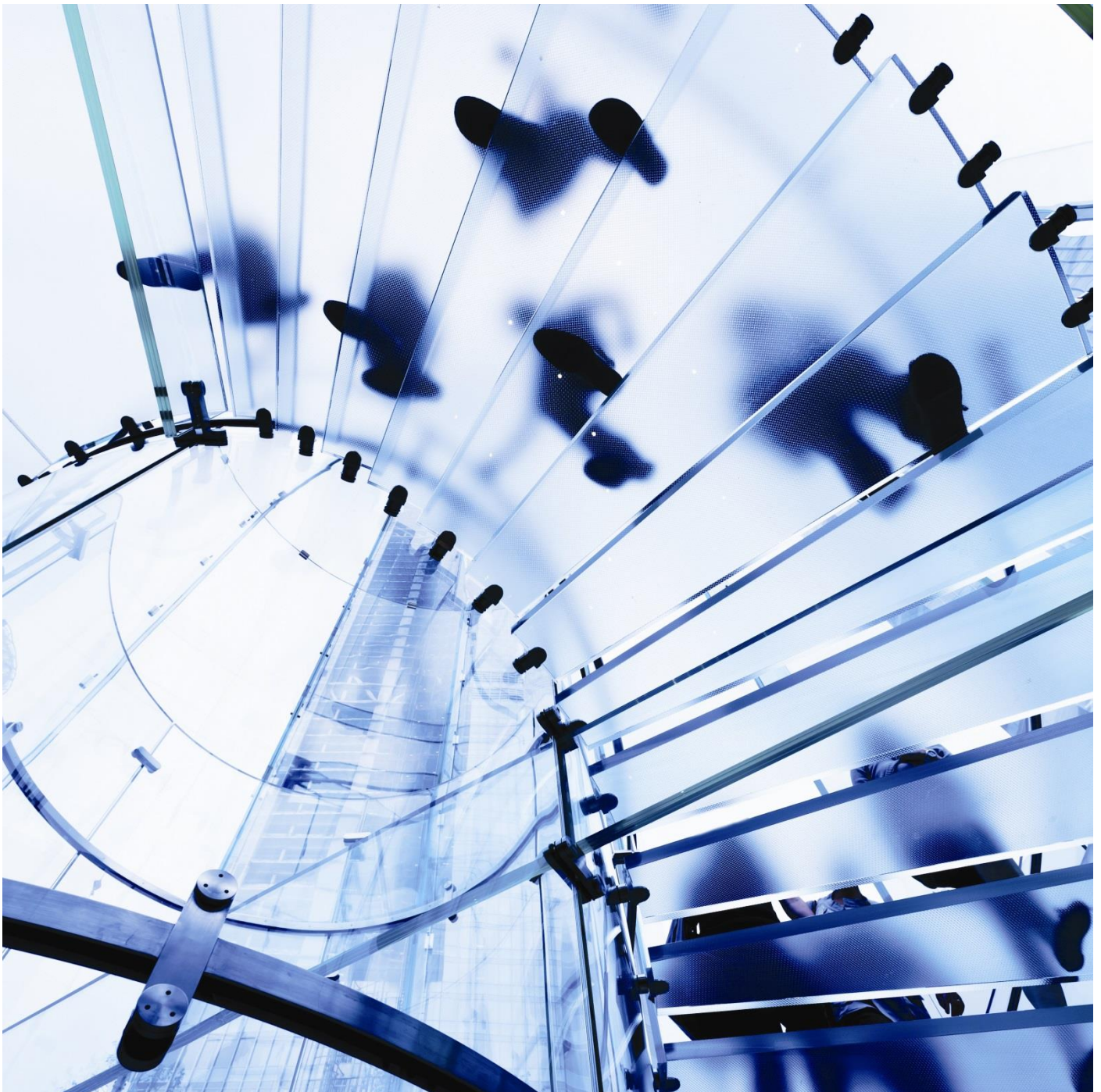


# City of York Council

## Certification of claims and returns

Work Plan 2013/14



# Contents

Introduction .....	2
Certification arrangements (claims within Audit Commission regime) .....	3
Role of all parties .....	4
Role of the Council .....	5
Managing the process - Our Role .....	6
Reporting .....	7
Fees .....	8
Contact details .....	10
Appendix A .....	11

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 Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

# 01

## Introduction

Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. The way in which we certify a claim or return is dependent on whether it is within the Audit Commission Regime.

