
REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	16th JUNE 2010	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/audit committee/April 10/grants update
SUBJECT:	GRANT CLAIMS – FOLLOW UP REPORT 2008/09	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 That the Council's actions to implement the External Auditor's recommendations are considered and approved.

2.0 Purpose of Report

- 2.1 Following the External Auditor's report on their work associated with verifying the 2008/09 statutory grant claims, the Committee requested a follow up on actions to implement 2 recommendations contained in that report. Consequently, this report provides an update on progress to achieve the actions agreed by the Committee

3.0 Detail

- 3.1 The Auditor's report to the Committee on 6th April 2010 highlighted two high priority recommendations. These were associated with the Housing Benefits and Housing Revenue Subsidy Base Data Returns.

Housing Benefits Subsidy Return

- 3.2 The main issue identified by the Auditor, was that in some homelessness cases, insufficient documentation or supporting evidence was being collected to support the benefit claim, where the client was being placed in bed and breakfast accommodation. Some errors did occur and prime documentation to support the period of stay and amounts charged from the third party were lacking in 18 out of 59 sample cases.
- 3.3 Consequently, the Auditor was unable to confirm the entitlement to and amount of benefit being claimed. This affects the level of subsidy that is subsequently reclaimed from the Government Department with the Council potentially incurring additional costs in lost income.

- 3.4 Following the Audit a review of processes has taken place and improvements made. In 2009/10 the number of cases, at this time, requiring further evidence is 7 out of 55 (compared with 18 out of 59 in 2008/9). However, of these, 6 were handled under the pre-review processes. Work is in progress to reduce the current number before the Audit for 2009/10 commences.
- 3.5 In addition, no cases have been reported in 2009/10 where the service charge has been incorrectly treated.
- 3.6 The team of processors have received training on the use of the benefit subsidy codes, which includes overpayments, where the remaining errors on the 2008/9 audit were discovered. In addition further training has been scheduled during the current month, to cover other areas of processing that are considered to be those where misinterpretation of the legislation may inadvertently occur.

Housing Revenue Account Subsidy Return

- 3.7 This return involves the provision of base data on the Council's housing stock, from which the Government calculate the entitlement to housing subsidy. As noted in previous years, the Council has not been able to provide comprehensive records to support the dwelling analysis within this claim.
- 3.8 Consequently, the Auditor has qualified the claim for the last two years. Although to-date, this has not resulted in a loss of subsidy to the Council, there is an increasing risk that it could do so. On the contrary however, the Council may be missing out on additional subsidy depending on how the classification of dwellings works out.
- 3.9 Much of the data is available but is not held centrally on a prime database, i.e. the Housing Management System (HMS). In addition, the Council has had difficulty evidencing some of the archetypes (category of house) such as floor area banding.
- 3.10 Work has progressed to overcome these issues. Additional data fields have been created in the HMS and data from manual records has been loaded. The only work now outstanding is to input floor area records and this is to commence shortly.
- 3.11 The HMS will then be in a position to extract the required data in full to populate the subsidy return, which for 2011/12, will be completed in August 2010. Documentation will still be retained as evidence to how the data was collected.

Summary

- 3.12 Subject to the view of the Auditor after this year's claims are checked, all of the outstanding actions have been completed which should eliminate the issues in these areas.

4.0 Financial Implications

4.1 None

5.0 Corporate Implications

5.1 None

6.0 Community Implications

6.1 None

7.0 Background Papers

7.1 Audit Sub Committee, 6th April 2010 – Item 6 – Grants Report 2008/09
(Annexe)

<http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=6272>