



Annual Certification Report (2011/12)

Report to those charged with governance

January 2013

Ernst & Young LLP

The Members of the Audit & Governance Committee
Crawley Borough Council
The Town Hall
The Boulevard
Crawley
West Sussex
RH10 1UZ

31 January 2013

Dear Members

Annual Certification Report (2011/12)

We are pleased to attach our annual certification report for the forthcoming meeting of the Audit & Governance Committee. This report summarises the results of certification work undertaken on your 2011/12 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. Often these grant-paying bodies required certification from an appropriately qualified auditor of the claims and returns submitted to them.

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.

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 its appointed auditors set out the work they must undertake before issuing a certificate. Grants and claims are certified as they arise throughout the year to meet the audited claim/return submission deadlines set by the grant-paying bodies.

Statement of Responsibilities of Auditors and Audited Bodies

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('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 the Audit & Governance Committee, and is prepared for the sole use of the audited body.

We, as appointed auditor, take no responsibility to any third party. Following the appointment of Ernst & Young as auditor for the year ended 31 March 2013 we have been requested to prepare this Annual Certification Report in respect of the year 2011/12. All of the certification work reported on herein was performed by Audit Commission staff prior to 31 October and therefore not under the direction and supervision of Ernst & Young and accordingly we take no responsibility to the council nor to any third party for the work undertaken.

The only exception is that the audit of the adjustments to the Pooling of Housing Capital Receipts liabilities. The scope of the work had been agreed prior to the date of transfer however the work was carried out by us after 1 November 2012.

Results of certification work

For the period April 2011 to March 2012 five claims and returns were certified with a total value of £180 million. With the exception highlighted above all other work was completed prior to Ernst & Young being appointed auditor.

Of the claims certified, no claims were qualified. Where amendments were needed, the Council has undertaken steps to make the necessary amendments as appropriate. All deadlines for submission of certified claims/returns were met.

Fees for certification work are summarised in appendix A.

We welcome the opportunity to discuss the contents of this report with you at the next Audit & Governance Committee meeting.

Yours faithfully
for and on behalf of Ernst & Young LLP



David Wilkinson
Partner
Ernst & Young LLP
United Kingdom
Enc.

Contents

1. Summary of 2011/12 Certification Work	1
2. Summary of progress made on recommendations arising from certification work undertaken in earlier years	2
Appendix A Certification Fees	3

1. Summary of 2011/12 Certification Work

Claim or return	Certificate Instruction (CI) Reference	2011/12 Claim Value £000	Qualification (Q) Amendment (A) Neither (-)	Reason for issue, and financial effect.
Housing and Council Tax Subsidy Benefit Scheme	BEN01	55,300	-	N/A
National Non-Domestic Rates	LA01	106,600	-	N/A
HRA Subsidy	HOU01	(16,300)	-	N/A
Pooling of Housing Capital Receipts	CFB06	2,000	-	N/A
Adjustments to Pooling of Housing Capital Receipts	CFB06	275	A	The Council incorrectly included one property from 2011/12 in the calculation of the adjustments which relate to a period from 2004/05 to 2010/11. The dates for the properties were completed in calendar years rather than financial audit years and

therefore did not correspond with the correct years for claiming. No financial impact.

The Council incorrectly included the service charges in one of the properties which should be excluded.

Total financial impact was a reduction of £27,992.54 from the original value of the claim of £302,631.94 to the final value of the claim of £274,639.40.

2. Summary of progress made on recommendations arising from certification work undertaken in earlier years

Agreed action	Priority	Date for implementation	Responsible officer	Current status	Comments
Review 'Claims and returns: Good Practice for Authorities' and consider producing the working papers suggested to support claims and returns.	Medium	For 2011/12 grant claims	Corporate Accounting and Treasury Services Manager	Implemented	Quality of working papers provided to support the grant claims work has improved.

Appendix A Certification Fees

Claim/Return	2010/11 Actual £	2011/12 Actual £	Reasons for variance over 10%
Housing and council tax benefit scheme (BEN01)	20,629	24,971	Additional resources were used to sign off the claim prior to the change of auditors.
National Non-Domestic Rates return (LA01)	1,108	1,434	This was completed by a new auditor and there was additional management time required.
HRA Subsidy (HOU01)	2,627	2,735	Some preparation time from CFB06 re-certification has been charged to CFB06 2011/12.
Pooling of Housing Capital Receipts (CFB06)	1,278	1,830	

Certification Fees

Other claims not requiring certification in 2011/12	7435	
Advance data return (HOU02)		
Disabled Facilities Claim (HOU21)	351	
Re-certification of the Pooling of Housing Capital receipts*	0	5000
Grant claim planning and reporting*	1,192	1700
Total	34,620	37,670

Estimated figure*.

The above fee relates to the charge for certification work undertaken by the Audit Commission's audit staff prior to the 31 October and an estimate of the fee for the planning and reporting of grant claims and the re-certification of prior years' adjustments to Pooling of Housing Capital Receipts liabilities CFB06 claim. The total fee for the 2011/12 certification audit is therefore estimated to be £37,670.

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