



London Borough of Haringey

**Grant Claims And Returns Planning
Memorandum 2008-09**

July 2009

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Appendices

- A Summary of all claims and returns for the year ended 31 March 2009**

1 Background

- 1.1 In addition to our audit of the Council's financial statements and use of resources, we are required to certify grant claims and returns above predetermined thresholds.
- 1.2 In carrying out work in relation to grant claims and returns, Grant Thornton UK LLP acts as an agent of the Audit Commission, on behalf of the grant paying bodies. The work that the auditor is required to undertake is specified in a Certification Instruction, issued by the Audit Commission for each scheme, following discussion with the grant paying body. Although the auditor is required to cover all relevant Audit Commission tests the overall amount of work required on each claim will vary due to:
- the impact of approach and thresholds for certifying claims and returns (see the next section for details);
 - the size and complexity of the claim and the relevance of each test to transactions at the Council;
 - the history of the claim at the Council and whether there have previously been any significant issues or concerns;
 - the quality of working papers produced by the Council to support entries on the claim; and
 - the extent to which Internal Audit has been used to verify entries in the claim and the we are able to rely on the work undertaken.
- 1.3 As agents of the Audit Commission we are required to recover, in respect of each grant claim and return, a fee that covers the full cost of the relevant work undertaken. These rates are based on the hourly rates for certifying claims and returns set out in the Audit Commissions 'Work programme and scales of fees 2008-09 and indicative fee proposals for 2009-10 and 2010-11' for local government, housing, criminal justice and fire and rescue services.
- 1.4 We are required by the Audit Commission to charge 2008-09 fee scale rates on all Code audit and non-Code work relating to the financial year 2008-09. These rates are given in the table below.

Table 1: Fee scale rates

Grade of Staff	Rate per hour
Appointed Auditor	365
Manager	200
Audit Executive	130
Other Staff	100

2 Approach to certifying grant claims and returns

2.1 The approach to certifying grant claims and returns is set out below.

- For claims and returns below a de minimus amount set by the Audit Commission (currently £100,000), the Audit Commission will not make certification arrangements, regardless of any statutory certification requirements or any certification requirement set out in the grant terms and conditions.
- As a condition of our appointment as an Audit Commission Auditor we are prohibited from certifying claims and returns below the de minimus amount.
- For claims and returns between the de minimus amount and a threshold set by the Commission (currently £500,000), we are required to undertake limited tests to agree form entries to underlying records, but will not undertake any testing of the eligibility of expenditure or data.
- For claims and returns over this threshold, we will assess the control environment over the preparation of the claim or return and make a decision as to whether or not to place reliance on this environment.
- Where reliance is placed on the control environment, we will undertake limited tests to agree entries on the claim or return to the underlying records, but will not undertake any testing of the eligibility of expenditure for data. Where reliance is not placed on the control environment, we will undertake all tests in the certification instruction.

2.2 We will assess the degree of work to be undertaken on each claim and return due for certification in 2008-09 in accordance with this approach.

2.3 It should be noted that these arrangements, along with the overall number of claim and returns requiring certification, have continued to reduce in the number of claims and returns for which grant paying bodies require external auditor certification, as part of reducing the burden on local authorities.

3 Developing the managed audit

- 3.1 This plan currently assumes that we can place reliance on the work of Internal Audit in respect of the key financial systems of the Council, including the systems underpinning significant grant claims and returns.
- 3.2 As part of the managed audit approach we are keen to develop the extent to which we are able to place reliance on work carried out by Internal Audit on specific elements of systems and controls in relation to a number of claims for 2008-09 and beyond, in particular:
- housing subsidy; and
 - national non-domestic rates (NNDR).
- 3.3 To enable us to increase reliance on Internal Audit work we will need to agree the scope and timing of the work to be performed by Internal Audit on systems and controls in accordance with the requirements of individual certification instructions produced by the Audit Commission. We are willing to share the certification instructions with the Council when they are published.
- 3.4 Where we identify Internal Audit work on which we may be able to place reliance, we re-perform elements of Internal Audit's testing to confirm the accuracy of the results. This can reduce the amount of testing we are required to undertake with a corresponding reduction in the fees charged for the grant certification work.
- 3.5 We have discussed the possibility of relying upon the work of Internal Audit with regards to these specific claims and returns for 2008-09. However, given that 2008-09 Internal Audit Plan did not include specific work on grant claims and returns testing we will not be able to specifically rely upon Internal Audit work during the 2008-09 certification process.
- 3.6 For future years we can discuss the scope of such work within the Internal Audit Plan if the Council considers this to be appropriate. We would envisage involving Internal Audit on those claims and returns for which we identified inadequate control environments to be in place in prior years. In the case of these particular claims and returns the full Audit Commission tests would be required.

