

Certification of claims and returns - annual report

Chorley 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. However, regardless of my assessment of the control environment, I am required to carry out the full range of testing every third year.

The work I undertake to certify the Housing and Council Tax Benefits Subsidy claim for the Department of Work and Pensions (DWP) is scoped differently. DWP require, because of the high value and inherently high risk nature of the claim, a full review each year. These tests include:

- confirming that the subsidy claim has been completed using the recognised software for claim completion;
- undertaking an analytical review for a year by year comparison and comparisons to other Councils; and

- carrying out a detailed testing of individual claims for benefit to ensure the Council is calculating benefit entitlement correctly.

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 has effective arrangements in place to prepare accurate claims and returns

- 1 I found most claims had been prepared in accordance with the relevant terms and conditions. Good working papers were provided and returns and claims reconciled back to the Council's records.
- 2 The National Non Domestic Rates (NNDR) return was subject to amendment and a qualification letter . These occurred following actions taken by officers to resolve long standing integrity issues within the NNDR system. The actions taken to date have resulted in an increase in the amount payable by the council to the NNDR pool but further work in 2011/12 is expected to negate this impact. The issues are of a purely technical nature and do not impact on the overall security or robustness of the system. .

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£49,596,536
Total number of claims and returns certified	3
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	£21,718

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 (£'000)	Adequate control environment?	Value of any amendments made	Was a qualification letter issued? Any other issues?
Housing and council tax benefit scheme	£28,409	Yes	Nil	No qualification letter was issued. My testing identified some inconsistencies that required me to increase the size of my initial sample. This additional testing resolved the issues initially identified and resulted in only minor amendments to the claim. These amendments did not impact on the overall amount of the claim.
National non-domestic rates return	£20,952	Yes	£253,292	Yes. An overall adjustment to the return of £253,292 was made to increase the amount payable to the national pool. The adjustments mainly related to the integrity issues I have

Claim or return	Value of claim or return (£'000)	Adequate control environment?	Value of any amendments made	Was a qualification letter issued? Any other issues?
				referred to earlier in the report together with a correction to include the 2010/11 impairment provision. A qualification letter was also provided relating to the integrity issues, since these were not fully resolved but are expected to be cleared in 2011/12.

Table 3: **Claims between £125,000 and £500,000**

Claim or return	Value of claim or return (£'000)	Value of any amendments made	Qualification letter
Disabled facilities	£235	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	£17,566	£18,666	
National non-domestic rates return	£3,675	£3,220	The increase in the fee reflects the extra time required to resolve the specific issues identified in 2010/11.
Disabled facilities	£477	£780	Full range of testing required in 2009/10.
Total	£21,718	£22,666	

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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.

