

Certification of Claims and Returns - Annual Report

Ribble Valley Borough Council

Audit 2008/09

February 2010

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

Funding from government grant-paying departments is an important income stream for the Council. The Council needs to manage claiming this income carefully. It needs to demonstrate to the auditors that it has met the conditions which attach to these grants.

This report summarises the findings from the certification of 2008/09 claims. It includes the messages arising from my assessment of your arrangements for preparing claims and returns and information on claims that we amended or qualified.

Certification of claims

- 1** Ribble Valley Borough Council is required to make claims and returns to central government departments in relation to grants and subsidies. These amounted to around £18 million in 2008/09. The government departments attach conditions to the claims and returns. The Council must show that it has met these conditions. If the Council cannot evidence this, funding can be at risk. It is therefore important that the Council manages certification work properly and can demonstrate to us, as auditors, that the relevant conditions have been met.
- 2** In 2008/09, my audit team certified two claims/returns with a total value of £17,928,760. A full review of both these was completed. (Paragraphs 7 and 8 explain the arrangements.) Of the claims/returns requiring full certification, minor amendments were required on one claim. Both were fully certified and no qualification letter was required.
- 3** The fees I charged for grant certification work in 2008/09 were £30,534 plus VAT.

Background

- 4 The Council submitted returns which required certification in relation to around £18 million in 2008/09. This is significant to the Council's income and it is important that this process is properly managed. In particular this means:
 - an adequate control environment over each claim and return; and
 - ensuring that the Council can evidence that it has met the conditions attached to each claim.
- 5 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 Ribble Valley Borough 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.
- 6 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant-paying departments.
- 7 The key features of the current arrangements are as follows.
 - For claims and returns below £100,000 the Commission does not make certification arrangements.
 - For claims and returns between £100,000 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.

Background

- 8 The work that we undertake to certify the Housing Benefits claim for the Department of Work and Pensions is slightly different. Because of the high value and high risk nature of the claim, the auditor has to test the entries on a Council's claim form. In doing this we:
- confirm that the subsidy claim has been completed using the recognised software for claim completion;
 - undertake an analytical review for a year by year comparison and comparisons to other Councils; and
 - carry out detailed testing of individual claims for benefit to ensure the Council is calculating benefit entitlement correctly and reporting accurate performance information to the Department of Work and Pensions.

Findings

Control environment

- 9 This was our first year as auditors of the Council and we did not have any previous knowledge of the Council's grants control environment to place reliance on. In future years we will continue to assess the control environment and expect to be able to place reliance on it when auditing claims.

Specific claims

- 10 I have been able to give unqualified reports on each of the two claims. There were some minor amendments to the Housing and Council Tax Benefit claim, as figures in relation to rent rebates had been entered into the incorrect section on the claim form.
- 11 We have found working papers to support the figures in the claims and returns to be good and timely responses to our queries were received from officers. There are no significant issues arising from our work that I need to bring to your attention.

Appendix 1 – Summary of 2008/09 certified claims

Claims and returns above £500,000

Claim	Value £	Adequate control environment	Amended	Qualification letter
Housing and council tax benefit	7,228,348	Yes	Yes	No
National Non Domestic Rate	10,700,412	Yes	No	No

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Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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