

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

11th April 2011

**AUDIT COMMISSION CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT**

Relevant Portfolio Holder	Councillor Geoff Denaro Cabinet Member for Finance
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Key Decision / Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 To advise the Audit Board of the Certification of Claims and Returns – Annual Report, that were undertaken during 2009/10 by the Audit Commission.

**2. RECOMMENDATIONS**

- 2.1 That Members consider the Certification of Claims and Returns – Annual Report and to requests officers respond to the recommendations following the Board meeting**

**3. BACKGROUND**

- 3.1 Government departments, agencies and the European Commission as grant paying-bodies pay billions of pounds in grants and subsidies each year to local authorities. These bodies often require certification, by an appropriately qualified auditor, of the grant claims and returns submitted to them.
- 3.2 The Audit Commission is required by law to make certification arrangements when requested to do so. This involves the application of prescribed tests, which are designed to give reasonable assurance that claims and returns are fairly stated and are in accordance with specified terms and conditions.
- 3.3 The Audit Commission Report summarises the findings from the certification of 2009/10 claims, and in particular details whether they were amended or qualified.
- 3.4 Funding from government grant paying departments is an important income stream for the Council, with claims of £17 million for specific activities and more than £23m for National Non Domestic Rates on behalf of Central Government. As this is such a significant contribution to the Council's income it is important that it is properly managed. In particular this means ensuring that:

- An adequate control environment is in place for each claim and return;
- Ensuring that the Council can evidence that it has met the conditions attached to the claim or return.

3.5 A Copy of the Audit Commission Report and their findings are attached at Appendix 1. Officers are required to respond to the findings to ensure that procedures are put in place to reduce the impact of the issues recurring in future years.

#### **4. KEY ISSUES**

4.1 The report has identified limited findings that have been classified as significant. The level of review required on a claim is determined by its value. Full reviews are required to be undertaken for claims and returns greater than £500k and these were carried out on 2 claims and returns. A limited review is required to be undertaken on claims and returns with a value between £100k and £500k and was undertaken on one claim.

##### **4.1.1 Housing and Council Tax Benefits Claim**

- This claim was subjected to a full review as it was valued at £17 million.
- An amendment was identified and agreed by Executive Director Finance and Resources. A revised claim was sent to the DWP reflecting this change. The overpayment errors identified were; of 33p for Housing Benefit and 44p on Council Tax Benefit.
- The issue of date stamping post was raised again. The Council has agreed that a policy for sample testing the postal and scanning arrangements would be implemented for 2011/12 claims.
- Due to the errors as detailed above and the issue of date stamping, the claim was not certified and a qualification letter was issued to the grant-paying body, the Department for Work and Pensions.

##### **4.1.2 National Non Domestic Claim**

- This claim was valued at £22.7 million was also subjected to a full review, which identified amendments which were agreed and adjusted for by the Head of Financial Services.

##### **4.1.3 Disabled Facilities Grant**

- A limited review was undertaken on this claim, as it was valued at £310k, which did not identify any amendments.  
The claim was certified

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### **5. FINANCIAL IMPLICATIONS**

5.1 None other than those covered in this report.

### **6. LEGAL IMPLICATIONS**

6.1 The Accounts and Audit Regulations 2003 require that the Council complies with statutory accounting legislation and changes.

### **7. POLICY IMPLICATIONS**

7.1 None as a result of this report

### **8. COUNCIL OBJECTIVES**

8.1 Compliance with the accounting standards supports the improvement objective across the Council.

### **9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS**

9.1 The Executive Director of Finance and Resources ensures that actions are put in place to mitigate and reduce any impact of incorrect assessments of grants and returns being made. The areas inspected also form part of the Councils Audit Plan.

### **10. CUSTOMER IMPLICATIONS**

10.1 None as a direct result of this report.

### **11. EQUALITIES AND DIVERSITY IMPLICATIONS**

11.1 None as a direct result of this report.

### **12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT**

12.1 None as a direct result of this report.

### **13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY**

13.1 None as a direct result of this report.

### **14. HUMAN RESOURCES IMPLICATIONS**

14.1 None as a direct result of this report

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**15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS**

15.1 The certification of grants and returns and the controls in place to ensure they are accurate is key to the effective governance arrangements in place within the Council.

**16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998**

16.1 None as a direct result of this report.

**17. HEALTH INEQUALITIES IMPLICATIONS**

17.1 None as a direct result of this report.

**18. LESSONS LEARNT**

18.1 Officers continue to seek advice from best practice authorities and the Audit Commission recommendations to ensure the accounts are presented in compliant format for consideration.

**19. COMMUNITY AND STAKEHOLDER ENGAGEMENT**

19.1 None as a direct result of this report .

**20. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
Chief Executive	N/A
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	N/A
Executive Director – Planning & Regeneration, Regulatory and Housing Services	N/A
Director of Policy, Performance and Partnerships	N/A
Head of Service	N/A
Head of Resources	N/A

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Head of Legal, Equalities & Democratic Services	N/A
Corporate Procurement Team	N/A

**21. WARDS AFFECTED**  
**All wards**

**22. APPENDICES**  
Appendix 1 – Certification of Claims and Returns – Annual Report (2009/10)

**23. BACKGROUND PAPERS**

Detailed grant claims .

**AUTHOR OF REPORT**

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