



AUDIT COMMITTEE

DATE: 29 February 2012

Subject Heading:

**2010/2011 AUDIT REPORT OF GRANT
CLAIMS AND RETURNS**

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Policy context:

The Audit Committee are required to review the outcome of the Authority's grant claims process for audited grant claims relating to the financial year 2010/2011

Financial summary:

No direct financial implications to report.

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	□
Excellence in education and learning	□
Opportunities for all through economic, social and cultural activity	X
Value and enhance the life of every individual	X
High customer satisfaction and a stable council tax	X

SUMMARY

The 2010/11 audit process was completed by the Audit Commission's representative, PricewaterhouseCoopers.

This report updates the Committee of the position regarding the final version of the 2010/2011 audit report of grant claims and returns and subsequent Action Plan for the 2011/12 process.

The 2011/2012 Action Plan can be found at Appendix 1. The 2010/2011 Action Plan and Progress made can be found at Appendix 2 and the certification report from PricewaterhouseCoopers can be found at Appendix 3.

RECOMMENDATIONS

The Committee is recommended to:

1. review the outcomes of the 2010/2011 grant claims process
2. raise any issues of concern with officers on specific grant claims
3. note the year-on-year grant claims performance
4. otherwise note the report.

REPORT DETAIL

Overall summary of the 2010/2011 audited grant claims compared to 2009/2010.

1. Performance

Grant Funding Body conditions and guidelines determine whether a grant requires external audit. The Audit Commission publishes an index of grants over £125k that require audit annually. Most Specific Grants are subject to Chief Finance Officer Certification only.

There were 10 grants over £125k that required audit certification, in 2010/11, as there were in 2009/2010.

1.2 All 10 claims due for 2010/2011 have now been certified.

1.3 There was 1 (10%) amended claim for 2010/11, compared to 4 (40%) amended in 2009/2010

- 1.4 1 (10%) claim was qualified for 2010/2011, as there was in 2009/2010.

The grant claim qualified was BEN 01 - Housing Benefits and Council Tax. This was also qualified in previous years; however this is a very complex grant to administer and is also qualified in other London boroughs.

The agreed recommendation regarding the above can be found in the 2011/2012 Action Plan (see Appendix 1).

- 1.5 All 10 (100%) claims for 2010/2011 achieved their Audit Commission certification as did all 10 for 2009/2010.

	2010/2011		2009/2010	
	No.	%	No.	%
Submitted by due date	10	100	10	100
Total claims	10	100	10	100

Amended claims	1	10	4	40
Claims not amended	9	90	6	60
Total claims	10	100	10	100

Qualified claims	1	10	1	10
Unqualified claims	9	90	9	90
Total claims	10	100	10	100

Certified by deadline	10	100	10	100
Uncertified by deadline	0	0	0	0
Total claims	10	100	10	100

2. Recommendations

- 2.1 PricewaterhouseCoopers identified 5 recommendations to address in the 2010/2011 Action Plan. All 5 recommendations were implemented during 2010/2011. (see Appendix 2)

- 2.2 The 2011/2012 Recommendations/Action Plan is attached as appendix 1 and contains 2 issues identified during the 2010/2011 audit process for implementation during 2011/2012.

3. Audit Fees

3.1 The following table records audit fees paid each year:

Paid in 2008/2009 re 2007/2008 audits	Paid in 2009/2010 re 2008/2009 audits	Paid in 2010/2011 re 2009/2010 audits	Paid in 2011/2012 re 2010/2011 audits
£98,000	£89,000	£81,000	£77,000
No of Grant Claims Audited 8	No of Grant Claims Audited 10	No of Claims Audited 10	No of Claims Audited 10

3.2 PwC have been the Council's appointed auditor for grant claims since 2008/2009. Audit fees have decreased year on year. The good standard of working papers continues to contribute to the consistent decrease in audit fees, which for 2010/11, have decreased by 5% when compared to the 2009/2010 audit fees.

3.3 The annual Audit Commission index for 2011/2012 has not yet been received although it is anticipated that 9 grants shall require Audit Commission certification for the period.

4.4. In Year Achievements

- During 2011/2012 both service and finance staff are been supported by one to one grants training upon request.
- The Grant Management Protocol can be found on the Intranet.

4.5. Future Planned Developments

- Further training, where required shall be delivered before the 2011/2012 audit process starts.

IMPLICATIONS AND RISKS

Financial Implications and risks:

For 2010/2011 specific grant claims provided £201.9 m in funding for the Council and poor performance in submitting claims puts income at risk and can effect the Council's reputation with funding bodies.

Qualified claims may lead to the Council having to repay grant income and delays leading to late certification of claims can result in the suspension of grant income.

These outcomes are mitigated by having in place, a robust system of training, support and review. This ensures that all grant claims are robustly examined before submission and that any queries are taken back through a consistent route.

Legal implications and risks

Human Resources implications and risks

There are no apparent human resource implications arising from the noting of this report.

Equalities and Social Inclusion implications

None arising directly from this report.

BACKGROUND PAPERS