

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**17 January 2014**

**Report of: Strategic Director (Corporate Services)**

**Title: Grant Thornton Certification Work Report 2012-13**

**Ward: Citywide**

**Officer presenting report: Mark Taylor, Service Director, Finance**

**Contact telephone number: 0117 92 22448**

**RECOMMENDATION**

The Audit Committee note, and comment as appropriate, on Grant Thornton's report.

**Summary**

In addition to its audit and inspection responsibilities, Grant Thornton, the Council's external auditor, undertake certification work on grant claims and returns, acting as an agent of the Audit Commission. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency and issues auditors with a Certification Instruction (CI) for each specific claim or return.

The Audit Commission requires auditors to report annually on the results of certification work to those charged with governance, in order to highlight the errors, adjustments and qualifications arising in claims and returns. This report summarises the outcomes of the certification work undertaken for 2012-13.

**Policy**

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant

Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

## **Consultation**

**Internal:** Grant Thornton consulted with Officers of the Council before finalising the report.

**External:** not applicable.

## **1 Introduction**

1.1 Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. As Bristol City's external auditors, Grant Thornton undertakes certification work at the Council, acting as an agent of the Audit Commission.

1.2 Grant Thornton, responsible for the City Council's certification of claims and returns will be attending the Committee, and will be pleased to answer Members' questions.

## **Other Options Considered**

Not applicable.

## **Risk Assessment**

Not as a result of this report.

## **Equalities Impact Assessment**

There are no issues arising from this report.

## **Legal and Resource Implications**

None arising from this report.

## **Appendices:**

Appendix 1: Grant Thornton's Certification Work Report 2012-13

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

**DRAFT**

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.



# Certification report 2012/13 for Bristol City Council

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**Year ended 31 March 2013**

December 2013

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Engagement Lead

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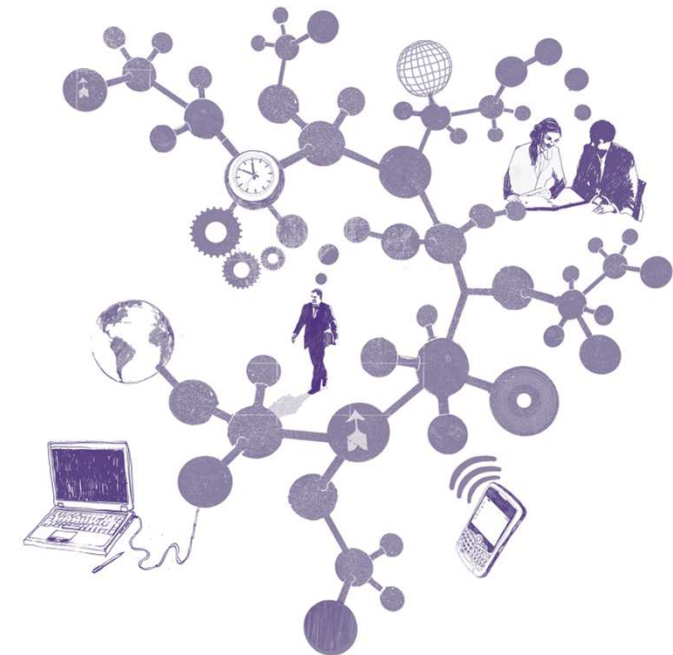
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## Section 1: Executive summary

01. Executive summary

02. Results of our certification work

## Executive summary

### Introduction

We are required to certify certain of the claims and returns submitted by Bristol City Council (the Council). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified four claims and returns for the financial year 2012/13 relating to expenditure of £435.5 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

### Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in May 2013 as part of the audit plan.

### Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	One claim was submitted past the deadline as a result of not properly monitoring the status of the return and whether this had been submitted on time	● (Amber)
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	Of the four claims audited in 2012/13 two were qualified and certified with the requisite qualification report. No amendments were made to any claim either as a result of work undertaken or from the issues highlighted in the qualification reports	● (Amber)
<b>Supporting working papers</b>	Working papers were provided with all claims although numerous requests were made for further information. Failure to maintain accurate records resulted in the non reconciliation of one claim and subsequent qualification	● (Amber)

## **The way forward**

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Testing of Housing and Council Tax Benefit subsidy found that the Risk Based Verification policy had not been approved by Members as detailed within DWP guidance as the Council felt that this was unnecessary. Work undertaken did not find any issues with the application of the policy. No adjustments have been made for cases assessed under RBV.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

## **Acknowledgements**

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**  
**January 2014**



## Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

## Results of our certification work

### Key messages

We have certified four claims and returns for the financial year 2012/13 relating to expenditure of £435.5 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
<b>Total Claims/Return</b>		4		5		
Claims submitted on time	100%	2	50	3	60	↓
Claims certified on time	100%	4	100	5	100	↔
Claims certified with amendment	0%	0	0	2	40	↑
Claims certified with qualification	0%	2	50	1	20	↓

This analysis of performance shows that:

- The number, and percentage, of claims and returns submitted on time to audit has fallen
- The number, and percentage, of claims and returns requiring amendment has improved
- The number, and percentage, of claims and returns certified with qualification has fallen

Details of the certification of all claims and returns are included at Appendix A.

### Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

- Testing of Housing and Council Tax Benefit subsidy found that the Risk Based Verification policy had not been approved by Members as detailed within DWP guidance as the Council felt that this was unnecessary. Work undertaken did not find any issues with the application of the policy. No adjustments have been made for cases assessed under RBV.
- A claim was not provided for audit until the day before the Auditor submissions deadline. The process for monitoring the submission of claims is not centralised and is therefore susceptible to errors and missed deadlines

Recommendations for improvement are included in the action plan at Appendix B

### Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £19,450.

# Appendices

## Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Pooling of Housing Capital receipts	9,051,855	No	-	No	
National Non Domestic rates	195,942,628	No	-	No	
Housing Benefit and Council Tax benefit Subsidy	232,286,534	No	-	Yes	Claim was qualified based on errors within individual cells and also through not getting the Risk Based Verification policy approved by Members.
Teachers' Pension Return	16,204,712.84	No	-	Yes	Submission of claim was late and led to further delays in verification of data that could not be reconciled back to the figures as per the claim form

## Appendix B: Action plan

### Priority

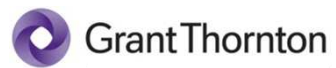
**High** - Significant effect on arrangements

**Medium** – Some effect on arrangements

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Testing of benefit cases found that the Risk Based Verification policy had not been approved by Members in line with DWP guidance. The Authority should review the process by which guidance from grant paying bodies is implemented to ensure grant returns comply fully with the requirements as set out or document any deviations from the guidance.	Medium	Management comments will be verbally discussed at the Audit Committee.	
2	Within the testing of the Housing Benefits claim, there were a high number of failures within the cases tested with an error identified in approximately 10% of all claims tested. Errors are expected but 10% is considered high and the Council should look at ways of improving the quality review process to ensure that the number of error, and therefore amendments to case files, are reduced.	Medium	Management comments will be verbally discussed at the Audit Committee.	
3	All claims are subject to a submission deadline and with a low number of claims it is expected that these will be submitted in line with the respective dates. One was submitted only one day before the Auditor deadline suggesting sufficient checks are not in place. The Council should consider ways of monitoring deadlines to ensure all returns are submitted promptly.	Low	Management comments will be verbally discussed at the Audit Committee.	

# DRAFT



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