

# City of York Council

## Certification of claims and returns

Annual Report 2012/13

January 2014



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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.

# 01

## Background

In 2012/13, City of York Council ('the Council') received more than £300m 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departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.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 2012/13, we audited five claims and returns.

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 and certification fees

### The Council's control environment

As required by the Audit Commission's CIs, we assessed the control environment for four of the five 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 Part A and Part B testing for all four of the claims and returns where we assessed the control environment. We have not noted any specific weaknesses in your control environment for preparing returns, and no recommendations for improvement were made in 2012/13.

### Amendments and Qualifications

Of the five claims and returns we certified in 2012/13, two were qualified and required amendment, as shown below:

**Teachers' Pensions return:** the return was amended to show the correct closing balance on box 2h, and the correct total for pensionable pay in box 1. A qualification letter was also required to reflect the fact that, following the introduction of tiered pension contribution levels for teachers in 2012/13, our sample testing identified that some teachers had been allocated to the incorrect tier.

**Council Tax and Housing Benefit Subsidy return:** – an amendment of £30 was made to the claim to correct a transposition error. A qualification letter was necessary to report that our initial sample testing had identified:

- one case where benefit was overpaid due to a change in JSA not being actioned on the correct date; and
- one case where benefit was underpaid as a result of student disregard not being incorrectly applied.

If the errors identified had been extrapolated across the whole population the potential value of errors identified would be calculated at £8,832.

## Certification fees

For 2012/13 the total fees charged for certification work was £23,273. This represents a significant reduction of 43.3% on fees charged in previous years (£41,057). This was the combined result of:

- a change in the way that the Audit Commission charges Councils for certification work. In previous years certification work was charged on the basis of actual hours spent undertaking the work; this has changed to be a set amount which is determined based on a 40% reduction of the actual fee which was charged for our certification work in 2010/11 (we would only charge a higher fee if significant additional work was required over and above that we have previously undertaken or new schemes require auditing)
- three claims and returns which required certification in 2011/12 not requiring certification in 2012/13;
- one additional claim requiring certification in 2012/13 for the first time.

The Audit Commission initially set a scale fee for grants and returns of £20,950. This was then varied to £23,273 to reflect the additional transport claim that required audit in 2012/13.

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	2011/12 fee	2012/13 fee	Reasons for significant movement	Amended	Qualified
Council Tax and Housing Benefits Subsidy	£55,813,157	£28,997	£17,272	Explained by the 40% reduction in fees within the Audit Commission framework.	Yes	Yes
National Non Domestic Rates Pool return	£93,680,875	£4,110	£2,432	Explained by the 40% reduction in fees within the Audit Commission framework.	No	No
Contribution to National Housing Receipts Pool	£829,215	£596	£442	Explained by the 40% reduction in fees within the Audit Commission framework.	No	No
Teachers' Pensions return	£9,855,201	£1,487	£804	Explained by the 40% reduction in fees within the Audit Commission framework.	Yes	Yes
Local Transport Plan – Major Projects	£1,793,794	n/a	£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.	No	No
Housing Subsidy	n/a	£3,867	£0	Subsidy scheme wound up in 2011/12.	n/a	n/a
Yorkshire Forward	n/a	£1,460	£0	No YF claims in 2012/13.	n/a	n/a
Supervision, reporting and management costs	n/a	£540	£0	Now included in fee charged for each claim.	n/a	n/a
<b>Total</b>	<b>£161,972,242</b>	<b>£41,057</b>	<b>£23,273</b>			