

AUDIT COMMITTEE

4 DECEMBER 2012

CERTIFICATION OF CLAIMS & RETURNS 2011/12- ANNUAL REPORT

REPORT OF HEAD OF FINANCE

Contact Officer: Alexis Garlick Tel No: 01962 848224

Email: agarlick@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Audit Commission have now presented their report for the work performed in 2012 in respect of grant claims and returns for the 2011/12 financial year; four claims/returns were audited amounting to £68m.

Two qualification letters were issued in 2011/12 in respect of the Housing and Council Tax Benefit claim and the Pooling of Housing Capital Receipts return; both are considered to relate to minor issues.

Regulatory requirements are that the Auditors' Report be made available to all Members of the Council before the end of February. This has been done.

The final audit fees for the certification work are £34,802.

RECOMMENDATION:

That the Audit Committee considers the attached Audit Report.

AUDIT COMMITTEE

4 DECEMBER 2012

CERTIFICATION OF CLAIMS & RETURNS 2011/12- ANNUAL REPORT

Report of Head of Finance

1 Introduction

- 1.1 The Auditor is required by statute to certify some claims and returns for grants or subsidies paid by government departments and other public bodies to the Council. The extent of the audit work undertaken is primarily determined by the value of the claim.
- 1.2 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant paying departments.
- 1.3 The auditors have now presented their report on the work performed in 2012 in respect of grant claims and returns for the 2011/12 financial year.
- 1.4 The report is appended and has been published on the Council's website and made available to all Members.

2 Summary

- 2.1 In total, four claims/returns were audited amounting to £68m.
- 2.2 Two qualification letters were issued in 2011/12 in respect of the Housing and Council Tax Benefit claim and the Pooling of Housing Capital Receipts return. Both refer to relatively minor issues, more detail is provided on page 6 of the Appendix.
- 2.3 Amendments were made to the Housing Revenue Account Subsidy return.

OTHER CONSIDERATIONS

3 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 3.1 External Audit supports all facets of the Sustainable Community Strategy, and Change Plans in particular the core tenet to: continue to demonstrate high standards in managing the taxpayers' money.

4 RESOURCE IMPLICATIONS:

- 4.1 Audit fees for grant certification work are charged to cover the full cost of the work and are based on the actual work performed. Final fees are £34,802 (£32,516 for 2010/11).

5 RISK MANAGEMENT ISSUES

- 5.1 Relevant risk issues have been considered in accordance with the Council's risk management procedures.

Background Documents

None

APPENDICES

Appendix 1 - Certification of claims and returns – annual report 2011/12

Certification of claims and returns - annual report

Winchester City Council
Audit 2011/12



Contents

- Introduction.....3
- Summary of my 2011/12 certification work.....4
- Results of 2011/12 certification work.....5
- Summary of certification fees7

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

In 2011/12 I checked and certified four claims and returns. I found errors on three claims and returns, which were amended, and I issued two qualification letters. There were no recommendations from my 2010/11 work requiring follow up.

Table 1: **Summary of 2011/12 certification work**

Number of claims and returns certified	
Total value of claims and returns certified	£68,235k
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	2
Total cost of certification work	£34,802

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.

Two qualification letters were issued in 2011/12 in respect of the Housing and Council Tax Benefits claim and the Pooling of Housing Capital Receipts return. Amendments were made to the Housing and Council Tax Benefit claim, the Pooling of Housing Capital Receipts return and the Housing Subsidies grant claim.

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	31,442	N/A – Requirement to follow separate HB COUNT approach	Amendments were made but these had no impact on subsidy - Nil	Y
Pooling of housing capital receipts	632	N – Required to complete detailed testing because 2011/12 is the third year of a three year cycle.	Increase in total housing capital receipts by £3,460.	Y

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?
HRA subsidy	-10,003	N – Control environment assessed as medium risk	Negative subsidy reduced by £80,067	N
National non-domestic rates return	46,164	N – Required to complete detailed testing because 2011/12 is the third year of a three year cycle.	N/A	N

Housing and Council Tax Benefits

There were no significant issues arising from my testing of your housing and council tax benefits claim for 2011/12. I reported on the impact of the minor error that was noted in respect of council tax benefits during my testing and the results of the additional 40+ testing performed in this area. I am required to report such issues to the Department of Work and Pensions, to enable them to consider whether any action is necessary.

Pooling of Housing Capital Receipts

The Council identified that it had omitted mortgage capital repayments received from its pooling of housing capital receipts return for each financial year from 2008/09 until 2011/12. The adjustment to each claim was therefore agreed with officers and reported together with the late payment interest due. This issue was reported by the Council in the first quarter return for 2012/13 to the Department.

HRA Subsidy

There were two errors identified in respect of the cells recording the number of dwellings at 1 April 2011 including shared ownership, and the average amount of borrowing outstanding in 2011-12. Both errors were corrected and the claim amended accordingly.

Summary of certification fees

This section summarises the fees arising from my 2011/12 certification work.

I charged £34,802 in total for grant certification work in 2011/12 and £32,516 in 2010/11. The overall cost of certification has decreased.

Table 3: Summary of certification fees

Claim or return	2011/12 fee	2010/11 fee	Reasons for changes in fee greater than +/- 10 percent
Housing and council tax benefit scheme	26,050	20,150	More detailed work was required in 2011/12 in response to issues that arose during the audit.
Pooling of housing capital receipts	2,018	1,240	Required to complete detailed testing in 2011/12.
HRA subsidy	1,936	1,471	We could not rely on the control environment in 2011/12 and therefore needed to complete more detailed testing.
Housing finance base data return	N/A	5,908	Not required to audit the return in 2011/2

Claim or return	2011/12 fee	2010/11 fee	Reasons for changes in fee greater than +/- 10 percent
National non-domestic rates return	3,323	1,196	Required to complete detailed testing in 2011/12.
Disabled facilities	N/A	793	Not required to audit the claim in 2011/2
Grant planning, supervision and review	1,475	1,758	
Total	34,802	32,516	

© 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.

