

# Certification of claims and returns - annual report

Swale Borough Council

Audit 2010/11



# Contents

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<b>Introduction</b>	<b>3</b>
<b>Summary of my 2010/11 certification work</b>	<b>4</b>
<b>Results of 2010/11 certification work</b>	<b>5</b>
<b>Summary of progress on recommendations</b>	<b>6</b>
<b>Summary of certification fees</b>	<b>8</b>



# Introduction

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**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 Authority has improved its performance in preparing claims and returns

My work gave rise to minor amendments of two of the three claims and returns for the year ended 31 March 2011 that the Authority was required to submit for certification. I had to submit a Qualification Letter in relation to the Housing Benefit return, but this was in relation to a prior-year issue only.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	94,252,243
Number of claims and returns amended due to errors	2
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	1
Total cost of certification work	£22,729

# 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)	Was reliance placed on the control environment?	Value of any amendments made (£,000)	Was a qualification letter issued?
Housing and council tax benefit scheme	61,432	No – the DWP no longer requires us to place reliance upon the control environment,	£1	Yes – in relation to prior-year cut-off issue.
National non-domestic rates return	31,914	Yes	Nil*	No
Disabled facilities	906	Yes	Nil	No

\* amendments made had no impact on the return

# Summary of progress on recommendations

This section considers the progress made in implementing recommendations I have previously made arising from certification work.

Table 3: Summary of progress made on recommendations arising from certification work undertaken in earlier years

Agreed action	Priority	Date for implementation	Responsible officer	Current status
Ensure there is accurate year-end cut-off in relation to benefit payments, for both accounts and subsidy purposes.	Medium	2010/11	Assistant Revenues and Benefits Manager / Chief Accountant	No issues were identified in relation to cut-off for 2010/11. However, the 2009/10 issue impacted on the 2010/11 claim.
Assign a member of the finance team to assist the revenues team in compiling the lines in the NNDR return relating to schedule of payment agreements.	High	2010/11	Chief Accountant	No issues were identified in relation to the schedule of payments in 2010/11.
Undertake a cross check to ensure that cumulative line entries in the NNDR return relating to schedule of payments agreements are accurate in	High	2010/11	Assistant Revenues and Benefits Manager / Chief Accountant	No issues identified in 2010/11.

Agreed action	Priority	Date for implementation	Responsible officer	Current status
cash flow terms.				
Exclude from the NNDR return the impact of the element of the bad debt provision held against any closing deferred amounts (excluding any post alteration date liability).	High	2010/11	Assistant Revenues and Benefits Manager / Chief Accountant	No issues identified in 2010/11.

# 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	£18,626	£23,384	Fewer audit issues this year
National non-domestic rates return	£3,202	£7,648	Additional work was required in 2009/10 in relation to the port rate relief issues
Disabled facilities	£901	£254	Some difficulties with LOGASNET online system this year
Total	£22,729	£31,286	



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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.

