

# Craven District Council

## Certification of claims and returns

Annual Report 2012/13



# Contents

Background .....	2
Findings .....	3
Certification fees .....	4
Appendix A .....	5

Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies.’ Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

# 01

## Background

In 2012/13, Craven District Council ('the Council') received more than £14 million in funding from various grant-paying government departments. These departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back. It is therefore important that the Council can demonstrate that it:

- has put in place adequate arrangements to prepare and authorise each claim and return; and
- can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

### The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions ('CIs') that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £125,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £125,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above). Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

### Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

# 02

## Findings

### **The Council's control environment**

As required by the Audit Commission's CIs, we have assessed the control environment for one claim and return. There are specific arrangements for the certification of the Housing and Council Tax Benefit claim which do not require us to assess the control environment.

Last year's certification report did not make any specific recommendations for improving the overall control environment or general arrangements for preparing grant claims. The report also confirmed that recommendations made in previous years had been actioned as agreed.

We also did not identify any specific weaknesses in the arrangements for preparing these returns. Experienced members of staff compiled the returns, relevant guidance was followed and appropriate working papers were provided.

### **Amendments and Qualifications**

Of the two claims and returns that we certified in 2012/13, none required amendment by the Council. Only the Council Tax and Housing Benefit Subsidy return required qualification.

On the Council Tax and Housing Benefit Subsidy return our sample testing identified errors in calculating pension earnings. This is relevant for the purpose of determining claimants' entitlement to benefits. If the errors identified as a result of our testing had been extrapolated across the value of the claim as a whole, the total error would have been calculated as £3,344.

# 03

## Certification fees

For 2012/13 the total fees charged for certification work was £15,750 (plus VAT) in line with the Audit Commission's scale fee. The comparable fee for 2011/12 was £17,437 (plus VAT).

A breakdown of the fees charged for each claim or return is provided in Appendix A.

# Appendix A

## Summary of certified claims and returns

All claims and returns certified had a value above £500,000

Claim or return	Value	2011/12 fee	2012/13 scale fee	2012/13 actual fee	Reasons for significant movement	Amended	Qualified
Council Tax and Housing Benefit Subsidy return	£13,308,146	£16,631	£14,395	£14,395	Fewer errors identified in initial sample testing.	No	Yes
National Non Domestic Rates Pool return	£16,366,534	£806	£1,355	£1,355	2012/13 was the first year of Mazars' appointment as external auditor so we were unable to rely on internal controls testing carried out in previous years (as had been the case in 2011/12).	No	No
<b>Total</b>	<b>£29,674,680</b>	<b>£17,437</b>	<b>£15,750</b>	<b>£15,750</b>			