

# Certification of claims and returns - annual report

City of York Council  
Audit 2010/11



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# Introduction

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**Local authorities claim large sums of public money through grants and subsidies. 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.**

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.

This report summarises the outcomes of my certification work on City of York Council's 2010/11 claims and returns.

# Summary of my 2010/11 certification work

My work gave rise to a qualification letter for only one out of the nine audited claims and returns in 2010/11. Four out of the nine claims or returns required amendment.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£197.6 million
Number of claims and returns amended due to errors	4
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	£46,785

# Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights significant issues arising. The Council has implemented all recommendations made in prior years and I have made no new recommendations for improvement.

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	51,656	N/A, not applied to this claim	1 - roundings	Yes – audit testing identified some errors in calculation of benefit which were not amended because of the inherent difficulty of calculating an accurate adjustment when only a sample of cases have been subject to review

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?
HRA subsidy	6,175	No – changes in the Council's approach to completing the capital financing section of the claim form meant that additional testing was required.	Amendments to the Adjustment A and capital financing requirement calculations were made but these had no impact on the overall level of subsidy.	No
Housing finance base data return	N/A, non financial data return only	No – changes to subsidy regime for 2011/12 meant that additional testing was necessary	Minor amendments made to mortgages and capital contributions data.	No
Pooling of housing capital receipts	1,041	Yes	Nil	No
National non-domestic rates return	80,577	No – the claim was qualified in 2009/10	Nil	No
Teachers' pensions return	50,522	Yes	1,232 – arithmetical errors in claim form	No
Sure start, early years and childcare grant and aiming high for disabled children grant	6,985	Yes	Nil	No

Table 3: **Claims and returns 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	442	Nil	No
Yorkshire Forward	211	Nil	No

# Summary of progress on previous recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work.

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
The Council will consider what action can be taken to improve the control environment for grant claims and returns.	Medium	Ongoing	All Finance Managers	Implemented	Improvements to control environment for Sure Start claims meant that we were able to reduce the amount of audit testing and therefore also the fee.
Issues identified in prior years' qualification letters and amendments should be reviewed and considered when preparing the current year's claim to ensure they do not re-occur.	Medium	Ongoing	All Finance Managers	Implemented	No qualification letter in respect of the Council's national non domestic rates return in 2010/11.



# 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 5: Summary of certification fees 2010/11

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	£28,350	£26,956	N/a – increase less than 10 per cent
Pooling of housing capital receipts	£730	£858	Difference not significant
HRA subsidy	£3,654	£3,083	Changes to capital financing section of the claim were made by the Council and required a technical specialist review.
Housing finance base data return	£5,327	£3,210	Additional testing required in preparation for new housing subsidy regime in 2011/12.
National non-domestic rates return	£4,010	£3,630	Significant variances in part B of the claim form compared to the previous year required additional testing.
Teachers' pensions return	£1,325	£603	Arithmetical errors in the claim required correction
Sure start, early years and childcare grant	£1,249	£4,505	Improved control environment so less testing required
Yorkshire Forward	£1,240	£5,250	4 claims audited in 2009/10, only 1 in 2010/11.
Disabled facilities	£433	£517	Difference not significant

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
General management, supervision and review	£467	£1,020	Less claims to audit and fewer qualification issues to deal with.
Total	£46,785	£49,632	

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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.

