

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

7TH JUNE 2010

AUDIT COMMISSION ANNUAL REPORT - CERTIFICATION OF CLAIMS AND RETURNS

Responsible Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance
Responsible Head of Service	Jayne Pickering, Executive Director of Finance and Resources

1. SUMMARY

- 1.1 To advise the Audit Board of the Certification of Claims and Returns – Annual Report, that were undertaken during 2008/09 by the Audit Commission.

2. RECOMMENDATIONS

- 2.1 Audit Board to consider the Certification of Claims and Returns – Annual Report and to note the Councils response to the improvements identified.

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 2008/09 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 £14.5 million for specific activities. 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, this report details the Council's response to their findings.

4.0 FINDINGS FROM THE AUDIT COMMISSION REPORT

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 £14.5 million.
- Amendments were identified which were not agreed with the Head of Financial Services, as they were minimal in value. In addition a control on stamping post was recommended that was not agreed by officers of the Council. Therefore this 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.

5. FINANCIAL IMPLICATIONS

None as a direct result of this report.

6. LEGAL IMPLICATIONS

None.

7. COUNCIL OBJECTIVES

7.1 The effective use of resources underpins all the Council's objectives.

8. RISK MANAGEMENT

8.1 The main risks associated with the details included in this report are:

- Lack of an effective ICT and fraud control environment.

8.2 These risks are being managed as follows:

8.2.1 Ineffective communication with staff in relation to policies and procedures to safeguard the business of the Council.

8.2.2 These risks are mitigated through the communications department together with financial services advice and support on fraud awareness.

10. CUSTOMER IMPLICATIONS

10.1 None.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 None.

12. OTHER IMPLICATIONS

Procurement Issues	None
Personnel Implications	None
Governance/Performance Management	– subject of the report
Community Safety including Section 17 of Crime and Disorder Act 1998	None
Policy	None
Environmental	None

12. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
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Acting Joint Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	No

APPENDICES

Appendix 1 Audit Commission Certification of claims and returns – annual report

CONTACT OFFICERS

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