



Ryedale District Council

Certification of claims and returns 2009/10

Annual Report

February 2011

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1. Grant claims and returns certified for 2009/10

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

Claim or return	Value of claim/ return	Date received	Date certified	Certification deadline	Adjustments required	Qualification letter issued
Housing and council tax benefit	£13.39m	02/08/10	15/11/10	30/11/10	No	Yes
National non-domestic rates return	£12.99m	23/07/10	16/09/10	24/09/10	Yes	No
Disabled Facilities grant	£196k	06/07/10	17/08/10	29/10/10	No	No

Notes

- All claims with a project lifetime value of over £125,000 require certification by the auditors.
- Section 2 provides details of adjustments required and the qualification letter issued.
- An analysis of certification fees is shown in Appendix 1 to this report.

2. Adjustments and qualification letters issued

The following adjustments have been made prior to certification by the auditors and one qualification letter has been issued.

Adjustments

- The National non-domestic rates return required one minor adjustment of £107 to amend the figure for deferral scheme reductions to match the appropriate underlying records.

Qualification letters issued

- A letter was issued this year for the housing and council tax benefit claim. During our sample testing we noted two cases where benefit had been underpaid as a result of the Authority miscalculating the claimants' average weekly incomes. Specifically, the miscalculation relates to instances where excess tax credit income was recorded in the claims. As required by the certification instructions issued by the Audit Commission, a further 40 cases were tested and no further errors were found. However, since more than one initial error was found, we are unable to confirm that the two errors we found were isolated errors, we are therefore required to report the instances of underpaid benefit to the Department for Work and Pensions. No amendment to this year's claim form is possible since subsidy cannot be claimed where benefit has not been paid. Both cases have since been amended in the benefits system during 2010/11.

3. Commentary on housing and council tax benefit claim

Certification approach

- Certification instruction BEN01, issued by the Audit Commission, was followed and using the HBCOUNT 2010 instructions, a Modular Approach was used to certify the claim.
- The “system parameters” specified by the National Audit Office (ie this year’s benefit rates and allowances) were agreed to those in use at the Authority. This work was performed at a preliminary stage in early June 2010.
- Electronic workbooks supplied by the Audit Commission were used to test a sample of 20 cases for each of the three relevant benefit types (non-HRA rent rebates, rent allowances and council tax benefit) for the Authority. This year the number of cases tested for non-HRA rent rebates was reduced to 6 (2008/09: 7 cases) as a result of the small population for this type of benefit.
- The Audit Commission estimate that a full 80 cases should take 26 working days to test using the workbooks. This year we tested 46 cases and the pro-rated estimated time for testing would be 15 days. Our completion of the initial workbook testing took 13.5 working days, so compares well to the Audit Commission’s guide time.
- A review of the Civica software controls was performed.

Summary of findings

- Our initial testing of 46 cases identified two errors. Both errors related to recording excess tax credit income for each claimant and therefore resulted in underpayment of benefit in both cases. Total underpaid benefit was £397.
- In line with the certification instructions, an additional random sample of 40 cases was tested to determine if further errors with respect to recording tax credits existed. This additional testing is known as “40+” testing. The additional cases were selected at random from a report listing all rent allowance cases which contained working or child tax credit income. This testing focused on the recording of tax credit income. No errors were noted in this additional testing.
- As explained in Section 2 above, a qualification letter has been issued in respect of the two initial errors found.
- The Civica software was found to be operating effectively.

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

Looking forward - 2010/11

At the time of writing this report, there have been no changes announced by the Audit Commission. However, there are usually some minor amendments to the certification instructions each year and we will keep you informed of any significant changes that are announced in the future.

We are also aware that the Authority is changing the benefits software from Civica to Northgate during 2010/11. Having witnessed a different Authority's conversion during 2009, we must stress how important it is to retain access to the Civica benefits system to enable certification next year and to retain a printout or backup/download of the closing position per the Civica system prior to conversion and the opening position per the new Northgate system after conversion. This should provide a full audit trail and enable the audit of the claim to run smoothly in 2010/11.

We recommend that the Northgate system is operational for the start of the new benefits year, i.e. 1 April 2011, so that there is a clean cut-off between the old and the new benefits systems.

4. Observations and recommendations arising from our certification work

Housing and council tax benefit claim

- We acknowledge that tax credits can be a difficult area as amounts can change frequently and claimants can receive numerous revised statements throughout the year. However, although only two errors were found, a training session should be presented to all benefits staff with respect to understanding tax credit statements and recording tax credit income correctly in the benefits system.

National non-domestic rates return

- Although only one minor amendment was made to this return, we recommend that a file is retained containing all supporting records which are used in the compilation of this return. This file should be reviewed by an independent manager within the Authority to ensure all return entries are correct, prior to submission to the auditors for certification. This file should then be retained for use by the auditors during the certification visit.

Capital grants programmes

- In general, as the Regional Development Agencies are wound down, future grant programmes may cease to be part of the Audit Commission's certification framework but may still require auditor certification. In this scenario, we should still be able perform this certification work but the Authority must ensure they receive clear instructions from the grant-paying body with respect to who is required to do the certification and what work needs to be performed. Our experience of non-Audit Commission certification work has shown that the process can be confused and short notice certification requests are common. The Audit Commission has issued "good practice" guidance to grant-paying bodies in November 2010 to help to address this issue.

Follow-up on prior year's recommendations

- In our 2008/09 report we recommended that publications concerning changes to the Disabled Facilities grant claim should be reviewed and retained. No changes to this grant have occurred this year and we have no comments to make in this area.

5. Closing remarks

This report has been discussed and agreed with the Corporate Director (S151) of the Authority. A copy of the report will be presented at the meeting of Overview and Scrutiny on 14 April 2011.

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 Authority's own agenda. We recognise the value of your co-operation and support.

Deloitte LLP

Chartered Accountants

15 February 2011

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	2010 £'000	2009 £'000
Housing and council tax benefit	13.5	16.1
National non-domestic rates return	4.9	6.4
Disabled Facilities grant	1.2	1.1
Moors Project Delivery	-	0.8
Revitalize Malton	-	1.0
Total	19.6	25.4

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