



Huntingdonshire District Council

Certification work report 2009/10

December 2010

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1 Introduction and approach

Introduction

- 1.1 Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. As Huntingdonshire District Council's (the Council) external auditors, Grant Thornton undertakes certification work at the Council, acting as an agent of the Audit Commission.
- 1.2 The Audit Commission makes certification arrangements with grant-paying bodies, this includes confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and they clearly set out the specific procedures to be applied in examining a claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

Certification arrangements

- 1.3 The Audit Commission's certification arrangements are designed to be proportionate to the claim or return: The arrangements for 2009/10 were:
 - for claims and returns below £125,000, certification by us is not required, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions;
 - for claims and returns above £125,000 and below £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but were not required to undertake any testing of the eligibility of expenditure or data; and
 - for claims and returns over £500,000, we are required to assess the control environment for the preparation of the claim or return and decide whether or not to place reliance on it. Where reliance is placed on the control environment, we are required to undertake limited tests to agree entries on the claim or return to underlying records but not to undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.
- 1.4 In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's financial ledger and any other relevant systems, and make appropriate use of relevant internal audit work.

Our certificate

1.5 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).

1.6 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.

2 Results of our certification work

Key messages

- 2.1 For the financial year 2009/10, we have certified three claims and returns for the Council, which amounted to in excess of £90 million. This represents both funding claimed by the Council and returned to grant-paying bodies, as well as other financial information.
- 2.2 The Council's performance in preparing claims and returns is summarised in the table below.

Exhibit One: Performance against key certification targets

Performance measure	2009/10	2008/09
Without qualification	3	3
Amended	1	1
Qualified	0	0

- 2.3 This analysis of performance against targets shows that there are no significant concerns with the way that the Council manages processes for the certification of its claims or the accuracy of claims presented for certification.
- 2.4 Details on the certification of all claims and returns are included at appendix A. Where we have concluded that an item is significant, further details are included below in this section of our report.
- 2.5 The Council submitted all of its claims and returns on time. We certified all of the claims and returns within the relevant deadlines set by the Audit Commission.

Certification work fees

- 2.6 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.

Exhibit Three: Hourly rates for certifying claims and returns for 2009-10

Role	2009/10	2008/09
Engagement lead	£345	£330
Manager	£195	£185
Senior auditor	£125	£120
Other staff	£95	£90

- 2.7 Our fee for certification work at the Council in 2009-10 was £22,565, compared to £18,020 for 2008/09. The estimate included for our certification work in our included in our audit fee letter was £20,000. Details of our fee by claim and return and how this compares to last year are included at appendix C.

Amending Items

BEN-01 Final Subsidy Claim for Housing and Council Tax Benefit

- 2.8 Two amendments were required to this subsidy claim as a result of our audit procedures. Our testing identified that incorrect Non-Housing Revenue Account thresholds had been applied for subsidy purposes in relation to prior year expenditure. All relevant cases were reviewed by Council Officers in order to identify and process the required amendment.
- 2.9 Our testing also identified a small number of minor software issues which had resulted in incorrect treatment of modified scheme amounts for subsidy purposes. Again, officers reviewed all relevant cases and the required amendment to the return was made. The Council has also notified its software provider of the errors identified.
- 2.10 The total value of the amendments made was £370.

Acknowledgements

- 2.11 We would like to take this opportunity to thank the Council's officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

December 2010

A Details of claims and returns certified for 2009/10

Claim or return	Value (£)	Amended?	Qualified?	Summary
Housing and council tax benefit scheme	38,283,310	Yes	No	The housing and council tax benefit subsidy return was subject to amendment in respect of: - the incorrect use of Non-HRA thresholds; and - the incorrect treatment of modified scheme subsidy in relation to Council Tax Benefit amounts.
Disabled facilities	452,000	No	No	No issues were identified in the certification of this claim.
National non-domestic rates return	51,368,200	No	No	No issues were identified in the certification of this claim.
Total	90,103,510			

B Certification work fees

Claim or return	Fee 2009/10 (£)	Fee 2008/09 (£)	Explanation for significant variances
BEN01: Housing and Council Tax Benefits Subsidy Return	17,839	13,950	The increase in fee was due to the additional certification procedures required as a result of the errors identified. These additional procedures include verification of the amended figures.
HOU21: Disabled Facilities Grant	618	845	
LA01: National Non-Domestic Rates Return	4,108	3,225	
Total	22,565	18,020	

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