### **Claims and returns within the Audit Commission regime**

The Audit Commission makes certification arrangements with grant-paying bodies, including confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and set out the specific procedures to be applied in examining the claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

City of York Council receives more than £300 million 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departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.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.

As the Council's appointed external auditor, we undertake grant certification work acting as an agent of the Audit Commission.

### **Claims and returns outside the Audit Commission regime**

From time to time, we can also be requested to provide reports on claims and returns which do not fall within the Audit Commission regime. Where this is the case we are not provided with certification instructions. Instead, engagement terms are agreed with the Council for each claim or return before work commences. The engagement terms include the work to be undertaken which is based on the grant conditions specified by the grant paying body. At the conclusion of our work we provide a report which details the tests undertaken, and the results of that testing.

We were not requested by the Council to carry out this type of work during 2012/13, but we are aware that there may be a request to carry out work on s256 agreements with Clinical Commissioning Groups/NHS England in the 2013/14 audit year.

# 02

## Certification arrangements (claims within Audit Commission regime)

The Audit Commission's certification arrangements are designed to be proportionate to the claim or return. The arrangements for 2013/14 are:

- For claims and returns below £125,000 certification is not required by us, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions.
- For claims and returns between £125,000 and £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but are not required to undertake any testing of the eligibility of expenditure or data.
- For claims and returns over £500,000, we are required to test the the control environment the Council has put in place for preparing the claim and 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 but do not undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.

In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's general ledger and any other relevant systems, and make appropriate use of relevant internal audit work where possible.

# 03

## Role of all parties

### Claims and returns within the Audit Commission regime

The table below summarises the respective roles and responsibilities of the parties involved in the certification process.

Party	Role and Responsibility
Grant paying body	Sets conditions of grant and deadline for submission for pre-certified and certified claims.
Audit Commission	Issues certification instructions for auditor work.
Council	Submits claims for certification to the appointed auditor within grant paying body submission deadlines.
Appointed Auditor	Certifies claims in accordance with Audit Commission certification instructions and within certification deadlines.

### Claims and returns outside the Audit Commission regime

The table below summarises the respective roles and responsibilities of the parties involved in the reporting process.

Party	Role and Responsibility
Grant paying body	Sets conditions of grant and deadline for submission for pre-certified and certified claims.
Council	Submits claims for review to the reporting accountant within grant paying body submission deadlines.
Reporting Accountant	Reviews claims in line with grant conditions and within reporting deadlines.

# 04

## Role of the Council

The Council's role for all claims and returns is set out in more detail below:

- The Director of Customer and Business Support Services is responsible for ensuring that supporting accounting records are sufficient to document the transactions for which claims are made. These records should be maintained in accordance with proper practices and kept up to date, including records of income and expenditure in relation to claims and returns
- The Council should ascertain the requirements of schemes at an early stage to allow those responsible for incurring eligible expenditure to assess whether it falls within the scheme rules and to advise those responsible for compiling claims and returns to confirm any entitlement
- The Council should ensure all deadlines for interim and final claims are met to avoid sanctions and penalties from grant paying bodies
- Grant-paying bodies usually require the Council's certificate to be given by an appropriate senior officer. This is typically the Director of Customer and Business Support Services or an officer authorised by written delegated powers
- The Council should monitor arrangements with any third parties involved in the certification process.

# 05

## Managing the process - Our Role

### **Certification of claims and returns within the Audit Commission regime**

- We intend to certify all claims and returns in accordance with the deadlines set by the Audit Commission. If we receive any claims after the Council's submission deadline, we will endeavour to certify them within the Audit Commission deadline but, where this is not possible, within three months from receipt.
- A copy of each certified claim or return will be sent to the relevant named contact when the certification process is complete, along with a copy of the qualification letter, where applicable.
- Copies of the certification instructions can be provided on request for any new claims or returns.
- We expect to complete the certification of all claims by late 2014 and will issue a grant certification report highlighting any issues that need to be brought to the Council's attention by the end of February 2015.

### **Reporting on claims and returns outside the Audit Commission regime**

- Where commissioned to undertake this work by the Council, we will report on all claims and returns in accordance with the deadlines set by the grant paying bodies. If we receive any claims after the grant paying bodies' submission deadline set for the Council, we will endeavour to report within the deadline set for the reporting accountant but, where this is not possible, within three months from receipt of the claim.
- Depending on the nature of the scheme, our report may be to the Council (for forwarding to the grant paying body) or for the grant paying body directly.
- A copy of each report will be sent to the relevant named contact when reporting process is complete.

