

Certification of claims and returns - annual report

Gedling Borough Council

Audit 2010/11



Contents

Introduction.....3

Summary of my 2010/11 certification work.....4

Results of 2010/11 certification work.....5

Summary of progress on previous recommendations7

Summary of recommendations9

Summary of certification fees10

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.

My work gave rise to amendment of only one of the three claims and returns for the year ended 31 March 2011 that the Authority was required to submit for certification. I issued one qualification letter accompanying my certificate on a claim or return.

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

Number of claims and returns certified	
Total value of claims and returns certified	£50.2m
Number of claims and returns amended due to errors	1
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	£27,090k

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.

Since the closure of the HRA the Authority no longer have to prepare grants relating to Housing Subsidy. This reduces the number of grants requiring audit.

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 (£'000)	Was a qualification letter issued?
Housing and council tax benefit scheme	30,756	No	11	Yes
National non-domestic rates return	19,148	Yes	0	No

A qualification letter was issued with the housing and council tax benefit scheme claim. This explained errors found during audit testing. These errors were technical in nature and have resulted in the recommendation shown on page 9. A qualification letter is issued in relation to Housing Benefits at most authorities.

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	324	0	No

There were no issues noted as a result of the audit of this claim.

Summary of progress on previous recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work. All recommendations relate to the Housing and council tax benefit scheme claim.

Table 4: 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
Miscalculation of Student Loan Income – All cases where student loan income has been calculated will be checked before completion of the 2011/12 claim.	M	June 2011	John Vickers	Implemented partially	All student loan income cases checked by the Authority.
Incorrect processing of change to assessed income – Increased quality checks to be done within the benefits office through 2010/11.					No problems encountered in the processing of changes to assessed income.

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
Council Tax Benefit – Eligible excess benefit – For 2010/11 improved quality checks to be made within the benefits office.					All eligible excess benefit cases checked by the Authority.
Offsetting – Additional overpayment training is being given and manual overpayments will be reviewed by the Housing Benefit Support officer.					There still remained offsetting problems for 2011/12. Agreed action carried forward for 2011/12.
Modified Schemes – Council Tax – For 2010/11 improved quality checks are being made. All cases in this cell will be checked prior to completion of the 2010/11 claim.					No problems encountered within Modified Scheme cases tested for 2010/11.

Summary of recommendations

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

Table 5: Summary of recommendations arising from 2010/11 certification work

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
System Offsetting Errors - Liaise with software company to identify and resolve any underlying software problems. Identify, check and correct any affected claims prior to submission of the 2011/12 Final Subsidy claim. Further develop the quality assurance checks on cases where overpayments have offsets against them. Contact other Civica users to identify if there are similar issues.	M	All recommendations agreed	June 2012	John Vickers

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 6: 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	25,974	21,371	Increased number of errors found in initial samples tested for the 2010/11 claim which led to further testing as required by DWP guidance.
National non-domestic rates return	868	1,203	Reduction in time taken to carry out the audit.
Disabled facilities	248	217	Minor increase in time taken to carry out the audit.
Total	27,090	22,791	

© Audit Commission 2012.

Design and production by the Audit Commission Publishing Team.

Image copyright © Audit Commission.

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.

