

<b>TITLE</b>	<b>Certification of Claims and Returns – Annual Report 2011/12</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 6 February 2013
<b>WARD</b>	None specific
<b>STRATEGIC DIRECTOR</b>	Graham Ebers, Strategic Director Resources

#### **OUTCOME/BENEFITS TO THE COMMUNITY**

The report provides the Audit Committee with information on the Council's grant claims and returns which were subject to audit for the financial year 2011/12.

#### **RECOMMENDATION**

That the Audit Committee :

- 1) Notes Ernst and Young's Grants Audit Annual Certification Report 2011/12.
- 2) Approves the proposed fee of £9,900 for the certification of grant claims and returns for 2012/13

#### **SUMMARY OF REPORT**

Ernst and Young took over responsibility for the audit of the relevant grant claims and returns from the Audit Commission on 1 November 2012, and are responsible for provision of the relevant information on the work undertaken by the Audit Commission in 2011/12. The detailed report from Ernst and Young is attached.

In 2011/12, the Audit Commission certified four claims with a total value of £82.7m. None of the claims subject to certification were qualified or amended, see the 'Results of Certification' section in Ernst and Young's letter.

The proposed fee of £9,900 for certification of 2012/13 grant claims is a 27% reduction on the fee for certification of 2011/12 claims of £13,500.

#### **Background**

Local authorities are required under legislation to make appropriate arrangements for certain grant claims and government returns to be audited.

#### **Analysis of Issues**

The proposed fee for the audit of the 2012/13 grant claims and returns is £9,900 compared to £13,500 for 2011/12 (a 27% reduction) The cost will be met from the 2013/14 budget. In the event that any additional work is required, an additional fee would be payable subject to negotiation and agreement in advance

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

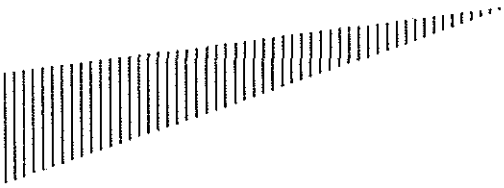
	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£9,900	Yes	Revenue
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

<b>Other financial information relevant to the Recommendation/Decision</b>
Included in 2013/14 draft budget

<b>Cross-Council Implications</b>
N/A

<b>List of Background Papers</b>
Ernst and Young Annual Certification Report 6 December 2012

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<b>Date</b> 28 January 2013	<b>Version No.</b> 1



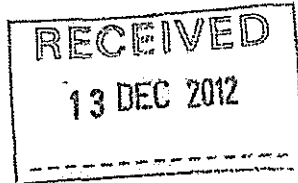
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11 December 2012

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Dear Graham

### Annual certification report 212-13

The statement of responsibilities in respect of grant certification, available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), requires auditors to report the results of certification work to those charged with governance. The enclosed report summarises this information for your 2011/12 claims.

I would be grateful if you could arrange for this report to be considered by the Audit Committee at its earliest convenience. In the meantime, I am happy to answer any questions you may have on this subject.

Yours sincerely

Mark Catlow  
Senior Manager

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INVESTOR IN PEOPLE 12

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# Annual Certification Report (2011/12)

## Report to those charged with governance

December 2012

Ernst & Young LLP



**The Members of the Audit Committee**  
Wokingham Borough Council  
Shute End  
Wokingham  
Berkshire  
RG40 1BN

6 December 2012

Dear Members

## **Annual Certification Report (2011/12)**

We are pleased to attach our annual certification report for the forthcoming meeting of the Audit Committee. This report summarises the results of certification work undertaken on your 2011/12 claims and returns.

### **Scope of work**

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. Often these grant-paying bodies required certification from an appropriately qualified auditor of the claims and returns submitted to them.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

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. When such arrangements are made, certification instructions issued by the Audit Commission to its appointed auditors set out the work they must undertake before issuing a certificate. Grants and claims are certified as they arise throughout the year to meet the audited claim/return submission deadlines set by the grant-paying bodies.

### **Statement of Responsibilities of Auditors and Audited Bodies**

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This Annual Certification Report is prepared in the context of the statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party. Following the appointment of Ernst & Young

as auditor for the year ended 31 March 2013 we have been requested to prepare this Annual Certification in respect of the year 2011/12. However the certification reported on herein was performed by Audit Commission staff prior to 31 October and therefore not under the direction and supervision of Ernst & Young and accordingly we take no responsibility to the council nor to any third party for the work undertaken.

**Results of certification work**

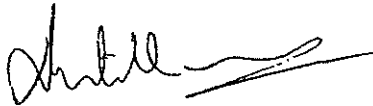
For the period April 2011 to March 2012 four claims and returns were certified with a total value of £82.7m. This work was completed prior to Ernst & Young being appointed auditor.

Of the claims certified, none were qualified or amended. All deadlines for submission of certified claims/returns were met.

Fees for certification work are summarised in appendix A.

We welcome the opportunity to discuss the contents of this report with you at the next Audit Committee meeting.

Yours faithfully  
For and on behalf of Ernst & Young LLP



David Wilkinson, Partner  
Ernst & Young LLP  
United Kingdom  
Enc.

Contents

**Contents**

**1. Summary of 2012/13 Certification Work..... 1**  
**Appendix A Certification Fees..... 2**

1. Summary of 2012/13 Certification Work

Claim or return	Certificate Instruction (CI) Reference	2012/13 Claim Value £	Qualification (Q) Amendment (A) Neither (-)	Reason for issue, and financial effect.
Housing and council tax benefit scheme	BEN01	27,970,000	-	-
National Non-domestic Rates Return	LA01	51,969,000	-	-
Teachers' Pensions Return	PEN05	8,491,000	-	-
Housing Revenue Account Subsidy	HOU1	(5,643,000)	-	-



## Appendix A Certification Fees

Claim/Return	2010/11 Actual £	2011/12 Actual £
Housing and council tax benefit scheme (BEN01)	12,638	9,284
National Non-Domestic Rates return (LA01)	1,114	1,932
Teachers' Pensions Return (PEN05)	888	210
Housing Revenue Account Subsidy (HOU1)	1,840	1,311
Not audited in 2011-12:		
Pooling of Housing Capital Receipts (CFB06)	632	-
General Sure Start Grant (EYC02)	460	-
Housing Revenue Account Base Data Return (HOU02)	2,414	-
Disabled Facilities Grant (HOU21)	241	-
Management of certification process and preparation of certification report	1,542	736
<b>Total</b>	<b>21,769</b>	<b>13,473</b>

Housing Benefits (BEN01) – Fewer audit queries were raised during the conduct of the certification review. National Non-Domestic Rates Return (LA01) – The small increase in fee was driven by increased variances in year on year figures requiring review. Teachers' Pensions Return (PEN05) – Part 'A' testing only completed for 2011-12. Housing Revenue Account Subsidy (HOU1) – Increased focus in 2010-11 due to HRA self-financing. Claim work reduced to more normal levels in 2011-12.

The above fee relates to the charge for certification work undertaken by the Audit Commission's audit staff prior to the 31 October. In addition to the above fee there is a further fee estimated at £1,700 relating to work carried out by Ernst Young in the period post 31 October 2012 to complete outstanding certification work. The total fee for the 2011/12 certification audit is therefore £15,173.