4 Relationship between grants certification and other work

- 4.1 The 2008-09 accounts audit is due to be completed and the audit opinion signed by 30 September 2009. This is before the certification deadline for some of the major claims and returns.
- 4.2 In order to gain assurance that the accounts are not materially misstated with respect to grant income and related expenditure, we perform analytical procedures and key tests from the certification instructions which are material to the Council's accounts as a part of our accounts audit work.
- 4.3 By the earlier of 30 September and the date on which the accounts are signed, we will complete sufficient work on the certification of these material claims and returns to conclude that there were no material misstatements to the accounts due to expenditure incurred or income received. We will complete the remaining tests, to cover the requirements of the certification instructions, prior to the certification deadlines.
- 4.4 As in 2007-08, we will undertake one integrated piece of work on benefits, covering claim certification, data quality and some elements relevant to the accounts opinion. The scope of this work is set out by the Audit Commission in the housing and council tax benefits certification instruction and HB COUNT workbooks. The housing and council tax benefit claim was required to be submitted to us by 31 May 2009 and we can confirm it was received on time.
- 4.5 We are required to complete enough work to inform our use of resources assessment by 14 August 2009, and our value for money conclusion and accounts opinion by 30 September 2009. All work on this claim, including any additional testing as a result of identifying errors in the initial sample, is required to be completed by the certification deadline of 30 November 2009.

5 Roles and responsibilities

- 5.1 The table below summarises the respective roles and responsibilities of the parties involved in the certification process.

Table 2: Roles and responsibilities

Party	Role and responsibility
Grant paying body	Set conditions of grant and deadline for submission for pre-certified and certified claims.
Audit Commission	Issues certification instructions for auditor work.
Council	Submits claims for certification to the Appointed Auditor within grant paying body submission deadlines.
Appointed Auditor	Certifies claims submitted in accordance with Audit Commission Instructions and within certification deadlines.

- 5.2 The Council's role can be further analysed areas as follows:
- the Chief Financial Officer is responsible for ensuring that supporting accounting records are sufficient to document the transactions for which claims are made. These records should be maintained in accordance with proper practices and kept up to date, including records of income and expenditure in relation to claims and returns;
 - the Council should ascertain the requirements of grant schemes at an early stage to allow those responsible for incurring eligible expenditure to assess whether it falls within the scheme rules and to advise those responsible for compiling claims and returns to confirm grant entitlement;
 - the Council should ensure all deadlines for interim and final claims are met to avoid sanctions and penalties from the grant paying bodies;
 - to comply with Audit Commission Certification Instructions, claims and returns should be supported by adequate working papers. The Council should have procedures in place to ensure that not only are the claims and returns prepared for external auditor certification but also that the documentation is in place to support the information declared;
 - grant-paying bodies usually require the Council's certificate to be given by an appropriate senior officer. This is typically the Chief Financial Officer or an officer authorised by written delegated powers; and
 - the Council should monitor arrangements with any third parties involved in the certification process.

6 Grants protocol for 2008-09 claims & returns

6.1 The following summarises the proposed protocol for the certification this year:

- The Council has identified all claims and returns and this information is incorporated into Appendix A to this grants plan.
- When each expected claim or return is completed, a scan of the signed original version should be emailed to the Audit Executive, Caroline Glitre at caroline.glitre@gtuk.com. The original claims and returns should be retained by the Council with one central named co-ordinator.
- If additional claims and returns are identified by either us or the Council they will be incorporated into the appendix in this grants plan.
- All claims and returns should be sent to us, even if below the de minimus limit so that we can confirm that no certification is required where necessary. We are required to report the value for these claims to the Audit Commission in our annual grants return.
- We will inform the Council's grants co-ordinator as to which claims and returns have been received, and also to highlight any which have not been received after a submission deadline. We will also provide a monthly update on the status of certifications.
- Our monthly correspondence will also include copies of the certification instructions for any new claims and returns received.
- Once claims and returns are received we will arrange staffing for the certification and will liaise with the named coordinator at the Council regarding dates for the certification work.
- We intend to certify all claims and returns in accordance within the deadlines set out by the Audit Commission. If we receive any claims after the Council's submission deadline, we will endeavour to certify them within the Audit Commission deadline but, where this is not possible, within the permitted three months from receipt.
- Once we have completed our on-site certification processes we will collect the original claim or return from the named coordinator.
- A copy of each certified claim or return will be sent to the named coordinator when the certification process is complete, along with a copy of a qualification letter if applicable.
- We will issue a bill at the end of each month (with the first bill being issued in July 2009), which will break down the overall fee on a claim by claim basis.
- We expect to complete the certification all of claims by late 2009. After this point we will issue a grants report highlighting any issues we feel should be brought to the Council's and Audit Committee's attention.
- We will then discuss with Internal Audit, the possibility of incorporating a number of claims and returns for 2009-10 into their 2010-11 Plan.

