

# Certification of Claims and Returns - Annual Report

Nottinghamshire County Council

Audit 2008/09

February 2010



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## **Status of our reports**

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- any director/member or officer in their individual capacity; or
  - any third party.
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# Key messages

**Funding from government grant-paying departments is an important income stream for the Council. You need to manage claiming this income carefully and demonstrate to me that you have met the conditions which attach to these grants.**

**This report summarises the findings from the certification of 2008/09 claims. It includes the messages arising from my assessment of your arrangements for preparing claims and returns and information on claims that we amended or qualified.**

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## Certification of claims

- 1 In 2008/09 the Council received more than £600 million funding in specific grants from funding bodies. There are conditions which attach to these grants and the funding can be at risk if these requirements are not met. Many of the large grants (for example, the ring-fenced Dedicated Schools Grant (£417 million in 2008/09)) do not now require independent auditor review but there are a number of other important returns which we are required to certify in accordance with instructions agreed between the Audit Commission and the relevant grant-paying department.
- 2 In 2008/09, my audit team certified six claims or returns with a gross value of over £254 million. We agreed amendments to one of the claims to correct relatively minor errors identified during our work. We were able to fully certify all claims and did not need to issue any qualification letters to the relevant grant-paying body. Appendix 1 sets out a full summary of those grant claims or returns at the Council subject to the grants audit regime in 2008/09.

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## Significant findings

- 3 All claims and returns were well compiled, although one of the claims was submitted to us for certification late. We did not detect any significant errors in any of the claims and all were certified by the auditor deadlines.

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## Certification fees

- 4 I charged £8,656 in total for grant certification work in 2008/09.

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# Background

- 5 The Council's cash flow statement for 2008/09 shows that you received over £600 million for specific activities from grant paying departments. As this is significant to the Council's income it is important that processes are properly managed. In particular this means:
  - an adequate control environment over each claim and return; and
  - ensuring that you can evidence that you have met the conditions attached to each claim.
- 6 I am required by section 28 of the Audit Commission Act 1998 to certify certain specified claims and returns for grants or subsidies paid by government departments and public bodies to the Council. In carrying out this work I act as an agent of the Commission, and I am governed by the Commission's certification instruction arrangements (written instructions from the Commission to appointed auditors on the certification of claims and returns), which I must follow.
- 7 I charge a fee to cover the full cost of certifying claims. The fee depends on the amount of work required to certify each claim or return.
- 8 You are responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant paying departments.
- 9 The key features of the current arrangements are as follows.
  - For claims and returns below £100,000 the Commission does not make certification arrangements and consequently auditors do not charge any fees.
  - For claims and returns between £100,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but we do not undertake any testing of eligibility of expenditure.
  - For claims and returns over £500,000 auditors assess the control environment for the preparation of the claim or return to decide whether or not they can place reliance on it. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment (either because the control environment is inadequate or because the certification instruction does not allow auditors to take any reliance) auditors undertake all of the tests in the certification instruction and use their assessment of the control environment to inform decisions on the level of testing required. This means that the fees for certification work are reduced if the control environment is strong.
  - For claims spanning more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly. The approach impacts on the amount of grants work we carry out, placing more emphasis on the high value claims.

# Findings

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### Control environment

- 10 For all claims and returns over £500,000 we have been able to rely on the control environment. This means that we can carry out limited testing which in turn leads to a lower level of fees.

### Submission of claims and returns

- 11 All but one of claims and returns were submitted to us on time. Officers dealt with our routine queries promptly for all claims and returns.

### Specific claims

#### Sure Start, Early Years and Childcare Grant (Annual Financial Statement)

- 12 This scheme supports the delivery of the Government's ten-year Strategy for Childcare. It comprises revenue and capital funding from a number of blocks, some of which are ring-fenced.
- 13 The claim was received by the due date and certified, without amendment or qualification, by the auditor deadline.

#### Teachers' Pension Return (form TR17)

- 14 Form TR17 is an annual summary statement showing teachers' pension contributions deducted by the Council from relevant employees and remitted to Teachers' Pensions in the year.
- 15 The return was received by the due date and certified, without amendment or qualification, by the auditor deadline.

#### School Centred Initial Teacher Training (SCITT) Grant (Statement of income and Expenditure)

- 16 SCITT is school based training designed to enable individuals to reach qualified teacher status. The Nottinghamshire scheme is managed through the George Spencer School. For the fourth year the Statement was prepared and submitted for audit well after the 30 September 2009 deadline (on 17 December 2009). The Statement was though certified, without amendment or qualification, by the 31 December 2009 auditor deadline. The Council should ensure the 2009/10 Statement is prepared and submitted for audit by the relevant deadline.

### European Regional Development Fund Grants (form ERDF60)

- 17 The European Regional Development Fund was one of the European Community's four Structural Funds. Revenue and capital financial assistance is provided through these grants towards projects which meet the requirements of the relevant European Community objectives.
- 18 The claim forms for the two specific projects were submitted to us by the due date. One of the claims was amended to correct for minor errors and both were certified, without qualification, by the auditor deadline.

# Appendix 1 – Summary of 2008/09 certified claims

## Claims and returns above £500,000

Claim	Value £000	Adequate control environment	Amended	Qualification letter
Sure Start, Early Years and Childcare Grant	22,400	Yes	No	No
Teachers' Pension Return	231,541	Yes	No	No

## Claims between £100,000 and £500,000

Claim	Value £000	Amended	Qualification letter
School Centred Initial Teacher Training	219	No	No
Notts Coalfield Social Enterprise Programme - b/fwd from 2007/08 (ERDF60)	208	Yes	No
Sure Start, Sustaining Rural Communities - b/fwd from 2007/08 (ERDF60)	317	No	No
Sure Start, Sustaining Rural Communities - 2008/09 (ERDF60)	128	No	No

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