumstance cases. A case is defined by its case reference number and DWP now requires all transactions in the year in relation to the case to be examined. Depending on the complexity of the cases in the sample, this may increase the number of transactions to be examined in comparison with the 2008/09 approach."

The increase would arise where we have previously tested a 'change of circumstance' case from part way through the year. We would now test it from start to finish for the 2009/10 financial year.

We are also aware that Ryedale DC is planning on changing the benefits software from Civica to Northgate during 2010. Having witnessed a different authority's conversion during 2009, we must stress how important it is to have a project manager for the changeover. In particular, it is important to keep a printout or backup/download of the closing position per the old system prior to conversion and the opening position per the new system after conversion. This should provide a full audit trail and enable the audit of the claim to run smoothly in 2010/11.

We would be happy to share our experiences of conversion to Northgate with you in a separate meeting to help the process run as smoothly as possible.

4. Observations and recommendations arising from our certification work

Disabled facilities grant

- The claim form was incorrectly completed since the change in the rate of grant was not taken into account. The rate of grant increased from 60% to 100%, but was capped at £192,000 for Ryedale DC for 2008/09. This meant that this year's allocation had been fully utilised, using a grant rate of 100%, whereas the claim form had been completed using the 60% rate and an unspent excess had been incorrectly carried forward.
- The changes we notified in a publication sent to local authorities in February 2008 entitled "Disabled Facilities Grant - The package of changes to modernise the programme". Care should be taken to retain and re-read such publications prior to finalising any claims and preparing claim forms.

4. Observations and recommendations arising from our certification work (continued)

Completion of claim forms for Yorkshire Forward Single Programme – “Statement of Grant Expenditure”

The following are general comments regarding the Yorkshire Forward (“YF”) Single Programme which we thought you might find helpful. No errors were found in this respect in Ryedale’s claims.

- It is the total lifetime claim for the project that is relevant when determining whether the audit threshold is breached, not the claim for a particular year. In Table 1 of the claim form, the lower of cells 1.(a) and 1.(b) plus the lower of cells 2.(a) and 2.(b) should be added together for each year of the project.
- Care should be taken when completing the backing schedules of the claim form:
 - a) In Table 1 – the total of column (b) must match column 3 of Schedule 1B.
 - b) In Schedule 1A – column 2 should equal the funding approved in the offer letter or the latest letter of variation.
 - c) In Schedule 1B – column 2 must equal column 7.
- The eligible expenditure defrayed (Table 1 column(b)) should be recorded on a payments basis, not an accruals/invoice basis. Payments made by partners may be included in the last quarter of 2008/09 even if Ryedale DC has not reimbursed the partner by the grant year end (31/3/09). If YF gives instruction that accruals should be included in the claim; confirmation should be sought to ensure that there will be no repercussions at a later date when the claim is certified and a qualification letter is issued due to non-compliance with the Audit Commission certification instructions.

5. Closing remarks

This letter has been discussed and agreed with the Director of Finance of the Council. A copy of the letter will be presented at the meeting of Overview and Scrutiny on 18 February 2010.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the certification work. Our aim is to deliver a high standard of work which makes a positive and practical contribution which supports the Council's own agenda. We recognise the value of your co-operation and support.

Deloitte LLP

Deloitte LLP
Chartered Accountants

12 January 2010

The matters raised in this report are only those that came to our attention during our certification work and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the certification methodologies as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Appendix 1: Analysis of certification fees

Claim or return	2009 £'000	2008 £'000
Housing benefit and council tax	16.1	7.7
National non-domestic rates return	6.4	3.2
Disabled facilities grant	1.1	2.2
Moors project delivery	0.8	1.9
Revitalize Malton	1.0	n/a
Broadband GAP project	n/a	1.5
Total	25.4	16.5

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