

Certification of claims and returns - annual report

Ribble Valley Borough Council

Audit 2009/10

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Summary

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 the funding.

This report summarises the findings from the certification of 2009/10 claims and returns. 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 £20 million in 2009/10. The government departments attach conditions to the claims and returns. The Council must show that it has met these conditions. If the Council can not 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 2009/10, my audit team certified two claims/returns with a total value of £19,662,701. A full review of both of these was completed. (Paragraphs 9 and 10 explain the arrangements.)

Significant findings

3 I gave an unqualified report on each of the two claims. There were some minor amendments to the Housing and Council Tax Benefit claim, as figures for rent allowances in relation to previous years rent rebates had been entered into the incorrect section on the form. The claim was amended to correct this.

Certification fees

4 The fees I charged for grant certification work in 2009/10 were £20,811 plus VAT.

Actions

5 As there were no matters arising from work completed an action plan is not required.

Background

6 The Council submitted returns which required certification in relation to around £20 million in 2009-10. 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.

7 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.

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

9 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 claim.

10 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 a 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

11 2009/10 was our second year as auditors to the Council. In 2008/09 we gave unqualified reports for the claims/returns certified so we were able to place reliance upon the authority's control environment for 2009/10.

Specific claims

12 I gave unqualified reports on each of the two claims. There were some minor amendments to the Housing and Council Tax Benefit claim, as figures for rent allowances in relation to previous years rent rebates had been entered into the incorrect section on the form. The claim was amended to correct this.

13 Working papers to support the figures in the claims and returns were good and timely responses to our queries were received from officers. Therefore there were no significant issues arising from work completed this year.

Appendix 1 Summary of 2009-10 certified claims

Claims and returns above £500,000

Claim	Value £	Adequate control environment	Amended	Qualification letter
Housing and council tax benefit	8,304,753	Yes	Yes	No
National Non Domestic Rate	11,357,948	Yes	No	No

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