

Certification of claims and returns - annual report

Slough Borough Council

Audit 2011/12



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Introduction

Local authorities claim large sums of public money in grants and subsidies from government departments and other grant-paying bodies and must complete returns providing financial information to government departments. My certification work provides assurance to government departments and 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 completed 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 the Audit Commission arranges certification it issues instructions setting out the work auditors must complete before giving their certificate. The work necessary varies according to the value of the claim or return and the requirements of the government department or grant-paying body. Broadly for claims and returns:

- Below £125,000 - I carry out no work.
- From £125,000 and £500,000 -I undertake limited tests to agree form entries to underlying records, but do not test the expenditure or data is eligible.
- Over £500,000 - I plan and perform my work following the certification instruction. I assess your control environment for preparing the claim or return and decide how much I can rely on your controls. Based on my assessment, I tailor my approach to agree form entries to underlying records and test the expenditure or data is eligible.

I cannot tailor my approach for the housing and council tax benefits subsidy claim because the grant paying department has set the level of testing.

Where I agree it is necessary you can amend your claim or return. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you do not comply with scheme terms and conditions.

Results of 2011/12 certification work undertaken up to the 31 October 2012

This section summarises the results of my 2011/12 certification work undertaken up to 31 October 2012 and highlights the significant issues arising from that work.

Table 1: Summary of 2011/12 certification work undertaken by 31 October 2012

Claim or return	Value of claim or return presented for certification (£'000)	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme: Councils run the government's housing and council tax benefits scheme for tenants and council taxpayers. Councils responsible for the scheme claim subsidies from the Department for Work and Pensions towards the cost of benefits.	£86,394	Nil	Qualification letter issued I found minor differences between cells and the need for some reclassification of expenditure between HRA and non HRA. There was no impact on subsidy

Claim or return	Value of claim or return presented for certification (£'000)	Value of any amendments made	Was a qualification letter issued?
<p>Pooling of housing capital receipts: Authorities pay part of a housing capital receipt into a pool run by Communities and Local Government (CLG). Regional housing boards redistribute the receipts to those authorities with the greatest housing needs.</p>	£1,478	Nil	I found no errors on the pooling of housing capital receipts grants claim and certified the claim without qualification.
<p>Housing revenue account subsidy: Housing authorities claim housing revenue account subsidy from Communities and Local Government (CLG). Subsidy is payable in line with determinations made under section 80 of the Local Government and Housing Act 1989 to meet any shortfall between expenditure and income on the authority's notional housing revenue account (HRA). Notional housing surpluses are payable, in full, to CLG.</p>	£7,413	Nil	I found no errors on the housing subsidies and grants claim and certified the claim without qualification.
<p>National non-domestic rates return: The government runs a system of non-domestic rates using a national uniform business rate. Councils responsible for the scheme collect local business rates and pay the rate income over to the government. Councils have to complete a return setting out what they have collected under the scheme and how much they need to pay over to the government.</p>	£89,693	Nil	Qualification letter issued The Council had not been able to reconcile its Valuation Officer listings to its rents system. At 31 January 2012 the VO listing total showed £436,026 more than the rents system. The lower figure has been used in the claim.
<p>Teachers' pensions return: The Department of Work and Pensions requires me to check the return for the teachers' pension scheme, which runs separately from the Local Government Pension Scheme. Councils must complete a return setting out what they have collected under the scheme and how much they need to pay over to the government</p>	£7,841	Nil	I found no errors on the teachers pension return and certified the claim without qualification.

Summary of recommendations

This section highlights the recommendations arising from my certification work and the actions agreed for implementation.

In my report last year I recommended that in future each claim produced by the Council should be supported by a comprehensive set of working papers produced at the compilation stage and available to auditors at the commencement of the audit. This recommendation has not been implemented and additional difficulties were encountered this year due to staff turnover and an absence of central co-ordination. The outcome was that my team took longer to complete some claims and at greater cost than should have been the case.

Table 2: **Summary of recommendations arising from 2011/12 certification work**

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
Each claim should be supported by a comprehensive set of working papers produced at the compilation stage and available to auditors at the commencement of the audit	High	Agreed – to build these into the complete list of audit (internal and external) actions which will then be reported to the Audit and Risk committee on a quarterly basis	2012/13	Mark Taylor – Assistant Director of Finance
Claims and returns should be centrally monitored to ensure compliance with grant conditions, deadlines and quality standards.	High	Agreed – to build these into the complete list of audit (internal and external) actions which will then be reported to the Audit and Risk committee on a quarterly basis	2012/13	Mark Taylor – Assistant Director of Finance

Summary of certification fees

Details of fees arising from 2011/12 certification work complete as at the 31 October 2012 and the reasons for any significant changes in the level of fees from 2010/11 is provided below.

The key changes in fee are as follows.

Table 3: **Significant changes in fees**

Claim or return	2011/12 fee £	2010/11 fee £	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit scheme	26,927	25,239	Less than 10%
Pooling of housing capital receipts	674	512	Results of initial testing required more follow up
Housing revenue account subsidy	3,771	3,381	Less than 10%
National non-domestic rates return	3,071	3,761	Greater reliance on other external audit work
Teachers' pensions return	2,453	2,398	Less than 10%
Total	36,836	35,291	

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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.



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