

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	5 February 2014
3.	Title:	KPMG Grants Report 2012/13
4.	Directorate:	Resources

5. Summary

The report advises Audit Committee of the matters arising from the external audit of the Council's 2012/13 government grants and returns (KPMG report attached as Appendix 1).

6. Recommendations

That Audit Committee notes:

- **the external auditor's report**
- **the sustained good performance of the Council in both preparing and submitting its 2012/13 grant claims and returns and reduced fees for carrying out grant certification work**

7. Proposals and Details

In agreement with our external auditor, KPMG annually provides feedback on the effectiveness of the Council's arrangements for preparing and submitting government grant claims and returns (see KPMG's report attached).

This report summarises KPMG's key findings from the certification work they have carried out in 2012/13.

The main findings are:

- KPMG were required to audit 5 claims and returns in 2012/13 with an aggregate value of £208m and issued a qualification certificate for one return and unqualified certificates for the remaining four grants and returns.

The Housing and Council Tax Benefit claim was qualified for four separate issues, two of which have no impact on the subsidy, one which is awaiting a response from the system suppliers and one qualification issue which could reduce subsidy entitlement by £4k - this is dependent on the conclusion reached by the Department of Work and Pensions (DWP). Independent to this was a small adjustment to reduce subsidy entitlement by £4k which represents 0.004% of the claim value (£112m). **KPMG have commented that this grant is a very complex and high value grant and the relatively low number and value of amendments / qualification issues represents good performance at preparing this grant claim relative to other local authorities.**

- **The Council has good arrangements in place to ensure the efficient and effective preparation and submission of claims and returns and which supports the audit process.** In particular, working papers are of a good standard and officers responded promptly to audit queries.

These positive findings demonstrate that the Council continues to maintain the high standard achieved in recent years.

As a result of the Audit Commission changing its fee regime for certifying grants and returns, the Council's indicative grant fee for 2012/13 was set at £25k (£47k 2011/12). The actual fee charged varied from the original indicative amount due to changes in the following requirements:

- The Local Transport plan – Major Projects grant was not included in the original indicative figure resulting in an increase of £2k; and
- The Audit Commission removed the necessity for further testing in respect of the Pooling of Housing Capital Receipts, National Non-Domestic Rates and the Teachers' Pension returns resulting in a reduction of £2k.

Keeping audit fees at this low level is a direct result of this Council continuing to prepare substantially accurate and complete claims within agreed timeframes and with good supporting working papers. This enables KPMG to place assurance on the Council's arrangements and therefore keep the audit fees for carrying out their grant certification work to a minimum.

8. Finance

The reduction in fees for carrying out grant certification work is a welcome contribution to the budget savings the Council is being required to make.

9. Risks and Uncertainties

There are no outstanding risks or uncertainties as all the 2012/13 claims and returns have been certified and submitted.

10. Policy and Performance Agenda Implications

Sustaining the good performance identified by the external auditor in the way in which the Council prepares and submits government claims and returns should maintain their accuracy and quality thereby helping to secure the anticipated fee savings in 2013/14.

11. Background Papers and Consultation

External Auditor's Grants Report 2012/13

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