

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Audit Committee</b>
2.	<b>Date:</b>	<b>18 February 2015</b>
3.	<b>Title:</b>	<b>KPMG Grants Report 2013/14</b>
4.	<b>Directorate:</b>	<b>Resources</b>

### 5. Summary

The report advises Audit Committee of the matters arising from the external audit of the Council's 2013/14 government grants and returns (KPMG report attached as Appendix 1).

### 6. Recommendations

**That Audit Committee notes:**

- **the external auditor's report**
- **whilst the fees increased for carrying out grant certification work due to additional testing requirements, the Council has sustained good performance in both preparing and submitting its 2013/14 grant claims and returns**

## 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 2013/14.

The main findings are:

- KPMG were required to audit 3 claims and returns in 2013/14 with an aggregate value of £102m and issued a qualification certificate for one return and unqualified certificates for the remaining two grants and returns.

Several issues lead to qualification and amendment of the Housing Benefit subsidy claim; these were mainly attributable to benefit assessor inputting errors. The impact on the subsidy of the majority of these errors, however, is expected to be minimal. The qualification issue related to the claim including payment runs made on 1, 2 and 4 April 2014 and these payments are for periods linking two financial years, and as such should be claimed in the year in which the payment is made, therefore, they should have been included in the 2014/15 claim, irrespective of the fact the payment made related to 2013/14. **KPMG have previously commented that this grant is a very complex and high value grant (£92m 2013/14).**

- **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.

### **The Council continues to maintain the high standard achieved in recent years.**

The Audit Commission's indicative grant fee for the Council for 2013/14 was set at £20k (£21k 2012/13). The actual fee charged varied from the original indicative amount due to changes in the following requirements and resulted in the following budget pressures:

- The Local Transport plan – Major Projects grant was not included in the original indicative figure resulting in an increase of £1k.
- The Pooling of Housing Capital Receipts has an increase of £0.5k due to the requirement to undertake both Part A and Part B testing, which is required every three years.
- The Housing Benefit subsidy claim includes a fee increase of £2.7k due to the requirement to undertake additional testing.

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The Council continues 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 increase in fees for carrying out grant certification work is as a result of additional testing resulting in a budget pressure of £4.2k.

## **9. Risks and Uncertainties**

There are no outstanding risks or uncertainties as all the 2013/14 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 2014/15.

## **11. Background Papers and Consultation**

External Auditor's Grants Report 2013/14

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