

Certification of claims and returns - annual report

Lancashire County Council

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, auditors are required to undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure. I did not receive any such claims for certification; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

Summary of my 2010/11 certification work

The Authority has performed well in preparing claims and returns.

My work gave rise to amendment of three of the five claims and returns for the year ended 31 March 2011 that the Authority was required to submit for certification. The errors were presentational errors made during the compilation of the claims and none of them impacted on the amount of monies due to Lancashire from grant paying bodies. I did not have to issue a qualification letter accompanying my certificate on any of the claims or returns.

Table 1: **Summary of 2010/11 certification work**

Number of claims and returns certified	
Total value of claims and returns certified	£130,521,069
Number of claims and returns amended due to errors	3
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	0
Total cost of certification work	£23,436

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights any issues arising from that work.

The Authority has good arrangements in place for preparing claims and returns that are accurate and comply with the conditions set by the grant paying bodies.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Teachers' pensions return	75,469	No. Whilst I consider the control environment to be strong, I am required to complete detailed testing at least every three years. I was therefore unable to place reliance on the control environment this year.	None	No

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Sure start, early years and childcare grant and aiming high for disabled children grant	50,424	No. Ineligible expenditure included in previous years' returns and difficulties in obtaining supporting evidence meant additional assurance was needed.	None	No
School centred initial teacher training	1,957	No. This return was subject to a new certification requirement in 2010/11. I therefore had no previous knowledge of the control environment in place.	The return was amended to exclude £8,660 of capital expenditure from the income and expenditure account which had already been accrued and accounted for in 2009/10. This amendment had no impact on the amount of monies due to the Council from the grant paying body since it had been correctly excluded from the grant report element of the return.	No
Single programme (2 claims)	2,670	Yes	Both returns were amended for compilation errors. These amendments did not impact on the grant funding provided.	No

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 3: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Teachers' pensions return	1,937	1,201	More work required this year because of the need to complete detailed testing once every three years.
Sure start, early years and childcare grant and aiming high for disabled children grant	13,616	15,795	Fewer issues identified as part of audit process this year and better co-ordination of responses to audit queries.
School centred initial teacher training	4,089	0	New certification requirement for 2010/11
Single programme (2 returns)	3,794	4,955	Less work required because of increased reliance on the control environment.
Total	23,436	21,951	

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.

