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Private & confidential

Bryan Mason
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Our ref

15 January 2015

Dear Bryan

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	22,449,222
CFB06 – Pooling of Housing Capital Receipts	1,354,926
Total	23,804,148

Matters arising

Our certification work in respect of Pooling of Housing Capital Receipts did not identify any issues or errors with the return and we were able to certify the return unqualified.

Our certification work in respect of the Housing Benefit subsidy claim identified some amendments to the claim as a result of minor errors incurred in the processing of a small number of benefit claims but following additional testing we were able to confirm the full effect of the errors. These increased the value of the claim overall by £351. Given the scale and complexity of this claim, the amendments were for relatively minor amounts. However, DWP

rules require that all issues are reported or amended regardless of size.

Where it was not possible to calculate an amendment, these errors were reported in a qualification letter to the DWP. The reasons for the errors identified were varied and included;

- Non-dependent deductions
- Landlord early payment discounts
- Calculation of earned income
- Incorrect use of LHA rates

It is therefore recommended that the Authority reviews the areas in question and ensures that these are communicated to staff and covered in future quality checks. We have included a specific recommendation in Appendix 1. There were no recommendations made last year and there are no further matters to report to you regarding our certification work.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £10,706. Our actual fee was the same as the indicative fee, and this compares to the 2012/13 fee for these claims of £11,191. The previous year's fee was higher as a result of a fee variation in respect of the Pooling of Housing Capital Receipts return for 2012/13 when we were required to complete Part B certification instruction testing.

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	10,226	10,226	10,210
CFB06 – Pooling of Housing Capital Receipts	480	480	981
Total	10,706	10,706	11,191

Yours sincerely

Sue Sunderland
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	Certification work in respect of Housing Benefit subsidy claim identified a number of errors where an amendment to the claim could not be quantified. These were as follows: <ul style="list-style-type: none"> - Non-dependent deductions - Landlord early payment discounts - Calculation of earned income - Incorrect use of LHA rates 	The Authority should reinforce these areas when training staff and undertake appropriate quality checks in these areas.	❷	

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 Sue Sunderland, who is the engagement leader to the Authority (telephone 0115 945 4490, e-mail sue.sunderland@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.