

# *Certification Report (2010/11)*

## Report to those charged with governance

*Certification Report to  
those charged with  
governance 2010/11*

February 2012





Corporate Governance Panel  
Huntingdonshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

16 February 2012

Ladies and Gentlemen

**Subject: Certification Report (2010/11)**

We are pleased to present our Annual Certification Report summarising the results of our 2010/11 certification work. We look forward to presenting it to members on 28 March 2012. The purpose of this report is to provide a high level overview of the results of certification work we have undertaken at Huntingdonshire District Council on 2010/11 claims and returns that is accessible for members and other interested stakeholders. Fees for 2010/11 certification work are summarised in Appendix A.

**Results of Certification work**

During the period June to November 2011 we certified three claims and returns worth a total of £91,816,167.80. Of these, one claim (Housing and Council Tax benefits subsidy: BEN 01) was amended following certification work undertaken and this claim also required a qualification letter to set out a number of issues arising from the certification of this claim. The qualification letter was issued to the Department of Work and Pensions and to the Council on 29 November 2011.

We ask the Corporate Governance Panel to consider the details as set out in the attached report.

Yours faithfully,

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, Abacus House, Castle Park, Cambridge, CB3 0AN  
T: +44 (0)1223 460055, F: +44 (0)1223 552300, [www.pwc.co.uk](http://www.pwc.co.uk)*

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# *Table of Contents*

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<i>Introduction</i> .....	5
Scope of work .....	5
Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies .....	5
Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns.....	5
<hr/>	
<i>Results of Certification Work</i> .....	8
Claims and returns certified.....	8
Issues arising.....	8
<hr/>	
<i>Appendix A</i> .....	11
Certification Fees .....	11

# *Introduction*

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# ***Introduction***

## ***Scope of work***

Grant-paying bodies pay billions of pounds in grants and subsidies each year to local authorities and often require certification, by an appropriately qualified auditor, of the claims and returns submitted to them. Certification work is not an audit but a different kind of assurance engagement. This involves applying prescribed tests, as set out within Certification Instructions (“CIs”) issued to us by the Audit Commission, which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

The Audit Commission is required by law to make certification arrangements for grant-paying bodies when requested to do so and sets thresholds for claim and return certification, as well as the prescribed tests which we as local government appointed auditors must undertake. We certify claims and returns as they arise throughout the year to meet the certified claim/return submission deadlines set by grant-paying bodies.

We consider the results of certification work when performing other Code of Audit Practice work at the Council, including for our conclusions on the financial statements and on value for money.

## ***Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies***

In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body and on the Audit Commission’s website. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

## ***Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns***

In November 2010 the Audit Commission updated the ‘Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns’. This is available from the Audit Commission’s website.

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The purpose of this statement is to summarise the Audit Commission's framework for making certification arrangements and to assist grant-paying bodies, authorities, and the Audit Commission's appointed auditors by summarising their respective responsibilities and explaining where their different responsibilities begin and end.

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# *Results of Certification Work*

# Results of Certification Work

## Claims and returns certified

A summary of the claims and returns certified during the year is set out below. In one case a qualification letter was required to set out a range of issues arising from the certification of the claim. This claim was also amended following the certification work undertaken. All deadlines for submission of certified claims and returns were met.

### Claims and returns certified in 2010/11

CI Reference	Title	Form	Original Value (£)	Final Value (£)	Amendment (£)	Qualification
BEN01	Housing and Council Tax Benefit	MPF720A	40,503,841	40,494,682	-9,159	Qualification letter issued
LA01	National Non Domestic Rates Return	NNDR3	50,869,485.80	50,869,485.80	n/a	No
HOU21	Disabled Facilities Grant	DFG 2010D3	452,000	452,000	n/a	No

## Issues arising

Our work on the Housing and Council Tax Benefit subsidy (“BEN01”) (certification deadline 30 November 2011) was conducted in accordance with the relevant certification instructions which require errors and other issues identified to be reported in a qualification letter. A copy of the qualification letter was issued to the Department of Work and Pensions and to the Council on 29 November 2011.

The issues identified during the audit of the Housing and Council Tax Benefit claims have been summarised in the table below. We recommend that the Council work towards addressing these issues, including identification of the reasons for the occurrence of the issues identified.



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## Issues arising

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<b>Claim/ Return (deadline)</b>	<b>Issue</b>	<b>Risk to the Council</b>	<b>Recommendation</b>
Housing and council tax benefits subsidy (BEN 01) (30 Nov 2011)	We identified examples of the following: <ul style="list-style-type: none"><li>• Insufficient evidence to support claimant details;</li><li>• Over and under payment of benefit due to inaccurate income assessment calculations; and</li><li>• Unsupported manual adjustments made to ensure that the in year reconciliation cells match the related expenditure cells.</li></ul>	These issues could have a financial impact on the subsidy amount receivable from the DWP. Due to the issues identified we were required to perform additional testing and this has had an impact on the grant certification fee.	We recommend that the Council considers the reasoning behind why the errors identified in our testing occurred to ensure that appropriate action can be taken to prevent these instances occurring in the future.

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# *Appendices*

# Appendix A

## *Certification Fees*

The fees for certification of each claim/return are set out below:

Claim/Return	2010/11 (£)	2009/10* (£)	Comment
BEN01 – Housing and Council tax benefit subsidy	30,560	17,839	Increase due to errors identified in 2010/11 where we were required to perform additional testing.
HOU21 – Disabled facilities	1,000	618	-
LAO1 – National non-domestic rates return	6,000	4,108	-
Total	37,560	22,565	

\* Fees billed in 2009/10 have been taken from the 2009/10 grant certification report presented by Grant Thornton.

The fees for 2010/11 reflect our initial risk assessment of the Council and the additional time required to gain an understanding of the Council's current performance and arrangements in place for certification in our first year of audit. The fee for BEN01 – Housing and Council tax benefit subsidy includes the fee for the additional testing requirement.

It may be possible to reduce fees should the Council improve its performance by:

- **Review:** improving accuracy of claims/returns submitted for certification requiring independent review; and
- **Documentation:** improving working papers and quality of evidence available to support the claim/return.

We are happy to discuss how we may assist further with improvement, for example we can perform specific focussed, risk-based work in this area should that be helpful.

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