

Certification of claims and returns - annual report

Harborough District Council

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions

Summary of my 2010/11 certification work

The Authority has performed well in preparing claims and returns.

The Council's arrangements for the preparation and submission of grant claims are good. All claims and returns were supported by clear and comprehensive working papers. My work gave rise to some amendments to one of the three claims and returns for the year ended 31 March 2011. I also issued a qualification letter in respect of this claim.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£46,876,550
Number of claims and returns amended due to errors	One
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	One
Total estimated cost of certification work	£32,130

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme	£14,137	No. The Department for Work and Pensions (DWP) does not allow reliance on the control environment for the HCTB subsidy return.	£0	Yes
National non-domestic rates return	£32,592	Yes	£0	No

Housing and council tax benefits claim

My work in 2009/10 found a number of errors, covering five cells, where the scheme terms and conditions had not been complied with. I therefore undertook additional testing this year to establish whether these issues arose again in 2010/11, and I found that errors had occurred in four of these cells.

In addition to the above my initial testing this year found two errors relating to the calculation of claimant earnings. Further targeted testing was undertaken and one additional error found.

These errors were reported in my qualification letter to the Department of Works and Pensions.

As the Council has a relatively low level of 'local authority error' the impact of my qualifications had a limited impact on the subsidy due to the Council, reducing the amount due by around £1,500.

As required by the certification instructions I will undertake additional testing again on these cells in 2011/12.

Table 3: **Claims between £125,000 and £500,000**

Claim or return	Value of claim or return presented for certification (£'000)	Value of any amendments made	Qualification letter
Disabled facilities	£148	£0	No

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 4: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit scheme	30,502	25,250	Additional testing required this year, and some complex cases selected for review. In addition a number of case files were misfiled on the move to Hinckley, resulting in some abortive time and work.
National non-domestic rates return	1,211	1,146	Low base fee resulted in above 10 per cent change on small increase in hours.
Disabled facilities	417	420	Management time charged separately in 2010/11.
Total	32,130	26,816	

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.

