

Our reference CA22110G

Your reference

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Dear Alex

Reporting of 2009/10 claims certification work

As you know, I am required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by the government departments and public bodies to the Council. I charge a fee to cover the full cost of certifying claims. The fee depends on the amount of work required to certify each claim or return. The Audit Commission requires auditors to report on the results of certifying claims and returns, including any weakness in internal control or non compliance with the claim requirements.

The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant paying departments.

The key features of the current arrangements are as follows:

- For claims and returns below £125,000 the Commission does not make certification arrangements.
- For claims and returns between £125,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure.
- For claims and returns over £500,000 auditors assess the control environment for the preparation of the claim or return to decide whether or not they can place reliance on it. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment, auditors undertake all of the tests in the certification instruction and use their assessment of the control environment to inform decisions on the level of testing required. This means that the audit fees for certification work are reduced if the control environment is strong.

- For claims spanning over more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly. The approach impacts on the amount of grants work we carry out, placing more emphasis on the high value claims.

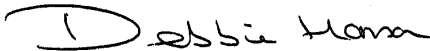
In my 2008/09 Annual Letter, I commented upon the need to strengthen the Council's arrangements for the preparation and submission of claims and returns as the majority were submitted late and required qualification letters and/or amendment. As a result, the cost of certification work increased from just over £38,000 to almost £45,000 for 2008/09.

As reported in my 2009/10 Annual Letter, my work on the 2009/10 claims identified notable improvements. All claims were submitted within the required timeframe and only two required minor amendment and one qualification letter was issued. This compared to six amended claims and four qualification letters last year. The final 2009/10 claim was certified in November 2010 compared to April 2010 for 2008/09 claims. As a result the cost of certification work has fallen to £37,000. Appendix 1 provides the summary information required in respect of the specific claims.

Given these improvements, I have no recommendations to make regarding the Council's arrangements for the certification of claims and returns. I would however be grateful if this letter could be circulated as an information item to those charged with governance.

Should you have any questions in respect of the contents please contact either Neil or me.

Yours sincerely



Debbie Hanson
District Auditor

cc Adrian Burns, Head of Accountancy
Neil Gibson, Audit Manager



Appendix 1: 2009/10 claim detail

Claim	Value of claim or return (£)	Claim amended	Qualification letter issued	2008/09 fee (£)	2009/10 fee (£)
Housing and council tax benefits	27,624,399	No	No	23,782	22,390
Pooling of housing capital receipts	1,191,561	No	No	1,932	1,437
Housing subsidies and grants	-11,560,259	No	No	2,883	1,959
HRA subsidy base data	N/A	Yes and recertified	Yes	6,773	3,711
Disabled facilities	235,000	No	No	1,731	1,144
National non-domestic rates	59,550,264	Yes	No	7,715	5,643
Grant planning and reporting	N/A	N/A	N/A	allocated to claims	670
Total				44,816	36,954