



Torbay Council

Certification work report 2011/12

December 2012

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1 Executive Summary

Introduction

- 1.1 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, are required to certify the claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.2 We have certified 3 claims and returns for the financial year 2011/12 relating to expenditure of £123 million.
- 1.3 This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

Key messages

- 1.6 It should be noted that all work reported in this certification report was completed by the Audit Commission prior to our appointment as the Council's auditors. The findings set out in this report therefore represent the results of your previous auditors work.
- 1.7 A summary of all claims and returns subject to certification and details of our certification fee is provided at Appendix B. The key messages from our review are summarised in Exhibit One, and are set out in detail in the next section of the report.

Arrangements for certification for claims and returns:

- below £125,000 - no certification
- above £125,000 and below £500,000 - agreement to underlying records
- over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

Exhibit One: Summary of Council performance

Aspect of certification arrangements	Key Message
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Submission and certification	All claims were submitted on time to audit and all claims were certified within the required deadline.
Accuracy of claim forms submitted to the auditor	Overall the Council is performing well and there are no significant matters arising from our certification of claims and returns.
Amendments and qualifications	The Council's housing and council tax benefit claim was qualified, as due to a software issue the Council were unable to provide adequate information to support one of the cells within the claim.
Supporting working papers	All claims and returns were supported by a detailed audit trail, which enabled certification within the deadlines.

Acknowledgements

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

Grant Thornton UK LLP

December 2012

2 Results of our certification work

Key messages

- 2.1 We have certified 3 claims and returns for the financial year 2011/12 relating to expenditure of £123 million.
- 2.2 The Council's performance in preparing claims and returns is summarised in Exhibit Two.

Exhibit Two: Performance against key certification targets

Performance measure	Target	Achievement in 2011-12		Achievement in 2010-11		Direction of travel
		No.	%	No.	%	
Total claims/returns		3		5		
Number of claims submitted on time	100%	3	100%	5	100%	→
Number of claims certified on time	100%	3	100%	5	100%	→
Number of claims certified with amendment	0%	*1	33.33%	0	0%	↓
Number of claims certified with qualification	0%	1	33.33%	1	20%	→

*amendment of £1,466 was very minor as total value of the claim was £82,690,735.

- 2.3 Details on the certification of all claims and returns are included at Appendix B.
- 2.4 Your previous auditors, the Audit Commission, charged a total fee of £23,310 against an indicative budget of £36,000 for the certification of claims and returns in 2011-12. Details of fees charged for specific claims and returns are included at Appendix B.

Significant findings

- 2.5 No significant findings were identified in relation to the management arrangements and certification of individual grant claims and returns.

A Approach and context to certification

Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £125,000 - no certification required
- for amounts claimed above £125,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council
- for amounts claimed over £500,000 - an assessment of the control environment and certifying that the claim agrees to underlying records of the Council. Where reliance is not placed on the control environment, detailed testing is performed.

Our certificate

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).

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.

B Details of claims and returns certified for 2011-12

Claim or return	Value (£)	Amended?	Amendment Amount (£)	Qualified?	Fee 2010/11 (£)	Fee 2011/12 (£)	Comments
Housing and council tax benefit scheme	82,690,735	Yes	(1,466)	Yes	22,959	19,740	Fewer issues identified in 2011/12.
National non-domestic rates return	34,522,817	No	N/A	No	3,876	1,379	PART A testing only required in 2011/12.
Teachers' pensions return	5,966,450	No	N/A	No	2,046	1,718	PART A testing only required in 2011/12.
Sure start, early years and childcare grant and aiming high for disabled children grants	N/A	N/A	N/A	N/A	1,190	N/A	Certification not required in 2011/12.
Disabled facilities grant	N/A	N/A	N/A	N/A	595	N/A	Certification not required in 2011/12.
Reporting to those charged with Governance					N/A	473	This is the first year that this has been reported to you separately.
Total	123,180,002		(1,466)		30,666	23,310	

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