

Audit and Governance Committee
Oxfordshire County Council
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Ref: OCC Grants

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Dear Members

Certification of claims and returns annual report 2012-13 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 2012-13 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require certification from an appropriately qualified auditor of 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 set out the submission deadlines.

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

In 2012-13, 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 via 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. We, as appointed auditor, take no responsibility to any third party.

Summary

We reviewed one claim during the year, Teachers' Pension return, on a full review under the Audit Commission regime. The claim did not need an amendment or a qualification letter.

Teachers Pension return

Scope of work	Results
Value of return presented for certification	£ 30,354,673.63
Limited or full review	Full review
Amended	No
Qualification Letter	No
Fee - 2011/12	£1,161
- 2012/13	£ 970

The Department of Work and Pensions requires me to check the return for the teachers' pension scheme, which runs separately from the Local Government Pension Scheme. Councils must complete a return setting out what they have collected under the scheme and how much they need to pay over to the government.

Working papers and responses to queries were accurate and prompt and this enabled me to deliver my work on time and to budget.

Certification fees

We charged £970 in total for grant certification work in 2012/13 and £9,306 for 2011/12. The overall cost of certification has reduced because we are no longer required to certify the EBITT claim under the Audit Commission regime. The Audit Commission applied a general reduction of 40% to certification fees in 2012-13. We have included the actual fees for 2011-12 and their values after the 40% reduction to assist year on year comparisons.

Our work on the EBITT claim has been reported separately.

Claim or return	2011-12	2011-12	2012-13	2012-13
	Actual fee	2011-12 fee less 40% reduction	Indicative fee	Actual fee
	£	£	£	£
Certification of claims and returns	8,123	4,874	8,100	970
Grant planning, supervision and review (1)	1,183	710	0	0
Total	9,306	5,584	8,100*	970

Grant planning, supervision and review (1) is included in the indicative fee proposed by the Audit Commission. A refund of £7,130 has been made to the Council.

For 2013-14, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2011-12, adjusted for any schemes that no longer require certification.

The Council's indicative certification fee for 2013-14 is £700. The actual certification fee for 2013-14 may be higher or lower than the indicative fee, if we need to undertake more or less work than in 2011-12 on individual claims or returns. Details of individual indicative fees are available at the following link: <http://www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-and-work-programme/individual-certification-> 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 2011-12 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. This is to help with the transition to new certification arrangements, such as those DCLG will introduce for business rates from 1 April 2013.

Yours faithfully



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