

# Grant claim and returns certification work plan for Halton Council

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**Year ended 31 March 2014**

11 September 2014

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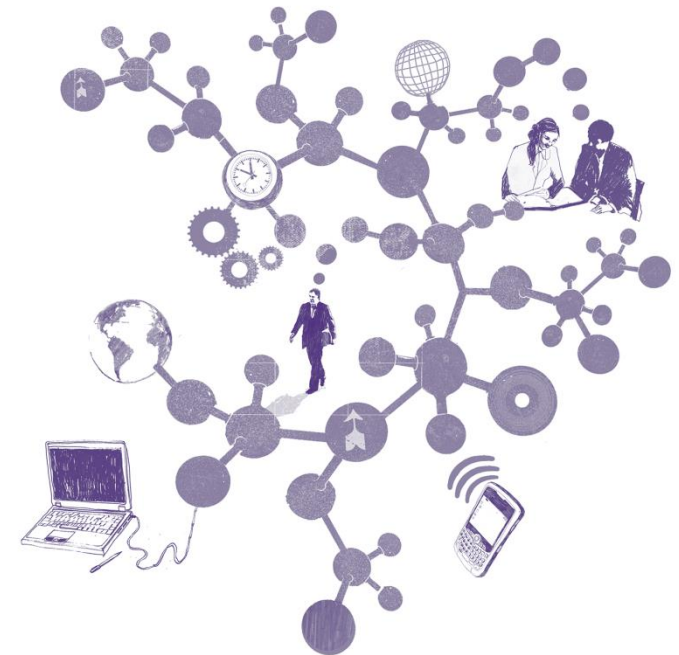
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# Our approach to certification work

## Introduction

As the Council's appointed external auditor, we undertake grant certification work acting as an agent of the Audit Commission. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

In 2012/13 we certified 4 claims and returns acting as agent of the Audit Commission, relating to expenditure of £126 million. In 2013/14 we plan to certify three claims:

- Housing Benefit Subsidy Return (BEN01)
- Local Transport Plan Major Projects – Silver Jubilee Bridge (TRA11)
- Local Transport Plan Major Projects – Mersey Gateway Bridge (TRA11)

The claim for the Pooling of Capital Receipts does fall within the agency arrangements but for Halton Council this year it falls under the de-minimis threshold of £125,000 and as such, does not require certification.

Last year we certified two claims that are no longer under the Audit Commission agency arrangement:

- National Non-Domestic Rates Return; and
- Teachers' Pensions Return.

This plan summarises our overall approach to the certification process under the Audit Commission agency arrangements.

## Approach and context to certification under the Audit Commission agency arrangement

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. The Audit Commission has agreed with government departments that 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.

# Our approach to certification work

## 2013/14 programme

The main claim which requires certification at Halton Council for 2013/14 is the Housing Benefit Subsidy claim.

## Our approach to Housing Benefit Subsidy certification work

The Department for Work and Pensions (DWP) requires external certification of the Housing Benefit Subsidy claim each year. The Audit Commission agrees certification arrangements with the DWP and issues a certification instruction. The arrangements include the deadline for submission of each claim by authorities (30 April 2014) and the deadline for certification by auditors (28 November 2014).

## Role of all parties

The table below summarises the respective roles and responsibilities of the parties involved in the certification process.

| Party             | Role & responsibility   |
|-------------------|---|
| DWP               | Sets conditions of subsidy and deadline for submission for pre-certified and certified claims                   |
| Audit Commission  | Issues certification instruction ('BEN01') for auditor work   |
| Council           | Submits claim for certification to the Appointed Auditor within DWP submission deadlines                        |
| Appointed Auditor | Certifies claim in accordance with Audit Commission certification instruction and within certification deadline |

The Council's role is set out in more detail below:

- the Divisional Manager – Financial Management is responsible for ensuring that supporting accounting records are sufficient to document the transactions for which claims are made. These records should be maintained in accordance with proper practices and kept up to date, including records of income and expenditure in relation to the Housing Benefit Subsidy claim
- the Council should ascertain the requirements of schemes at an early stage to allow those responsible for incurring eligible expenditure to assess whether it falls within the scheme rules and to advise those responsible for compiling claims and returns to confirm any entitlement
- the Council should ensure all deadlines for interim and final claims are met to avoid sanctions and penalties from grant paying bodies
- the DWP requires the Council's certificate to be given by an appropriate senior officer. This is typically the Operational Director – Finance (the section 151 officer) or an officer authorised by written delegated powers
- the Council should monitor arrangements with any third parties involved in the certification process.

