

Certification of claims and returns - annual report

Uttlesford District Council

Audit 2011/12



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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 2011/12 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 2011/12 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, as detailed in this report. I only issued one qualification letter. This was in relation to the Housing Benefit grant claim.

Table 1: Summary of 2011/12 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£61,994,545
Number of claims and returns amended due to errors	3
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	£41,333

Results of 2011/12 certification work

This section summarises the results of my 2011/12 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	19,700,203	N/A The Audit Commission, in agreement with the Department for Works and Pensions (DWP), specifies the testing required for this claim	10	Yes (please see below for details)
Pooling of housing capital receipts	500,395	Yes	171	No
HRA subsidy	5,166,925	No. There were some changes in the personnel preparing the return in 2011/12. It is	4,473	No

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?
		standard practice not to rely on the control environment in the event of such changes. Overall there are no specific concerns.		
National non-domestic rates return (NNDR)	36,361,663	Yes	0	No

Housing and council tax benefit scheme

The following issues were found during the audit of the housing and council tax benefit scheme that resulted in a qualification letter:

- Testing of 60 rent allowance cases found two instances where the incorrect rent officer determination was used in the calculation of benefit payments. This has resulted in an overpayment of subsidy. The total error across all the cases tested was £420.
- Our initial testing of 20 council tax benefit cases found two cases where a single person discount had not been applied to the claimant's council tax liability. This resulted in an overpayment of benefit. Testing of an additional 40 cases did not identify any additional errors. The error across all 60 cases tested totalled £305; and
- Our testing of council tax benefit also found one case where excess benefit has been incorrectly classified resulting in the Council claiming too much subsidy. The error identified totalled £473.

No amendments have been made to the claim submitted by the Council as a result of these issues. This is in line with the approach agreed with the DWP.

Pooling of housing capital receipts

An amendment of £171 was made to the Pooling of Housing Capital Receipts return. This was the result of a minor arithmetic error.

HRA subsidy

The HRA subsidy return was amended by £4,473. In the claim form presented to audit, the Council had included payments to DCLG as part of the housing finance settlement. This payment should have been excluded. In addition, the Council incorrectly calculated its HRA capital financing requirement. This was subsequently corrected. These amendments decreased the subsidy payable by the Council.

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 – ensure that the allowance parameters for 2011/12 are correctly entered into the housing benefit system.	High	Completed in December 2011	Director of Corporate Services	Implemented	Our 2011/12 audit found no issues regarding the system parameters

Summary of certification fees

This section summarises the fees arising from my 2011/12 certification work and highlights the reasons for any significant changes in the level of fees from 2010/11.

Table 4: Summary of certification fees

Claim or return	2010/11 fee (£)	2011/12 fee (£)	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit scheme	26,739	32,623	No significant errors found during the 2010/11 audit therefore no additional testing required. Additional testing was undertaken in 2011/12.
Pooling of housing capital receipts	1,129	792	Only one minor arithmetic error found during the 2011/12 audit.
HRA subsidy	1,634	1,109	The issues emerging from our audit took less time to resolve than in the previous year.
Housing finance base data return	3,106	0	Claim is no longer submitted by the Council following the change in HRA financing.
National non-domestic rates return	1,129	4,546	The Audit Commission approach to auditing returns requires that

Claim or return	2010/11 fee (£)	2011/12 fee (£)	Reasons for changes in fee greater than +/- 10 per cent
			detailed testing is undertaken every three years. 2011/12 was the third year in our audit cycle of this return and therefore more detailed testing was performed than in the previous year.
Total on individual claims or returns	33,737	39,070	
Grants planning and reporting	2,960	2,264	The reduction in the number of claims for certification has reduced the time required for planning and reporting.
Total	36,697	41,334	

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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.

