

# Certification of claims and returns - annual report

Warwick District Council

Audit 2010/11



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# Introduction

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**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 Council has performed very well in preparing claims and returns.

All claims were received by the relevant deadline. My work resulted in amendment to only two of the nine claims and returns for the year ended 31 March 2011 that the Council was required to submit for certification. In no cases did I have to issue a qualification letter accompanying my certificate on a claim or return.

Table 1: **Summary of 2010/11 certification work**

Number of claims and returns certified	
Number of claims and returns certified	Nine
Total value of claims and returns certified	£107,228,000
Number of claims and returns amended due to errors	Two
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	None
Total cost of certification work	£26,846

There are two issues which I need to bring to your attention. Firstly, the housing and council tax benefit claim certification went extremely well. I did not need to issue a qualification letter with this claim. This reflects very positively on the quality of the initial data entry. The Benefits Manager completed much of the detailed testing on my behalf, and this was also to a high standard. This allowed a significant decrease in the cost of certifying the claim.

Secondly, the single programme Advantage West Midlands claims did not require any amendments. Last year I reported that these claims were problematic as key finance staff with detailed knowledge of the claims were not at work. This year alternative arrangements were in place, and these worked very well.

I have not made any recommendations this year or last year.

The overall cost of certifying claims for the Council reduced by £21,941.

# 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	38,672	No – nationally mandated approach.	368,554 <sup>1</sup>	No
Pooling of housing capital receipts	917	Yes	0	No
HRA subsidy (payable to DCLG)	7,282	No – because of the link to self financing.	0	No
Housing finance base data return	N/A	No – mandated approach given the increased risk as this claim is used as the basis for self financing.	11	No

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?
National non-domestic rates return	59,850	Yes	0	No
AWM Single programme – Spencers' Yard <sup>2</sup>	182	Yes	0	No

<sup>1</sup> The amendments to the Housing and Council Tax Benefit Claim did not affect the total benefit paid by the Council or reclaimed from DWP. They were movements between cells to ensure expenditure was correctly classified.

<sup>2</sup> When assessing whether claims are over £500,000, we assess AWM claims over the total value of the grant, not the annual award.

I agreed four amendments to the Housing Finance Base data return. One of these was a result of council house demolitions agreed by Full Council on 22 September 2011 – after the claim had been submitted for certification. This was in preparation for the move to self financing. The other three changes arose because the entries were not in accordance with the certification instructions or did not agree with supporting working papers.

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	299	0	No
AWM Single programme – Brunswick Enterprise Hub	17	0	No
AWM Single programme – Court Street Arches	9	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	16,130	23,855	More initial testing carried out by officers and very little further work required.
Pooling of housing capital receipts	730	730	N/A
HRA subsidy	1,333	3,620	Continuing downward trend from £5,122 in 2008/09. We continue to focus on cells which have been changed in previous years. Each year the compilation improves.
Housing finance base data return	4,737	4,713	N/A
National non-domestic rates return	1,197	3,447	Reduction in the amount of testing required as, because errors have not been identified in previous years, we are able to place more reliance on work conducted in the core audit.



Claim or return	2010/11 fee (£)	2009/10 fee (£)	Reasons for changes in fee greater than +/- 10 per cent
Disabled facilities	377	917	Reduction in the amount of testing required as, because errors have not been identified in previous years, we are able to place more reliance on work conducted in the core audit.
Single programme	2,342	11,505	Fewer claims this year (3 compared with 5), and vastly improved compilation of the claims meaning no amendments were required.
<b>Total</b>	<b>26,846</b>	<b>48,787</b>	

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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.