# 06

## Reporting

### Claims and returns within the Audit Commission regime

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 agreed amendment by the Council; or
- with a qualification letter.

Where a claim is qualified because the Council has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the Council or claw back funding which has already been provided or has not been returned.

In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which may impact on the certification fee.

### Claims and returns outside the Audit Commission regime

On completion of the work agreed with the Council in the engagement terms we issue an accountant's report, the wording of which depends on the work we have performed on each claim.

Where issues of non compliance with grant terms and conditions have been identified these are highlighted in our report. As for claims within the Audit Commission regime, this could result in retention or clawback of funding.

Where issues are identified or amendments are required this increases the time taken to review the claim, which may result in additional fees being charged.



# 07

## Fees

### Claims and returns within the Audit Commission regime

The Audit Commission sets an indicative scale fee for grant claim certification. The 2013/14 fee is based on 2011/12 actual certification fees for each Council, adjusted for savings arising from the Commission's outsourcing of work.

The claims and returns indicative scale fee for 2013/14 is £19,000:

- Housing and Council Tax Benefit subsidy (BEN01) £17,696;
- Pooling of housing capital receipts return (CFB06) £409; and
- Teachers Pensions (PEN05) £895.

NNDR (LA01) was removed from the Commission's certification regime for 2013/14.

These fees are based on the following assumptions:

- there will be no change in the scope of our work due to the control environment in place during the year
- the Council provides adequate working papers to support each entry in the claim/return
- the Council's staff are available to deal with our queries in a timely manner and provide such explanations and supporting evidence necessary to support entries.

Where there is a variation from these assumptions, for example due to changes in the claims being audited, we will discuss a variation to the indicative scale fee with the Council and the Audit Commission.

If an additional claim or return under the Audit Commission regime is required in 2013/14 to those set out above, this will be at an additional fee to be agreed with the Council and also requiring approval by the Audit Commission. In 2012/13 one such additional claim was 'Local Transport Plan – Major Projects' which was carried out at an additional fee of £2,323. If, as expected, this return requires certification again, an additional fee will need to be agreed.

Appendix A sets out the claims we expect to receive in 2013/14, key deadlines and the outcomes from last year's audit.

## **Claims and returns outside the Audit Commission regime**

Fees for claims and returns outside of the Audit Commission regime will be based on an estimate of the hours taken to complete the work. This takes into consideration such factors as the complexity and value of the claim, and any issues identified in previous years. The fees are subject to agreement with the Council.

We were not requested by the Council to carry out this type of work during 2012/13, but we are aware that there may be a request to carry out work on s256 agreements with Clinical Commissioning Groups/NHS England this year. Consequently, s256 agreements are highlighted in Appendix A.

# 08

## Contact details

Engagement lead  
(Partner)

- Gareth Davies
- Tel: 0191 383 6300 or 07979 164 467
- Email: Gareth.davies@mazars.co.uk

Engagement Senior  
Manager

- Gavin Barker
- Tel: 0191 561 1917 or 07896 684 771
- Email: gavin.barker@mazars.co.uk

Team Leader (Assistant  
Manager)

- David Hurworth
- Tel: 0191 383 6300 or 07881 511 077
- Email: david.hurworth@mazars.co.uk

# Appendix A

Summary of expected claims & returns for the year ended 31 March 2014

## Within the Audit Commission Regime

Claim or return	Authority deadline	Certification deadline	Claim Certified in prior year	Prior year outcome
BEN01 Housing and Council Tax Benefits Subsidy	30/4/14	30/11/14	Yes	Claim amended and qualified
PEN05 Teachers Pensions Return	30/6/14	28/11/14	Yes	Claim amended and qualified
CFB06 Pooling of Housing Capital Receipts	27/6/13	26/9/14	Yes	Claim not amended or qualified
TRA 11 Local Transport Plan – Major Projects	30/9/14	31/12/14	Yes	Claim not amended or qualified

## Outside the Audit Commission Regime

Claim or return	Authority deadline	Reporting deadline	Claim Certified in prior year	Prior year outcome
S256 agreements - various	30/9/14	31/12/14	No	New returns for 2013/14