

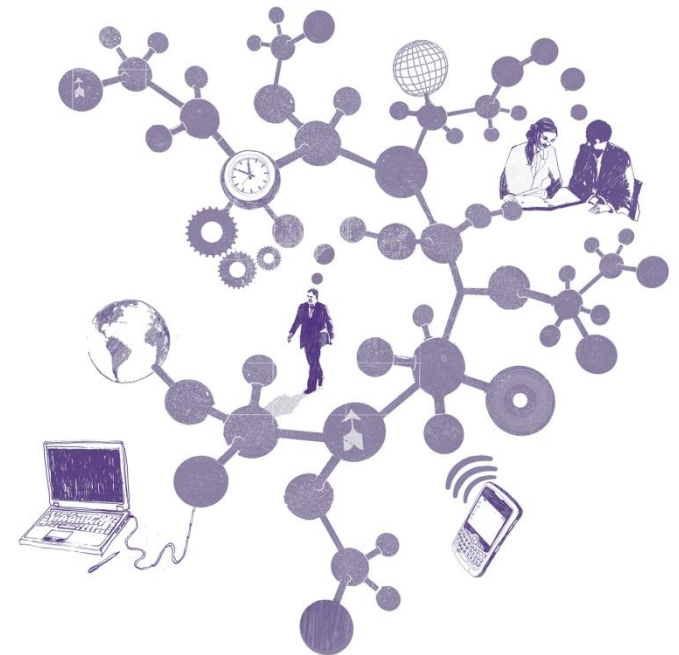
Certification report for North Somerset Council

Year ended 31 March 2014

24 February 2015

Peter Barber
Engagement Lead
T 0117 305 7897
E peter.a.barber@uk.gt.com

Steve Ballard
Executive / In Charge auditor
T 07584 220 135
E steve.j.ballard@uk.gt.com



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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

We are required to certify certain claims and returns submitted by North Somerset 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 two claims for the financial year 2013/14 under the Audit Commission regime, relating to income of £73.2 million, together with one further return outside of the Commission's regime, relating to Teachers Pensions contributions totalling £8.0m.

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 within the Audit Commission regime 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. For certification outside the Audit Commission regime, the arrangements are agreed with the relevant grant paying body.

Our approach to Audit Commission 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 2014.

Key messages

A summary of all claims and returns subject to certification under the Audit Commission regime is provided at Appendix A. The key messages from our certification work are summarised below.

One claim, the Housing Benefits subsidy claim, was not submitted for audit by the due date, although this did not impact on the completion of audit testing. All claims were certified within the required deadline, although the Housing Benefits claim was subject to an extension agreed with the relevant grant paying department.

In common with most other local authorities, we issued a qualification letter on the Housing Benefit Subsidy claim, and made a low value amendment to the claim. The qualification letter related to low value issues.

The other claims certified (the Local Transport Plan claim, and the Teachers Pensions return) were also subject to amendment or qualification. However, again the issues raised all related to low value issues.

There are no significant issues in relation to the certification of these claims that we wish to bring to your attention.

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for North Somerset Council was based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims were reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme.

The indicative certification fee for the Council for 2013/14 was £18,616 – This related to the Housing Benefit subsidy claim. No changes are proposed to the fee for the audit of this claim. However, as noted in our Certification Plan, a fee variation has been raised to include the certification of the Local transport plan: major projects (TRA11) claim, which was not included in the indicative fee. The fee in relation to this claim was £1,901.

The fee for the Teachers' Pension certification was agreed locally with the Council at £4,200.

Our fees are set out in more detail in Appendix B

Acknowledgements

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

Grant Thornton UK LLP
February 2015

Appendices

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Audit Commission regime claims:					
Housing benefit subsidy claim	£66,230,066	Yes	-440	Yes	<p>In common with most other local authorities, we issued a qualification letter on the Housing Benefit Subsidy claim, and made a low value amendment to the claim, due to some benefit being mis-classified between cells on the claim form.</p> <p>The claim was qualified due to the following issues noted in our sample testing:</p> <ul style="list-style-type: none"> • an overpayment of benefit could not be agreed to supporting evidence • an overpayment of benefit was mis-classified between cells on the claim form. <p>These related to low value issues.</p>
Local transport plan: major projects – Weston Package	£6,948,913	Yes	Nil impact on grant entitlement. Grant received on account reduced by £600,000	No	The claim was amended to correct the grant received on account from the Department, which was over-stated by £0.6m. This had no impact on the overall grant entitlement.

Appendix A: Details of claims and returns certified for 2013/14 (Continued)

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Non-Audit Commission returns:					
Teachers Pension return	£7,977,202	Yes	-11	Yes	<p>The return was amended to reflect minor differences from the underlying audit trail. While trivial, we are required by the Teachers Pension Fund to amend all errors identified, where quantifiable.</p> <p>The claim was qualified due to following issues noted on our sample testing:</p> <ul style="list-style-type: none"> We identified a population of teachers which had not been correctly included on the Teachers Pension (TP) employer portal. These related to teacher's in a Vulnerable Learning Centre, a 'virtual' school, where teachers visit pupil's at home. Officers indicate that TP has not recognised the school number assigned by the local authority for this virtual school. Officers have raised this issue with TP, but are awaiting a response. We identified a number of cases where incorrect employer pensions deductions had been made for individuals with maternity pay or statutory sick pay. This issue was also reported in relation to the 2012-13 return. Following the audit of the return in 2012-13, the Council implemented additional checks to ensure that pensions deductions for all staff are in line with the expected percentages before the payroll is finalised and deductions paid over to TP. The Council believes that the errors noted in the current year relate to the period before the errors were identified in the prior year's return.

Appendix B: Fees

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Audit Commission regime:					
Housing benefits subsidy claim	21,470	18,616	18,616	-2,854	No requirement to certify council tax benefit in 2013/14.
Local transport plan: major projects – Weston Package	1,256	Nil	1,901	+645	This claim was not included in the original indicative fee published by the Audit Commission . The increase in the fee reflects additional work undertaken on the claim due to the higher value of transactions over the prior year, and the audit amendment raised. The fee is subject to confirmation by the Audit Commission.
Non-Audit Commission return:					
Teachers Pension return	2,050	Nil	4,200	+2,150	Fee set under revised audit arrangements. Return subject to amendment and qualification.
Total	24,776	18,616	24,717	-59	



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