

Certification of claims and returns annual report 2013-14

Oxfordshire County Council

25 February 2015

Ernst & Young LLP



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25 February 2015

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Dear Members

Certification of claims and returns annual report 2013-14 Oxfordshire County Council

We are pleased to report on our certification work. This report summarises the results of our work on Oxfordshire County Council's 2013-14 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to appointed auditors of the audited body set out the work they must undertake before issuing certificates and the submission deadlines.

Certification work is not an audit. It involves executing prescribed tests designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

In 2013-14, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary, audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This annual certification report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the audited body. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2013-14 certification work.

We reviewed one return during the year, the Local Transport Plan Major Projects return, under the Audit Commission regime. The return did not need an amendment or a qualification letter.

Fees for certification work are summarised in section 2. The indicative fees for 2013-14 are based on final 2011-12 certification fees and did not contain an amount for the Local Transport Claim. We have agreed a fee with the Council and are currently waiting for Audit Commission approval. Fees for schemes no longer requiring certification have been removed.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee on 25 February 2015.

Yours faithfully

Maria Grindley
Director
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1. Summary of 2013-14 certification work

We reviewed one claim during the year and our findings are set out below.

Local transport plan major projects

Scope of work	Results
Value of return presented for certification	£1,342,542
Limited or full review	Full
Amended	No
Qualification letter	No
Fee – 2013-14	£4,541
Fee – 2012-13	None as first year of claim
Recommendations from 2012-13:	Findings in 2013-14
None as first year of claim	No issues

The Department for Transport (DfT) pays grants under section 31 of the Local Government Act 2003. The funding supports major projects such as large public transport infrastructure or road construction schemes, and is available up to 100 per cent of approved costs. For each approved project, DfT issues an annual grant determination to its managing authority. This sets the general terms of grant, as well as any project specific terms. Auditor certification is required for final claims and where DfT has requested an interim certification for ongoing projects.

Working papers and responses to queries were accurate and prompt and this enabled the work to be delivered on time.

2. 2013-14 certification fees

From 2012-13 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fees for 2013-14 are based on actual certification fees for 2011-12, reflecting the amount of work required by the auditor to certify the relevant claims and returns in that year. There was also a 40 per cent reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services.

Claim or return	2012-13	2013-14	2013-14
	Actual fee £	Indicative fee £	Proposed fee(1) £
Certification of claims and returns – annual report	1,170	0	4,541
Grant planning, supervision and review (2)	0	0	0
Total	1,170	0	4,541

Proposed fee (1) requires Audit Commission approval which is currently being sought.

Grant planning, supervision and review (2) is included in the indicative fee proposed by the Audit Commission

The above table reflects the fee for the Teacher Pension Fund which was audited in 2012-13; in 2013/14 there was no requirement to audit this within the requirements of the Audit Commission regime.

3. Looking forward

For 2014-15, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2012-13, adjusted for any schemes that no longer require certification.

The Council's indicative certification fee for 2014-15 is £0. If further claims are required to be audited under the Audit Commission regime (or successor body) we will discuss the proposed fee with you and we must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2012-13 fees.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission (due April 2015).

Details of individual indicative fees are available at the following link:
[<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-fees-and-work-programme/individual-certification-fees/>]

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made, or does not intend to make, certification arrangements. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements.

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