



## **Halton Borough Council**

Certification work report 2011/12

February 2013

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# 1 Executive Summary

## Introduction

- 1.1 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, is required to certify the claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.2 We have certified 4 claims and returns for the financial year 2011/12 relating to expenditure of £125.5 million.
- 1.3 This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

## Approach and context to certification

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

## Key messages

- 1.6 It should be noted that all work reported in this certification report was completed by the Audit Commission prior to our appointment as the Council's auditors. The findings set out in this report therefore represent the results of your previous auditors work which was reported to the Business Efficiency Board in November 2012.
- 1.7 A summary of all claims and returns subject to certification and details of our certification fee is provided at Appendix B. The key messages from our review are summarised in Exhibit One, and set out in detail in the next section of the report.

### Arrangements for certification for claims and returns:

- below £125,000 - no certification
- above £125,000 and below £500,000 - agreement to underlying records
- over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

### Exhibit One: Summary of Council performance

Aspect of certification arrangements	Key Message
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Submission and certification	All of the claims were submitted on time to audit and all claims were certified within the required deadlines.
Accuracy of claim forms submitted to the auditor Amendments and qualifications	Overall the Council is performing well and there are no significant matters arising from our certification of claims and returns. Some small arithmetic amendments were required before claims could be certified but only one of these resulted in a change to the value of the claim. No claims were qualified.
Supporting working papers	Initial supporting working papers for all claims and returns were good, and additional working papers were provided promptly. This enabled all claims to be certified within the deadlines.

### Acknowledgements

- 1.10 We would like to take this opportunity to thank the grant claim co-ordinator and Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**

**February 2013**

## 2 Results of our certification work

### Key messages

- 1.1 We have certified 4 claims and returns for the financial year 2011/12 relating to expenditure of £125.5 million.
- 1.2 The Council's performance in preparing claims and returns is summarised in Exhibit Two.

### Exhibit Two: Performance against key certification targets

Performance measure	Target	Achievement in 2011-12		Achievement in 2010-11		Direction of travel
		No.	%	No.	%	
<b>Total claims/returns</b>		4		7		
Number of claims submitted on time	100%	4	100	7	100	→
Number of claims certified on time	100%	4	100	7	100	→
Number of claims certified with amendment	0%	3	75	4	57	↑
Number of claims certified with qualification	0%	0	0	0	0	→

- 1.3 This analysis of performance shows that:
  - All claims were submitted and certified on time
  - A small number of claims were amended for very minor arithmetic errors. Only one of these amendments, relating to the Housing and Council Tax Benefit Scheme, resulted in an adjustment to entitlement.
- 1.4 Details on the certification of all claims and returns are included at Appendix B
- 1.5 We have not identified any significant matters or opportunities for improvement in the compilation of claims and returns.

- 1.6 Your previous auditors, the Audit Commission, charged a total fee of £25,102 against an indicative budget of £25,102 for the certification of claims and returns in 2011-12. Details of fees charged for specific claims and returns are included at Appendix B

# A Approach and context to certification

## Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £125,000 - no certification required
- for amounts claimed above £125,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council
- for amounts claimed over £500,000 - an assessment of the control environment and certifying that the claim agrees to underlying records of the Council. Where reliance is not placed on the control environment, detailed testing is performed.

## Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;
- without qualification but with agreed amendments incorporated by the authority; or
- with a qualification letter (with or without agreed amendments incorporated by the authority).

Where a claim is qualified because the authority has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the authority or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee.

## Certification fees

Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

<b>Role</b>	<b>2011/12</b>	<b>2010/11</b>
Engagement lead	£325	£325
Manager	£180	£180
Senior auditor	£115	£115
Other staff	£85	£85

## B Details of claims and returns certified for 2011-12

Claim or return	Value (£)	Amended?	Amendment Amount (£)	Qualified?	Fee 2010/11 (£)	Fee 2011/12 (£)	Comments
Housing and council tax benefit scheme	64,154,459	Yes	662	No	21,185	21,072	Amendment increased the subsidy claimed
National non-domestic rates return	49,559,765	Yes	0	No	2,328	1,276	Amendment was de-minimis and had no effect on entitlement
Teachers' pensions return	7,395,119	Yes	0	No	1,100	974	Amendment was de-minimis and had no effect on entitlement
Department for Transport Section 31	4,414,866	No	0	No	0	1,780	New claim in 2011/12
Sure-start	N/A	N/A	N/A	N/A	801	N/A	No claim in 2011/12
Disabled facilities	N/A	N/A	N/A	N/A	2,172	N/A	No claim in 2011/12
Single programme NWDA	N/A	N/A	N/A	N/A	2,510	N/A	No claim in 2011/12
<b>Total</b>	<b>125,524,209</b>		<b>662</b>		<b>30,096</b>	<b>25,102</b>	

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