

Certification of claims and returns - annual report

Uttlesford 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.

All returns have been certified and submitted by the required deadline. No significant issue have been identified as part of this audit work, although some minor amendments to the returns have been necessary. I only issued one qualification letter. This was in relation to the Housing Benefit grant claim.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£58,394,117
Number of claims and returns amended due to errors	4
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	1
Total cost of certification work	£36,697

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	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme	18,731,332	N/A The Audit Commission, in agreement with the Department for Works and Pensions (DWP), specifies the testing required for this claim.	0	Yes. Some minor errors made when the parameters were entered into the system. Three types of allowances were incorrectly input. This will be resolved when the 2011/12 parameters are entered in the system. There was no impact upon the subsidy claimed by the Council as a result of this issue. This is a high value and complex claim. Therefore this low level of error represents good performance by the Council. This is also an improvement on prior years.

Claim or return	Value of claim or return presented for certification	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Pooling of housing capital receipts	528,961	Yes	529	No
HRA subsidy	4,933,445	No	33,884	No
Housing finance base data return	N/A	No	N/A	No
National non-domestic rates return (NNDR)	34,200,379	Yes	2,608	No

An amendment of £529 was made to the Pooling of Housing Capital Receipts return. This was a minor error resulting from partial double accounting of mortgage receipts. This amendment reduced the Council's pooling liability for 2010/11.

The HRA subsidy claim was amended by £33,884. In the claim form presented to audit, the Council had included Private Finance Initiative (PFI) payments in the entry for loan payments. These payments however should be excluded. This amended increased the subsidy claimed by the Council.

Following my audit, the NNDR return was amended by £2,608. This was due to a discrepancy between the supporting working papers and the entries in the return. The figures in the claim have been amended to agree with the working papers. This amendment increased the value of the return.

Summary of progress on previous recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work.

Table 3: Summary of progress made on recommendations arising from certification work undertaken in earlier years

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
Housing and council tax benefit scheme - Review the errors found by the Audit Commission and ensure that any additional training needs are identified and addressed.	H	Immediate	Divisional Head - Customer Support and Revenue Services	Implemented	On-going training and development has covered the areas identified.
Housing subsidy base data - Ensure the claim agrees to supporting working papers and where annual amounts are required this are correctly shown.	M	Immediate	Assistance Chief Executive – Finance	Partially implemented	Some minor discrepancies were found between the supporting working papers and the claim form during my 2010/11 audit.

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
National non-domestic rates - Ensure the losses in collection figure agrees back to the bad debt charge in the accounts.	M	Immediate	Divisional Head - Customer Support and Revenue Services	Implemented	The losses in collection figure in the claim form agreed back to the bad debt charge in the accounts.

Summary of recommendations

This section highlights the recommendations arising from my certification work and the actions agreed for implementation.

Table 4: Summary of recommendations arising from 2010/11 certification work

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
Housing and council tax benefit scheme – ensure that the allowance parameters for 2011/12 are correctly entered into the housing benefit system.	H	2011/12 parameters fully checked for correctness	Completed in December 2011	Director of Corporate Services

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 5: 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	26,739	37,951	No significant errors found during the 2010/11 audit therefore no additional testing required. Additional testing was undertaken in 2009/10.
Pooling of housing capital receipts	1,129	1,564	Only one minor issue noted in 2010/11 resulting in less time to complete the audit.
HRA subsidy	1,634	1,596	No significant change in the fee for 2010/11.
Housing finance base data return	3,106	3,680	Fewer issues were found during the 2010/11 audit. In addition, no qualification letter was required this year.

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
National non-domestic rates return	1,129	3,266	Fewer issues were found during the 2010/11 audit.
Claim or return total	33,737	48,057	
Grants planning and reporting	2,960	2,324	
Total	36,697	50,381	

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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.

