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Our ref nb/yg

17 December 2014

Dear Glenn

Certification of claims and returns – annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

Claim/return	Certified value (£)
BEN01 – Housing Benefit subsidy claim	75,191,140
CFB06 – Pooling of Housing Capital Receipts	868,607
Total	76,059,747

Matters arising

We certified:

- the housing benefits claim without amendment, but with a qualification letter
- the capital receipts return with amendment, although this had no impact on the certified value.

Initial testing of housing benefits cases to support the audit of the Benefits Subsidy claim is initially carried out by the Council and reviewed by the external auditor. At Northampton this was undertaken by the LGSS Subsidy Officer, and reviewed by us, and identified an increase in processing error in 2013/14 compared to last year. This led to additional testing by the Subsidy Officer and additional review by us being required. The errors related to:

- using incorrect start and end dates for payments received by claimants from the Department of Works and Pensions (DWP)
- Miscalculation of claimants’ earned income
- Incorrect assessment of the impact of non-dependents on claimants’ housing benefit due.

The Subsidy Officer has met the quality assurance and training team to discuss how to address these issues. It is intended to implement training, learning and development programmes to increase/refresh knowledge on these areas and to introduce a more rigorous quality checking process with increased focus on the checking of these specific risk areas. This is in addition to a review of processes and on-line guidance and procedures to ensure that they are accurate and up to date, to give assessment officers the maximum support in assessing claims correctly and ensuring such errors are not repeated. We recommend that these actions are formally monitored.

We did not raise any recommendations in our 2012/13 Certification Annual Report.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £12,532, which reflected a reduction in work required due to the changes to Council Tax benefits. Our actual fee of £14,403 is higher than the indicative fee due to the increased testing and review necessary, and this compares to the 2012/13 fee for these claims of £17,471. The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim (proposed final fee for 2013/14)	12,234	14,105	16643
CFB06 – Pooling of Housing Capital Receipts	298	298	828
Total	12,532	14,403	17,471



We are currently discussing the additional fee for the Housing Benefit claim due to the increased error with your S151 officer, and when agreed this will be subject to ratification by the Audit Commission.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Neil Bellamy', written over a light blue horizontal line.

Neil Bellamy
Director

Appendix 1 – 2013/14 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
<p>❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	In order to address the increased level of error found during the certification of the benefits claim, the Quality and Assurance team intends to implement training, learning and development programmes to increase/refresh knowledge on these areas and to introduce a more rigorous quality checking process with increased focus on the checking of these specific risk areas. This is in addition to a review of processes and on-line guidance and procedures to ensure that they are accurate and up to date, to give assessment officers the maximum support in assessing claims correctly and ensuring such errors are not repeated.	Progress on the implementation of the proposed actions should be reported to the Audit Committee throughout the year.	❷	?? Subsidy Officer



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy who is the engagement leader to the Authority (telephone 0116 256 6082, e-mail neil.bellamy@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.