

Report to: **Audit, Best Value & Community Services Scrutiny Committee**

Date: **28 February 2012**

By: **Director of Corporate Resources**

Title of report: **Report on grant claim certification for the year ended 31 March 2011**

Purpose of report: **To report to the Committee the external auditor's findings from grant certification work for the financial year 2010/11 in line with the requirements of the Audit Commission**

RECOMMENDATION:

The Committee is recommended to note the report.

1. Financial Appraisal

1.1 PKF certified 4 grants totalling £51.5m during the year at a cost of £16,244 to the Council. In addition the Audit Commission's requirement for the production of the attached summary report for 2010/11 has brought an additional cost of £1,000.

2. Supporting Information

2.1 The Audit Commission requires all local authority external auditors to provide a summary report on grant claims that they have audited during the year, to those charged with governance, by 31 March. The report from the County Council's external auditors PKF covers grants relating to the financial year 2010/11 which have been audited during 2011/12.

2.2 Members will note that the external auditor is positive about the Council's processes for grant certification and makes no recommendations for improvement.

SEAN NOLAN
Director of Corporate Resources

Contact Officer: Duncan Savage, 01273 482330

Local Member: All

Background Documents

None



Accountants &
business advisers

East Sussex County Council

Report on Grant Claim Certification for the year ended 31 March 2011

December 2011

Contents

1	Findings and conclusions	1
2	Summary of certification work	3

Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body with reference to the separate Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns. Reports and letters prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

[Statement of Responsibilities of Auditors and Audited Bodies](#)

[Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns](#)

1 Findings and conclusions

Introduction

- 1.1 This report summarises the main issues arising from the certification of grant claims and returns for the financial year ending 31 March 2011. We undertake certification work as an agent of the Audit Commission, in accordance with the Certification Instructions issued after consultation with the relevant grant paying body. Our work is undertaken in accordance with the Statement of Responsibilities issued by the Audit Commission.
- 1.2 Government departments rely on the external auditor's certification work to ensure grant claims and returns are fairly stated, that expenditure incurred is in accordance with the terms and conditions agreed or amounts due are properly accounted for.
- 1.3 Grant claims and returns less than £125,000 in value are outside the scope of the certification work. For those claims with a value of between £125,000 and £500,000, we conduct only a limited review of the overall control environment and agree the amounts to underlying records before certifying the claim.
- 1.4 After completion of the tests contained within the Certification Instruction, the grant claim or return can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified on the basis of the results of the testing completed. Where a grant claim or return is certified with a qualification letter there is a risk the government department may withhold funding until the qualification matter is resolved.

Findings

- 1.5 We completed audits for four grant claims and returns relating to 2010/11 and each was submitted with an unqualified audit certificate. The value of claims and returns certified amounted to £51.5 million.
- 1.6 Three grant claims and returns submitted for audit were found to be accurate and prepared in accordance with the terms and conditions of grant awarded. The Teachers' Pension Return was amended by the Council as a result of the audit before submission to the Department for Education. The amendment was required to correct a misclassification of £6,228 between additional pension payments and additional contributions and had no impact on total contribution totals.
- 1.7 All deadlines set by government departments for submitting final claims and returns were achieved except for the Sure Start claim, which was submitted three days after the deadline due to delays in obtaining a response to a query raised with the Department for Education.

- 1.8 Fees for the audit of the grant claims and returns for 2010/11 were £17,244, which compares to a planned fee of £17,000 as reported in our Audit Plan for 2010/11. In the previous year our fees were £16,872.

Conclusions

- 1.9 The Council's arrangements for preparing grant claims and other returns to Government departments are generally operating effectively. We confirmed that all final claims were fairly stated in our audit reports to government departments.
- 1.10 Our report contains no recommendations relating the Council's arrangements for producing grant claims and returns.
- 1.11 We would like to thank all the staff involved in the grant claims preparation and audit for all their co-operation.

2 Summary of certification work

2.1 The table below identifies the certification status of the grant claims audited for the year ending 31 March 2011:

Claim	Value of final claim £000's	Qualified/ Unqualified	Number of amendments	Impact of amendments on claim	Fee for the year ended 31 March 2011	Fee for the year ended 31 March 2010
				£	£	£
Sure Start	£23,495	Unqualified	0	-	£5,708	£5,448
Employment Based Initial Teacher Training – LEA	£462	Unqualified	0	-	£3,333	£4,393
School Centred Initial Teacher Training – Claverham	£230	Unqualified	0	-	£2,833	£2,253
Teachers' Pension	£27,296	Unqualified	1	Amendment had no overall impact	£4,370	£3,778
Grants report					£1,000	£1,000
Total for 2010/11	£51,483				£17,244	£16,872