

Certification of claims and returns - annual report

Winchester City 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

In 2010/11 I checked and certified five claims and returns. I found errors on one claim and one return, both of which were amended, and I issued one qualification letter. There were no recommendations from my 2009/10 work requiring follow up.

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

Number of claims and returns certified	
Total value of claims and returns certified	£66,162,767
Number of claims and returns amended due to errors	2
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	£32,516

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.

One qualification letter was issued in 2010/11 in respect of the Pooling of Housing Capital Receipts return. Amendments were made to the Housing and Council Tax Benefit claim and the Housing finance base data return.

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	29,564,808	N/A – Requirement to follow separate HB COUNT approach	1,101	N
Pooling of housing capital receipts	1,271,450	Y – Part A tests only completed	NIL	Y
HRA subsidy	-9,073,959	N – Control environment assessed as medium risk	NIL	N
Housing finance base data return	N/A	N – Control environment assessed as high risk	Amendments made, but no impact on claim value	N

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	44,022,468	Y – Part A tests only completed	NIL	N

Pooling of housing capital receipts

The Council was unable to produce documentary evidence to show that the purchasers of the three council dwellings sold in 2010/11 did not intend to occupy the dwellings as their only or principal home.

The Council did not agree to amend the 2010/11 return because it had not concluded its correspondence with the DCLG at the time the return was certified. The Council has now concluded its correspondence and agreed a settlement which was paid to the DCLG in December 2011.

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	378,000	NIL	N

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work.

I charged £32,516 in total for grant certification work in 2010/11 and £38,316 in 2009/10. The overall cost of certification has decreased.

Table 4: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 percent
Housing and council tax benefit scheme	20,150	22,900	Continuing good standard of working papers provided for audit. Fewer issues arising in 2010/11.
Pooling of housing capital receipts	1,240	2,058	Reliance placed on the control environment to maintain reduction in testing
HRA subsidy	1,471	3,264	Clearer audit trail in 2010/11 and fewer issues arising.
Housing finance base data return	5,908	5,546	N/A
National non-domestic rates return	1,196	1,724	Continuing good standard of working papers provided for audit.

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 percent
Disabled facilities	793	938	Continuing good standard of working papers provided for audit.
Grant planning, supervision and review	1,758	1,886	
Total	32,516	38,316	

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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.

