

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

CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2013/14

EXECUTIVE SUMMARY

1. This report brings KPMG's report 'Certification of Claims and Returns - Annual Report 2013/14' to the attention of Members of the Council's Audit Committee.
2. The document formally sets out KPMG's certification arrangements, the Council's responsibilities in this area and matters arising from the audit of claims for this period.

EXEMPT REPORT

3. The report is not exempt.

RECOMMENDATIONS

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

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. These arrangements will contribute towards the Council receiving an unqualified opinion on their 2014/15 accounts and secure good governance and value for money in its use of resources.

BACKGROUND

6. Under section 28 of the Audit Commission Act 1998, KPMG make arrangements for certifying claims and returns in respect of grants or subsidies paid by the Government to local authorities.

MATTERS ARISING

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

8. The main area of improvement remains the independent review of claims after compilation and before submission to the auditor.
9. Processes will continue to be enhanced to ensure that claims and returns comply with conditions set by the grant paying body and that the claims and returns are fully completed and accurate. There are just the three claims and returns that required audit certification for 2013/14. These were
 - BEN01 – Housing Benefit subsidy claim
 - CFB06 – Pooling of Housing Capital Receipts
 - TRA11 – Transport claim

	2009/10	2010/11	2011/12	2012/13	2013/14
Number of claims and returns certified	16	12	6	5	3 ⁽¹⁾
Total value of claims and returns certified	£225m	£225m	£218m	£219m	£105m
Number of claims and returns which were issued a qualification letter	8 (50%)	7 (58%)	2 (33%)	2 (40%)	2 (67%)
Total cost of certification work	£140,833	£122,548	£66,054	£53,422	£27,429 ⁽²⁾
Reduction in audit fee (year on year)		£18,285 (13%)	£56,494 (46%)	£12,632 (19%)	£25,993 (49%)

(1) PEN05 Teachers' Pensions Return and LA01 National Non Domestic Rates Return no longer required an audit certificate in 2013/14

(2) Subject to agreement with the Audit Commission

OPTIONS CONSIDERED AND REASON FOR RECOMMENDED OPTION

10. Not relevant to this report.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

11.

Priority	Implications
We will deliver modern value for money services.	Receiving an unqualified opinion on the accounts and a good Value for Money conclusion will show that the Council is delivering effective services and demonstrating good governance arrangements.
We will provide strong leadership and governance, working in partnership.	

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.

LEGAL IMPLICATIONS

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

FINANCIAL IMPLICATIONS

14. Based on the work carried out, the actual audit certification fee charged for 2013/14 will be £27,429 although this is subject to agreement with the Audit Commission. The original indicative fee for these claims and returns in 2013/14 was £28,379 representing a saving of £950.
15. The overall reduction in the cost of the grants audit certification work year-on-year was £25,993. This reduction contributed to the overall fee reduction of £100,000 that was achieved in the 2013/14 budget process.

CONSULTATION

16. Not relevant to this report.

BACKGROUND PAPERS

17. None

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