

# Certification report 2014/15 for Swindon Borough Council

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**Year ended 31 March 2015**

December 2015

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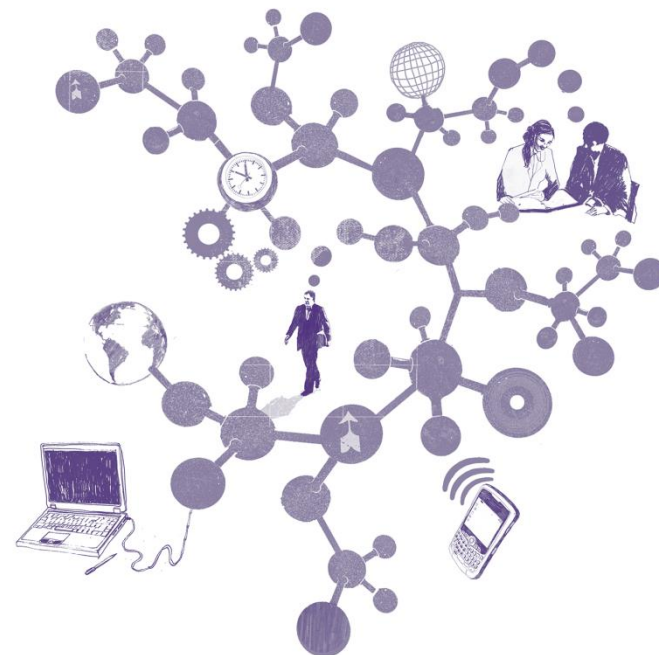
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# Summary of findings

## Introduction

Each year we certify certain claims and returns submitted by the Councils where we are the appointed auditor. This is not formally included within our appointment to audit your accounts but fits closely with that work. This certification typically takes place six to nine months after the claim period (usually the financial year) and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified three claims and returns for Swindon Borough Council (the Council) for the financial year 2014/15 including:

- Housing Benefit Subsidy (HB)
- Teachers Pensions contributions
- Pooling of Housing Capital Receipts return relating to expenditure of £75.396 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and the significant matters arising from our work.

## Approach and context to certification

This year the arrangements for certification of the HB claim were prescribed by the Audit Commission and set out in their Certification Instruction agreed with the Department for Work and Pensions before the Audit Commission demised. The approach to auditing the other two returns were agreed directly with the Department for Communities and Local Government (DCLG) and the Teachers Pensions Agency.

# Summary of findings continued

## Key messages

The key messages from our certification work are summarised in the table below.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims were submitted by the authority to the Government body in line with the timetable. All audit work was completed by the deadline. The HB and Teachers pensions return were submitted by the auditor in advance of the deadline. The Pooling Housing Capital Receipts return is submitted via a DCLG computer system which crashed in November preventing all Council auditors from submitting the return. The return was submitted after the deadline of November 30 <sup>th</sup> . DCLG confirmed there was no penalty to Councils due to late submission.	Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The claims submitted for audit were accurate with only minor issues arising from our work. The Council's arrangements for preparing the claims and returns are sound.	Green
Supporting working papers	Working papers to support the claims were generally good. This is the first year the Pooled Housing Capital Receipts claim was done outside of the Audit Commission regime, and the work specified by the DCLG was more extensive, requiring more audit work. This also required additional requests for working papers and information compared to previous years.	Green

# Detailed findings

Our detailed findings are set out below.

Claim or return	Value £'000	Amended?	Amendment (£)	Qualified?
Housing benefit subsidy claim	66,897	No	N/a	Yes
Teachers pensions contributions	5,981	No	N/a	No
Pooled housing capital receipts	2,518	No	N/a	No

## Housing benefits

The work to support our audit certificate on the claim, specified by the Audit Commission and agreed with the DWP comprises:

- An initial sample of each main type of benefit including rent allowances paid to private sector tenants, rent rebates paid to council tenants, and benefits paid to homeless people. We are required to do 20 for each type, 60 in total. We test the supporting information for each claim including any changes in the claim during the year.
  - A review of the parameters set up on the HB system, that is the amounts loaded on to the system used to calculate each type of benefit
  - We confirm the programme up-dates produced by the IT provider have been loaded on to Swindon's HB system.
  - An analytical review of expenditure comparing movements in payment levels to previous years
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- Where our initial sample identifies errors we are required to review additional samples of 40 cases for each type of error, consider our results and quantify any errors via an extrapolation.
  - At the completion of our work we issue a certificate to the DWP. The format of the wording of this is agreed with the DWP. Where necessary we also issue a standard qualification letter reporting any matters to the DWP by their deadline at the end of November.

# Detailed findings

## Housing Benefits continued

Our testing identified a number of minor errors relating to;

- the miscalculation of a claimants allowances
- miscalculation of a claimant's eligible rent
- miscalculation of a claimant's eligible income
- one parameter not loaded on to the system.

In line with the guidance we reviewed six extended samples of 40 cases. This work is done in conjunction with Council officers, with officers doing the initial work for our review. The results were then extrapolated. Overall the total hard errors identified were £321, when extrapolated over the whole population the estimated error was £14,415. The missing parameter did not impact any actual claims and had no impact on the amount on the return. Overall, given the value of the claim (£66.897m) the errors are very small.

We noted that Northgate, on behalf of Swindon Borough Council, have implemented the HMRC Real Time Information system. This is an income matching service which compares income reported by HB claimants to HMRC's records. The system appears to have had a positive impact reducing overpayments by the Council. From our discussions with Northgate we understand some £0.25 million of overpayments were identified upon implementation of the system in October 2014.

## Teachers Pension Return

Our sampling identified four teachers where they paid pension contributions at a lower tier, however, due to a change in their contract they should have paid contributions at a higher tier. The error arose from the wrong parameters being applied. The error in total however, was small being £37.

## Pooled Housing Capital Receipts Return

There are no detailed matters to report.

# Fees and acknowledgements

## Certification fees

The fee for the certification of the HB claim was set by the Audit Commission and is due to be confirmed by Public Sector Audit Appointments Ltd who have taken over responsibility for the work auditors do (within the former audit commission regime) until 2018. The indicative certification fee set by the Audit Commission for 2014/15 was £18,000. The fees for the other returns were:

- Teachers pension return £4,200
- Pooled housing capital receipts £2,200

## 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**  
**December 2015**



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