

Stockton-on-Tees Borough Council

Certification of claims and returns

Annual Report 2012/13



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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies.’ Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Background

Stockton-on-Tees Borough Council ('the Council') receives more than £380m in funding from various grant-paying government departments. These departments attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.

It is therefore important that the Council can demonstrate that it:

- has put in place adequate arrangements to prepare and authorise each claim and return; and
- can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions ('CIs') that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £100,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £100,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above).

Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

02

Findings

The Council's control environment

As required by the Audit Commission's CIs, we have assessed the control environment for three claims and returns.

We have not noted any weaknesses in your control environment for any claim or return.

A summary of progress on the issues set out in our 2011/12 certification report is provided in Appendix A.

Amendments and Qualifications

Appendix B to this report provides a full analysis of all claims and returns on which we carried out certification work.

Of the three claims and returns we certified in 2012/13, one was qualified and none were amended by the Council. Further details on qualified and amended claims are also provided in Appendix B.

03

Certification fees

For 2012/13 the total fees charged for certification work was £30,713. This represents a significant reduction on fees charged in previous years (2011/12 £34,515) as a result of:

- reduced work on claims or returns giving rise to few matters arising in previous years; and
- a reduction in the number of claims and returns for which the Audit Commission has made certification arrangements.

A breakdown of the fees charged for each claim or return is provided in Appendix B.

Appendices

Appendix A – Summary of previous recommendations

As in previous years, on the Housing and Council Tax Benefits Subsidy claim there were minor errors found in sample testing and minor differences in reconciliations supporting the claim. The matters arising were reported to the Department for Work and Pensions, resulting in qualification of the certificate. The number and severity of the issues identified and reported continues to reduce, reflecting ongoing improvements in practices and arrangements for administering these complex benefit schemes.

Appendix B – Summary of certified claims and returns

Claim or return	Value	2011/12 Actual Fee	2012/13 Scale Fee	2012/13 Actual Fee	Reasons for significant movement	Amended	Qualified
BEN01 Housing and Council Tax Benefits Subsidy	87,503,476	30,195	28,757	28,757		No	Yes
LA01 National Non-Domestic Rates Return	77,035,728	1,445	1,174	1,174	Few issues found in recent years reduces the input required	No	No
PEN05 Teachers Pensions Return	12,619,051	595	782	782	Changes to the Scheme required greater input	No	No
CFB06 Pooling of housing capital receipts	0	0	755	0	Receipts were below £100,000 so we are not required to carry out any certification work	Not certified	Not certified
EDU06 School Centered Initial Teacher Training	0	2,280	782	0	Scheme removed from Audit Commission certification regime for 2012/13	Not certified	Not certified
Total	177,158,255	34,515	32,250	30,713			

The original Scale Fee for 2012/13 certification work, set by the Audit Commission, included EDU06 School Centered Initial Teacher Training. Due to the timing of certification work, the 2011/12 EDU06 return was certified by Mazars LLP on behalf of the Audit Commission, and the fee for this was £2,280. This Scheme was withdrawn from the certification regime during the year and has not been charged for. The Council is now required to make its own arrangements for the certification of its Initial Teacher Training return.