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# Certification of grants and returns 2010/11

Lancaster City Council

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in connection with this  
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<p><b>Introduction and background</b></p>	<p><b>This report summarises the results of work on the certification of the Council's 2010/11 grant claims and returns.</b></p> <ul style="list-style-type: none"> <li>■ For 2010/11 we certified:             <ul style="list-style-type: none"> <li>– One grant with a total value of £653,000; and</li> <li>– Five returns with a total value of £84.3m.</li> </ul> </li> </ul>	
<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for five grants and returns but qualifications were necessary in one case.</b></p> <ul style="list-style-type: none"> <li>■ The qualification related to the Housing and Council Tax Benefits Subsidy claim (BEN01) where two instances of underpayment were identified with a total value of £190.06. The claim was not adjusted for these errors in line with the Audit Commission's guidelines.</li> <li>■ In 2009/10 we qualified one return.</li> </ul>	<p><b>Pages 3 – 4</b></p>
<p><b>Audit adjustments</b></p>	<p><b>Adjustments were necessary to two of the Council's grants and returns as a result of our certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ Adjustments with a total value of £3,353 were made to the Housing and Council Tax Benefits Subsidy claim. These related to overpayments that were identified through our test work.</li> <li>■ Adjustments were made to the Housing Subsidy Base Data Return (HOU02) in order to correct the property numbers analysis and disclosure or premiums and discounts.</li> <li>■ In 2009/10 adjustments were required to two grant claims and returns.</li> </ul>	<p><b>Pages 3 – 4</b></p>
<p><b>Fees</b></p>	<p><b>Our overall fee for the certification of grants is £37,285 which is in line with our original estimate.</b></p> <ul style="list-style-type: none"> <li>■ The number of grants and returns requiring certification in 2010/11 has reduced in comparison to the prior year. However additional work around the Housing and Council Tax Benefit Subsidy claim was required due to errors being identified. This resulted in our fee being higher than our original estimate for this claim. Officers are aware of the reasons for this additional work and have agreed to take any reasonable steps to reduce the impact in future years. This will however be within the context of the number and value of errors against the total claim, the time, resources and costs involved, and the expected welfare reforms.</li> <li>■ Our fees for the certification of grants and returns have been agreed with the Council's officers.</li> </ul>	<p><b>Page 5</b></p>
<p><b>The Council's arrangements</b></p>	<p><b>The Council has good arrangements in place for preparing its grants and returns and supporting our certification work. Adjustments that have been made are generally as a result of errors in the underlying data as opposed to issues with the Council's arrangements for preparing grant claims and returns.</b></p>	

Overall, we certified six grants and returns:

- Four were unqualified with no amendment;
- One was unqualified but required some amendment to the final figures; and
- One required a qualification to our audit certificate. This claim was also amended.

Detailed comments are provided overleaf.

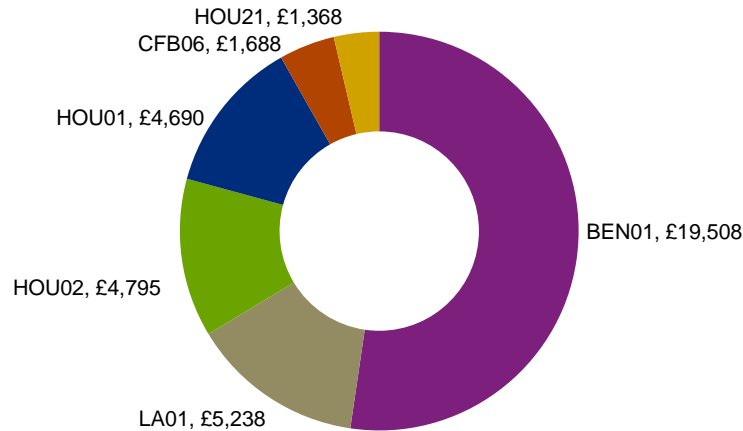
Detailed below is a summary of the key outcomes from our certification work on the Council's 2010/11 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing and council tax benefit	1				
National non- domestic rates					
Housing subsidy base data	2				
Housing Subsidy					
Pooling of housing capital receipts					
Disabled facilities grant					
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Our overall fee for the certification of grants and returns was £37,285. This is in line with our original estimate.

**Breakdown of certification fees 2010/11**



**Breakdown of fee by grant/return**

	2010/11 (£)	2009/10 (£)
Housing and Council Tax Benefit (BEN01)	19,507.50	13,170.00
National Non Domestic Rates (LA01)	5,237.50	5,565.00
Housing Subsidy Base Data (HOU02)	4,795.00	4,838.00
Housing Subsidy (HOU01)	4,690.00	4,927.00
Pooling of Housing Capital Receipts (CFB01)	1,687.00	1,739.00
Disabled Facilities Grant (HOU21)	1,367.50	1,395.00
NWDA claims (RG34)	-	12,825.00
<b>Total fee</b>	<b>37,285.00</b>	<b>44,459.00</b>

Our initial estimated fees for certifying 2010/11 grants and returns was £38,000. Our actual fee charged was £37,285.

Whilst our fee is broadly in line with our estimate, the number of claims and returns requiring certification is lower than in the prior year.

During the certification of the Housing and Council Tax Benefit Subsidy claim we identified a number of issues and errors in the initial claim. This resulted in significant additional test work being required and the claim being adjusted and qualified. Consequently our fees for this claim are higher than in 2009/10.

We have agreed our fees with officers and discussed all issues identified as part of our certification work.

We made one recommendations in our '2009/10 Certification of Grants and Returns' report. We have followed up the status of this recommendation below.

Priority rating for recommendations		
<p><b>1</b> Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p><b>2</b> Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p><b>3</b> Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Prior year recommendation	Priority	Status as at February 2012
<p><b>1 Amendments to the Luneside East Grant</b></p> <p>The grant required revision following mistakes made during compilation of the grant claim.</p> <p>Stage 1 expenditure was initially incorrectly included in the first version submitted for audit, due to lack of clarity over what required audit by the grant paying body.</p> <p>The Council should ensure that clarity is sought from the grant paying body over its audit requirement prior to grant claims being compiled for audit. This is particularly important where grants do not fall under a specific grant audit regime.</p>	<p><b>2</b></p>	<p><b>Status:</b> Claim not certified in 2010/11.</p>



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