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Private & confidential

The Finance and Audit Committee
C/o Mr Steve Thompson
Director of Resources
Blackpool Council
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Our ref tr/il/let-084

Contact Iain Leviston
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19 February 2015

Dear Committee members

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	77,104,297
CFB06 – Pooling of Housing Capital Receipts	469,954
Total	77,574,251

Matters arising

Our certification work identified the following issue regarding the BEN01 claim:

In 2012/13 we identified errors in relation to incorrect classification of overpayments as claimant error, eligible overpayments. Since we were unable to gain assurance that this error:

- had been dealt with by the Authority; and
- was not likely to reoccur in the current year population;

we have performed additional sample testing as part of the 2013/14 certification work.

We did not identify any further errors of this type within the initial testing sample for 2013/14. However, testing of an additional sample of 40 cases identified two cases where the Authority

delayed the processing of a change of address, resulting in an overpayment which was classified as a claimant error, eligible overpayment, but should have been classified as a local authority delay or error overpayment.

We undertook additional sample testing of 40 cases to determine the extent of the error throughout the population of claimant error, eligible overpayment. This is because the error type could only occur in cases where expenditure had been included within the eligible overpayment. The additional 40+ testing undertaken with regard to this error is therefore based on a subpopulation of cases, and the extrapolation of these results took place over this subpopulation.

Given the nature of the population and the number of misclassification errors found within this benefit type in the prior year, it is unlikely that even significant additional work will result in an amendment that will allow me to conclude the error was isolated. We extrapolated a total error across the claim of £54,282. Therefore we have qualified Blackpool Council’s Housing Subsidy Claim for the year ended 31 March 2014. As a result of this qualification, DWP will determine what action they will take in relation to this matter. The Council has confirmed to us that it has taken and continues to take significant action, for example on-going training and quality controls checks, to mitigate these errors.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £19,615, but this included the certification of the major transport project TRA11 which was not required for 2012/13 or 2013/14.

For the two grants certified under the Audit Commission’s regime, the actual fee was the same as the indicative fee; with the fee for the BEN01 return being reduced compared to the prior year as less 40+ testing was required to address errors identified in the testing.

The details are set out in the table below:

Claim	2013/14 Final fee (£)	2013/14 Indicative fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim	13,483	13,483	20,690
CFB06 – Pooling of Housing Capital Receipts	620	620	620
LA01 – National Non Domestic Rates	-	-	812
PEN05 – Teachers’ Pensions return*	-	-	1,600
TRA11 – Local Transport Plan: Major Schemes	-	5,512	-
Total	14,103	19,615	23,722

* This return fell outside the Audit Commission regime for 2013/14. KPMG engaged directly with the Council and the Teachers Pensions to complete this work as a total cost to the Council of £3,000.



Yours faithfully

A handwritten signature in black ink that reads 'Trevor Rees'. The signature is written in a cursive style with a large initial 'T' and 'R'.

Trevor Rees
Partner, KPMG LLP