## Our approach to Local Transport Plan Major Projects certification work

The roles and responsibilities of all parties is similar to that for the Housing Benefit Subsidy certification work.

The Department for Transport (DfT) requires annual certification of grant-funded expenditure and final certification once the managing authority has submitted its final grant claim. The Audit Commission agrees certification arrangements with the DfT and issues a certification instruction. The arrangements include the deadline for submission of each claim by authorities (30 September 2014) and the deadline for certification by auditors (31 December 2014).

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## Claims history

The most significant claims and returns in 2012/13, relating to expenditure of £126 million, were:

- Housing and Council Tax Benefits Return;
- National Non-Domestic Rates Return;
- Teachers Pensions Return; and
- Local Transport Plan Major Projects – Silver Jubilee Bridge.

Due to changes in government funding, there will be no certification under the Audit Commission regime of council tax benefit (previously part of the Housing and Council Tax Benefits Scheme and two claims no longer fall under the Audit Commission agency arrangement:

- National Non-Domestic Rates Return – the Department for Communities and Local Government no longer requires this to be certified by an external auditor.
- Teachers' Pensions Return – this return no longer comes within the Audit Commission agency arrangement but Teachers' Pensions, on behalf of the Department for Education, still require an independent certification by an external auditor. We will agree a separate engagement letter with you and complete the certification work in accordance with the certification instructions issued by Teachers' Pensions.

## Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this states that the claim 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 Council; or
- with a qualification letter (with or without agreed amendments incorporated by the Council).

Where a claim is qualified because the Council has not complied with the strict requirements set out in the department's terms and conditions, there is a risk that it will retain funding claimed by the Council or claw back funding which has already been provided or has not been returned.

In addition, where the claim requires amendment or is qualified, this increases the time taken to undertake this work, which may impact on the certification fee.

## Certification work fees

The Audit Commission sets an indicative fee for grant claim certification based on the 2011/12 actual certification fees for each council. In our fee letter dated 15 April 2013 the indicative fee for the Council was £12,000. This fee has now been subject to revision by the Audit Commission as certification of council tax benefit is no longer required as part of the Housing Benefit Subsidy scheme and certification of the National Non-Domestic Rates Return is not required at all. Our latest estimate of the fee is £10,173 (this was based on one Local Transport Plan Major Projects claim and will be subject to confirmation of the programme).

The fee is based on the following assumptions:

- there will be no change in the scope of our work due to the control environment in place during the year;
- the Council provides adequate working papers to support each entry in the claim; and
- the Council's staff are available to deal with our queries in a timely manner and provide such explanations and supporting evidence necessary to support entries.

Where there is any significant variation from these assumptions, we will discuss a variation to the indicative scale fee with the Council and the Audit Commission.

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## Administration

When the claim is completed, a copy of the signed claim should be sent to Liz Temple-Murray at the following address:

**Grant Thornton UK LLP**  
**Royal Liver Building**  
**Liverpool**  
**L3 1PS**

The **original** claim should be retained by the Council.

## Managing the certification process – our role

- We intend to certify claims and returns in accordance with the deadlines set by the Audit Commission. If we receive the claim or return after the Council's submission deadline, we will endeavour to certify it within the Audit Commission deadline but, where this is not possible, within three months from receipt
- A copy of the certified claim will be sent to the relevant named contact when the certification process is complete, along with a copy of the qualification letter, where applicable
- Copies of the certification instruction can be provided on request
- We expect to complete the certification work by the following dates:
  - Housing Benefit Subsidy Return (BEN01) - 28 November 2014;
  - Local Transport Plan Major Projects – Silver Jubilee Bridge (TRA11) – 31 December 2014; and
  - Local Transport Plan Major Projects – Mersey Gateway Bridge (TRA11) – 31 December 2014.
- We will issue a grant certification report highlighting any issues that need to be brought to the Council's attention following the latest certification deadline.



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