

**To the Chair and Members of the
AUDIT COMMITTEE**

**CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT
2011/12**

EXECUTIVE SUMMARY

1. This report brings KPMG's Report 'Certification of Claims and Returns 2011/12' to the attention of Members of the Council's Audit Committee.
2. The document summarises the results of the work on the certification of the Council's 2011/12 grant claims and returns. The work was undertaken by the Audit Commission as appointed external auditor and reported by KPMG.
3. Overall, KPMG concluded that the Council had good arrangements for preparing its grants and returns and supporting the audit certification work and, consequently, there were no audit recommendations made for improvement. This represents a good improvement over previous years.

RECOMMENDATIONS

4. **It is recommended that Members of the Audit Committee consider the report and note its findings.**

BACKGROUND

5. Under section 28 of the Audit Commission Act 1998, the Council's external auditors make arrangements for certifying claims and returns in respect of grants or subsidies paid by the Government to local authorities.

MATTERS ARISING

6. Members should note that through close liaison with the Council's external auditors efforts have been made to improve the preparation of grant claims, taking into account improvement opportunities highlighted by audit in previous years. This is done to minimise the external audit work required to certify the claims and minimise the respective audit fees.

7. Overall six grants and returns were certified in 2011/12 of which two received an audit qualification. The most significant error was £975k which was made on the NNDR Return. The error arose for the first time in 2011/12 and did not affect previous years. The supporting working papers have since been corrected with additional quality assurance processes established for future years' returns. The 2011/12 NNDR return received an unqualified certificate.
8. A comparison with previous financial years is provided below:

	2009/10	2010/11	2011/12
Number of claims and returns subject to audit certification	16	12	6
Total value of claims and returns certified	£225m	£225m	£218m
Number of claims which were not amended or qualified	3 (19%)	0 (0%)	2 (33%)
Number of claims and returns amended due to errors but not qualified	5 (31%)	5 (42%)	2 (33%)
Number of claims and returns which were issued a qualification letter	8 (50%)	7 (58%)	2 (33%)
Total cost of audit certification work	£140,833	£122,548 (-13%)	£66,054 (-46%)
Audit recommendations for improvement	4	2	0

9. The main reasons for the reduction in fees are that
- the number of grants subject to audit certification were halved during 2011/12; and
 - the Council has successfully implemented all recommendations from previous years.

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

10. Not relevant to this report.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

11. Not relevant to this report.

RISKS AND ASSUMPTIONS

12. Failure to address issues reported by the auditor could lead to a lower standard of financial control and accountability, potential claw-back of grant and higher external audit fees.

CONSULTATION

13. Not relevant to this report.

LEGAL IMPLICATIONS

14. The Council must comply with the requirements for audit relating to the submission of grants claims.

FINANCIAL IMPLICATIONS

15. The fees for the six grants and returns certified in the 2011/12 year referred to in this report were £66,054 (£122,548 in 2010/11 for twelve claims).

REPORT AUTHOR & CONTRIBUTORS

Mick Wildman, Technical Accounting Manager, Corporate Finance
Telephone no.: (01302) 737160
e-Mail: michael.wildman@doncaster.gov.uk

Simon Wiles
Director of Finance and Corporate Services