

# Certification report for North Somerset Council

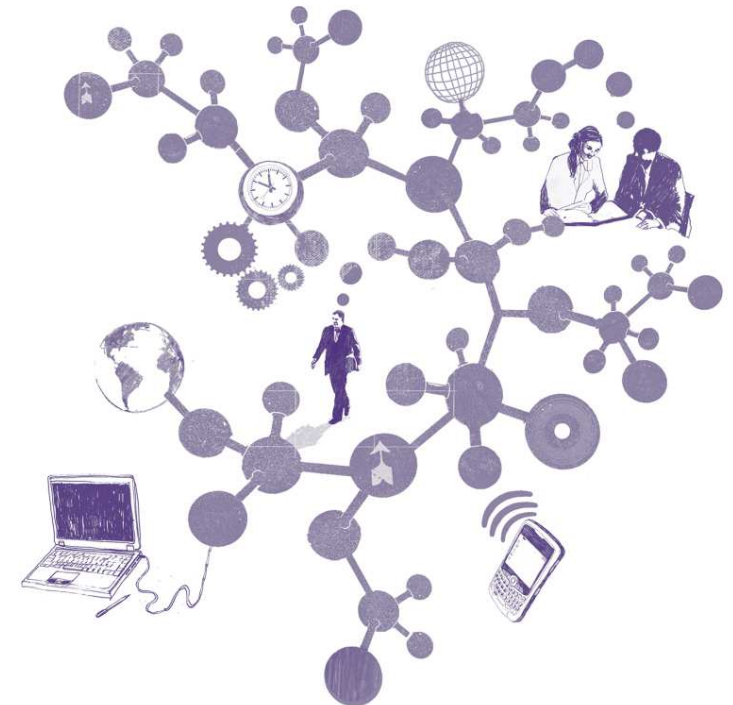
**Year ended 31 March 2015**

December 2015

**Peter Barber**  
Engagement Lead  
T 0117 305 7897  
E [peter.a.barber@uk.gt.com](mailto:peter.a.barber@uk.gt.com)

**Gail Turner-Radcliffe**  
Manager  
T 0292 0347 546  
E [gail.turner-radcliffe@uk.gt.com](mailto:gail.turner-radcliffe@uk.gt.com)

**Steve Ballard**  
Executive / In Charge auditor  
T 07584 220 135  
E [steve.j.ballard@uk.gt.com](mailto: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 one claim for the financial year 2014/15 under the Audit Commission regime, relating to income of £65.1 million, together with one further return outside of the Commission's regime, relating to Teachers Pensions contributions, totalling £8.3 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 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.

## 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.

Both claims were submitted for audit by the due date, and were subsequently certified within the required deadline.

We issued a qualification letter on the Housing Benefit Subsidy claim, and agreed low value amendments to the claim.

We issued a qualification letter on the Teachers Pensions return, and agreed low value amendments to the claim.

There working papers provided at the start of the audits to support the claims and returns were produced to a good standard.

### **Certification fees**

The indicative certification fee set by the Audit Commission for North Somerset Council for 2014/15 was £19,580 – This related to the Housing Benefit subsidy claim. This fee is subject to confirmation by Public Sector Audit Appointments.

The fee for the Teachers' Pension certification was £4,200, and was agreed locally with the Council, based upon the previous year's fees.

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**  
**December 2015**

# Appendices

## Appendix A: Details of claims and returns certified for 2014/15

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Audit Commission regime claims:					
Housing benefit subsidy claim	£65,144,969	Yes	+175	Yes	<p>The claim was amended 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"> <li>• under and overpayment of benefit due to the incorrect start dates applied to claims</li> <li>• an underpayment of benefit due to an incorrect assessment of earned income</li> <li>• an overpayment of benefit due to an incorrect assessment of Pension Credit Assessed Income</li> <li>• mis-classifications of overpayments of benefits between cells on the claim form.</li> </ul>

## Appendix A: Details of claims and returns certified for 2014/15 (Continued)

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified ?	Comments
Non-Audit Commission returns:					
Teachers Pension return	£8,284,382	Yes	3,315	Yes	<p>The return was amended for refunds incorrectly analysed in the entries in the return.</p> <p>We concluded that the return had been prepared, in all material respects, in accordance with the regulations underpinning the Teachers' Pension Scheme (ie an unqualified conclusion). However, we raised the following, non-material issues noted on our sample testing:</p> <ul style="list-style-type: none"> <li>• sample testing of 45 teachers' contributions to supporting evidence identified two instances where employees' and employers' pension contributions for backdated pay awards had not been correctly calculated and paid as contributions.</li> <li>• sample testing of 45 employees found that 1 teacher was not registered on the Teachers Pensions Employer portal, but were opted in to the Teacher Pensions scheme. We extended our sample by a further 25 employees, and found no further instances where the employee was not correctly included on the portal.</li> </ul>



# Appendix B: Fees

Claim or return	2013/14 fee (£)	2014/15 indicative fee (£)	2014/15 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Audit Commission regime:					
Housing benefits subsidy claim	18,616	19,580	19,580	+964	Fee prescribed by the Audit Commission based on prior year actual costs.
Non-Audit Commission return:					
Teachers Pension return	4,200	N/A	4,200	Nil	
<b>Total</b>	<b>22,816</b>	<b>19,580</b>	<b>23,780</b>	<b>+964</b>	

# Appendix C: 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	Review arrangements to ensure that start dates for Non-HRA Rent Rebates cases are consistent between claim forms and notifications from the Council's Housing Action team. Consider 100% review of the start date of all cases.	Low	Liberata are going to undertake further monitoring. The benefit assessor within that team will be required to double check dates; so they will check the HAT team date, benefit claim form date and any other dates provided at the time of the claim and ensure they all match, if they do not and remain so, notes will be highlighted on i-World for the reason why/ or confirmation that it has been checked.	2015/15 subsidy claim Client Specialist - Revenues and Benefits / Housing Action team
2	Consider review of the classification of overpayments (in addition to the review of Local Authority error overpayments already undertaken) as part of quality control procedures.	Low	Client side officers have already commenced the checking of claimant coded overpayments. Liberata will also undertake their own quality checking.	2015/15 subsidy claim Client Specialist - Revenues and Benefits
3	Review arrangements for processing of back-pay awards for teachers to ensure that employees' and employer's pensions contributions are completely and accurately calculated in the month of the award of the backdated award.	Medium	Agreed	January 2016 Payroll Manager
4	Review arrangements for ensuring that all teachers making pension contributions are registered on the TP Employers Portal, and follow up any teachers identified as not on the portal are correctly added to the portal.	Low	Agreed	January 2016 Payroll Manager

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