

Certification of claims and returns - annual report

South Ribble Borough Council

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. 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. This report summarises the outcomes of my certification work on your 2010/11 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 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.

Summary of my 2010/11 certification work

The Council's claims and returns are well supported and I have no significant concerns about their preparation.

We completed testing on 3 claims/returns for the Council this year. In all cases they were supported by good working papers. Whilst one claim was amended and another claim was subject to a qualification letter, these related to minor issues and do not raise significant concerns about the Council's arrangements for preparing claims and returns. The net impact of my audit is that the Council is likely to increase the level of subsidy to the authority by approximately £3,000.

There are no recommendations which the Council needs to implement arising from my audit of South Ribble's claims or returns.

Table 1: **Summary of 2010/11 certification work**

Number of claims and returns certified	
Total value of claims and returns certified	£57,383,630
Number of claims and returns amended due to errors	1
Number of claims and returns where I issued a qualification letter	1
Total cost of certification work	£20,057

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification (£'000)	Adequate control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit scheme	£26,547	Yes	Nil	Yes. The qualification related to a small number (3) of minor errors due to mis-classification of overpayments between claimant error and local authority error. The Department of Work and Pensions (DWP) has not yet assessed the impact of these errors, but if the approach adopted in previous years is followed, the net effect would be to increase the subsidy receivable by the Council by approximately £3,000.

Claim or return	Value of claim or return presented for certification (£'000)	Adequate control environment?	Value of any amendments made	Was a qualification letter issued?
National non-domestic rates return	£30,636	Yes	An adjustment of £171,658 was made to increase the provision for bad debts, resulting in an equivalent decrease in the amount payable to the national pool. The net impact on the Council's financial position was nil. The adjustment was required due to a simple transposition error.	No

Table 3: Claims 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	£201	Nil	No

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 4: Summary of certification fees

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	17,242	22,549	A reduction in errors identified in 2010/11 and associated testing
National non-domestic rates return	2,560	2,602	-
Disabled facilities	255	425	-
Total	20,057	25,576	-

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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.

