

Certification of claims and returns - annual report

West Lindsey District 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 Authority has performed generally well in preparing claims and returns.

My work gave rise to amendment in one of the three claims and returns that the Council submitted for certification for the year ended 31 March 2011. I also needed to provide a qualification letter alongside my certificate on the same claim – the amended housing and council tax benefit claim. The qualification letter however only related to one matter and further details on this are provided on page 5 below.

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

Number of claims and returns certified	
Total value 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 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	£15,047

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	26,084	N/A – The scope of work required is determined by the Department for Work & Pensions (DWP)	+0.066	Yes – see below.
National non-domestic rates return	13,050	No – see below	None	No

We issued a qualification letter with the housing and council tax benefit claim. The qualification related to rent rebates and non-HRA properties, and in particular to 1 case of underpaid benefit due to the incorrect rent being input. Errors were also identified in the benefit granted on modified schemes, but as the population was small, all of it was tested and so the claim could simply be amended.

As in previous years, we relied upon internal audit staff to carry out some of the detailed testing on the housing and council tax benefit claim. In our view this continued co-operation works well and ensures the external audit fees charged to the Council remain low.

For the national non-domestic return, we did not rely upon the control environment because we are required to carry out detailed testing at least every three years, and had relied on it for the previous two.

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	210	None	No

Summary of recommendations

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

The one recommendation relates to an issue highlighted on page 5 above on the housing and council tax benefit claim. Audit testing identified errors in the benefit granted on modified schemes for the second year in succession. Given the population was relatively small (55 cases), officers agreed to review the full population to allow an amendment to be made to the claim rather than including the issue in the qualification letter. This additional testing caused a delay in submission of the certified claim of 2 days past the DWP deadline. The Council confirmed with the DWP that this small delay in submission would not result in any penalties in withholding the Council's payments on account. In our view the Council needs review its arrangements for dealing with modified schemes, as reflected in the recommendation below.

Table 4: **Summary of recommendations arising from 2010/11 certification work**

Recommendation	Priority	Agreed action	Date for implementation	Responsible officer
The quality assurance arrangements in place should focus some of its testing on modified schemes and any errors identified reflected in training provided to benefit assessors.	M	Work on these cases will all be carried out by a single officer who has received specific training. All cases will be checked routinely.	31 January 2012	Revenues, Benefits and Customer Services Manager

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 5: 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	£12,798	£12,806	-
National non-domestic rates return	£ 1,654	£ 1,511	-
Disabled facilities	£ 595	£ 595	-
Total	£15,047	£14,912	-

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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.

