

City of York Council

Certification of claims and returns

Annual Report 2013/14

January 2015



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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies.’ Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Background

In 2013/14, City of York Council ('the Council') received more than £160m in funding from various grant-paying government departments. These departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.

It is therefore important that the Council can demonstrate that it:

- Has put in place adequate arrangements to prepare and authorise each claim and return; and
- Can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns. In 2013/14, we certified three claims and returns, compared to five in the previous year.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions ('CIs') that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £125,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £125,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above). Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

02

Findings

The Council's control environment

As required by the Audit Commission's CIs, we assessed the control environment for two of the three claims and returns. There are specific arrangements for the certification of the Housing and Council Tax Benefit claim which do not require us to assess the control environment.

We carried out only Part A testing for the Contribution to National Housing Receipts Return and Part A and Part B testing for the Local Transport Plan – Major Projects Grant Claim. We have not noted any specific weaknesses in your control environment for preparing returns, and no recommendations for improvement were made in 2013/14.

Amendments and Qualifications

None of the three claims or returns required amendment. A very minor issue (£42) was reported as a qualification on the Housing Benefits Claim, and the details do not need to be reported to Members.

Scheme outside of the Audit Commission arrangements

During the year we have also been engaged directly by the Council to undertake assurance work on the Teachers' Pensions Return (previously carried out under these arrangements but now a separate engagement). As this engagement is outside of the Audit Commission's regime we have reported separately to officers on the outcome of this work.

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Certification fees

For 2013/14 the total fees charged for certification work was £18,304. This represents a significant reduction on fees charged in 2012/13 (£23,273). The main reason for the reduction in fee was that fewer claims and returns required certification under the Audit Commission's arrangements this year, and less work was required on the housing benefits claim which no longer includes council tax benefit.

A breakdown of the fees charged for each claim or return is provided in Appendix A.

Appendix A

Summary of certified claims and returns

Claim or return	Value	2012/13 fee	2013/14 fee	Reasons for significant movement	Amended	Qualified
Housing Benefits	£45,146,806	£17,272	£15,572	The fee reduction was mainly due to less work being required now that the claim does not include council tax benefit.	No	Yes
Contribution to National Housing Receipts Pool	£2,991,940	£442	£409	Movement in fee not significant.	No	No
Local Transport Plan – Major Projects	£13,523,027	£2,323	£2,323	This was a new claim in 2012/13 and a fee was agreed with officers and approved as a variation to the grants scale fee by the Audit Commission. The same approach was followed for 2013/14. The fee was held at its 2012/13 level.	No	No
National Non Domestic Rates Pool return	n/a	£2,432	n/a	This return no longer requires audit certification.	n/a	n/a
Teachers' Pensions return	n/a	£804	n/a	This return no longer requires certification as part of the Audit Commission's arrangements.	n/a	n/a
Total	£61,661,773	£23,273	£18,304			