

# AUDIT COMMITTEE

DATE: 28 February 2013

**Subject Heading:**

**2011/2012 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 2011/2012.

**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 2011/2012 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 2011/2012 audit report of grant claims and returns and subsequent Action Plan for the 2012/2013 process.

The 2012/2013 Action Plan can be found at Appendix 1. The 2011/2012 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 2011/2012 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 2011/2012 audited grant claims compared to 2010/2011.**

#### **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 6 grants over £125k that required audit certification, in 2011/2012, compared to 10 in 2010/2011.

- 1.2 All 6 claims due for 2011/2012 have now been certified.
- 1.3 There were 3 (50%) amended claims for 2011/2012, compared to 1 (10%) amended in 2010/2011.

- 1.4 1 (17%) claim was qualified for 2011/2012, as there was in 2010/2011 (10%).

The qualified grant claim is PEN 05 – Teachers Pensions. This grant claim had not been subject to a qualification in previous years.

The agreed recommendation regarding the above can be found in the 2012/2013 Action Plan (see Appendix 1).

- 1.5 All 6 (100%) claims for 2011/2012 achieved their Audit Commission certification deadlines as did all 10 for 2010/2011.

	2010/2011		2011/2012	
	No.	%	No.	%
Submitted by due date	10	100	6	100
<b>Total claims</b>	<b>10</b>	<b>100</b>	<b>6</b>	<b>100</b>

Amended claims	1	10	3	50
Claims not amended	9	90	3	50
<b>Total claims</b>	<b>10</b>	<b>100</b>	<b>6</b>	<b>100</b>

Qualified claims	1	10	1	17
Unqualified claims	9	90	5	83
<b>Total claims</b>	<b>10</b>	<b>100</b>	<b>6</b>	<b>100</b>

Certified by deadline	10	100	6	100
Uncertified by deadline	0	0	0	0
<b>Total claims</b>	<b>10</b>	<b>100</b>	<b>6</b>	<b>100</b>

## 2. Recommendations

- 2.1 PricewaterhouseCoopers identified 2 recommendations to address in the 2011/2012 Action Plan. Both recommendations were implemented during 2011/2012. (see Appendix 2)

- 2.2 The 2012/2013 Recommendations/Action Plan is attached as appendix 1 and contains 3 issues identified during the 2011/2012 audit process for implementation during 2012/2013.

### 3. Audit Fees

3.1 The following table records audit fees paid each year:

Paid in 2009/2010 re 2008/2009 audits	Paid in 2010/2011 re 2009/2010 audits	Paid in 2011/2012 re 2010/2011 audits	Paid in 20112/2013 re 2011/2012 audits
£89,000	£81,000	£77,000	£67,105
No of Grant Claims Audited 10	No of Claims Audited 10	No of Claims Audited 10	No of Claims Audited 6

3.2 PwC have been the Council's appointed auditor for grant claims since 2008/2009. The number of grants requiring audit for 2011/2012 decreased by 40% to 6. The audit fees decreased by 14% however the total cost is within the 2011/12 grants audit fees budget.

The audit of the RG31 - Public Realm grant incurred additional audit fees due to the requirement for Part A & Part B audit testing as the 2011/12 value of the grant was over the deminimis of £500k.

The PEN05 – Teachers Pensions audit was subject to additional audit fees due to the extra testing required since the implementation of the new Oracle 12 system.

The good standard of working papers continues to contribute to the grants audit process.

3.3 The annual Audit Commission index for 2012/2013 has not yet been received although it is anticipated that 6 grants shall require Audit Commission certification for the period.

3.4. In Year Achievements

- During 2012/2013 both service and finance staff are being supported by one to one grants training upon request.

### 3.5. Future Planned Developments

- Further training, where required shall be delivered prior to the start of the 2012/2013 audit process.

## IMPLICATIONS AND RISKS

### **Financial Implications and risks:**

For 2011/2012 specific grant claims that require External Audit provided £194m in funding for the Council and poor performance in submitting claims puts income at risk and can affect the Council's reputation with funding bodies. Additional audit fees may also be incurred where working papers or procedures fail to meet the required standards.

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.

Mike Board, Corporate Finance Manager

### **Legal implications and risks**

There are no Legal implications or risks arising directly from this report.

### **Human Resources implications and risks**

There are no HR implications or risks arising directly from this report.

### **Equalities and Social Inclusion implications**

There are no Equalities and Social Inclusion implications arising directly from this report.

## BACKGROUND PAPERS