7 Claims history at London Borough of Haringey

7.1 The most significant claims in 2007-08 were:

- housing and council tax benefit;
- housing subsidy; and
- national non-domestic rates.

7.2 There are an estimated fourteen claims and returns to be submitted for 2008-09.

7.3 In our 2007-08 grants report the key points we reported to the Audit Committee were:

- Overall the Council improved their performance against key targets, with only 5 of the 17 claims and returns being qualified and 5 claims and returns amended (29%). In 2006/07 there were 6 amendments (33%) and 7 qualifications (39%) to the 18 claims and returns;
- The qualified claims were the Housing and Council Tax Benefit Scheme, the General Sure Start grant, the Housing Subsidy claim, the National Non Domestic Rates Return and the Teachers' Pensions return; and
- 88% of grants claims that required certification were submitted on time. This was an improvement on the prior year when performance against this target was at 83%.

7.4 The table below summarises performance against best practice targets.

Table 3: Performance against best practice targets

Performance Target	Best Practice Target	Performance in 2006-07	Performance in 2007-08
Claims submitted on time	100%	83%	88%
Claims amended	0%	33%	29%
Claims qualified	0%	39%	29%
Certified within Audit Commission deadline or 3 months from receipt	100%	67%	100%

8 Team and timing of work

- 8.1 The team will be led by Caroline Glitre and managed by Justin Collings who will review the certification work performed on all claims and returns, with the exception of the housing and council tax benefit and national non-domestic rate claims which will be reviewed by Richard Lawson. The Appointed Auditor, Paul Dossett, will be responsible for final review and certification of the claims and returns, supported by the Client Service Manager, Paul Hughes.
- 8.2 Our work will be undertaken between June and December 2009.
- 8.3 Appendix A sets out details of the deadlines for submission of the claims to us, certification deadlines and an estimate of the input required.
- 8.4 The estimated time for each certification is set out in the appendix to the plan and makes the following assumptions:
- the certification instructions for 2008-09 do not vary from 2007-08 to any significant degree, except where there are known adjustments;
 - the Council provides adequate working papers to support each entry in the grant claim/return;
 - the Council's staff are available to deal with our queries in a timely manner and provide such explanations and supporting evidence necessary to support entries; and
 - we have assumed that there will be no change in the scope of our work due to the control environments in place during the year.
- 8.5 Should these assumptions not prove to be correct once we commence our work then the budgeted number of days will be increased or decreased accordingly.

Appendix A Summary of all claims and returns for the year ended 31 March 2009

Claim	Authority Deadline	Certification Deadline	Certified in prior year	Prior year outcome	Estimated fee 08-09	Actual fee 07-08
Housing and council tax benefits scheme	31/5/09	30/11/09	Y	Amendment and Report	£29,500	£41,665
Pooling of Housing Capital Receipts	3/7/09	30/9/09	Y	Amendment	£4,600	£4,678
General sure start	30/5/09	31/10/09	Y	Report	£5,300	£5,263
Housing Subsidy	30/9/09	31/12/09	Y	Amendment and Report	£6,700	£6,685
HRA subsidy base data return	28/8/09	9/10/09	Y	-	£8,200	£8,238
Disabled Facilities	30/6/09	31/10/09	Y	-	£5,000	£5,528
National non-domestic rates return	26/6/09	25/9/09	Y	Amendment and Report*	£10,300	£10,305
Teachers' pensions return (x 2)	30/6/09	30/11/09	Y	Amendment and Report	£6,900	£6,940
New Deal for Communities	30/9/09	31/12/09	Y	-	£4,200	£4,233
Single Programme LDA - 5 separate claims	30/4/09	31/7/09	Y	Amendment (to one of the five claims)	£4,400	£4,393
Grants planning, administration and reporting	-	-	-	-	£4,500	£4,160

* The LA01 claim was amended after the 2008-09 grants report was issued as a result of subsequent certification work. We estimate that our fee for certification work in 2008-09 will be approximately £90,000 (£107,249 in 2007-08)



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