

**AUDIT AND GOVERNANCE COMMITTEE**

**10 FEBRUARY 2012**

**AUDIT COMMISSION – ANNUAL GRANTS REPORT 2010/11**

**Report of Executive Director of Commercial and Corporate Services**

**1.0 Purpose of the report**

- 1.1 This report details the Audit Commission's (AC) work that they have carried out for all grant claims and returns made by the council for the financial year 2010/2011, which according to Government regulations required an external audit opinion and/or audit certificate.

**2.0 Summary of the Report**

- 2.1 The attached document (Appendix 1) advises members of the main coverage and findings of the audit work carried out on all grant claims and returns subject to external audit.
- 2.2 The report is very positive in that the council suffered no loss of grant in 2010/2011 for the total amount of almost £261 million of grant claims / returns covered by this report.
- 2.3 Amendments to grant claims

The amendments identified in the report (Appendix 1 – Pages 5 to 7) were due in the main to external factors, these are summarised below for information:

- Single Programme £4.099m – this was mainly as a result of the grant funding stream ending on 31<sup>st</sup> March 2011 and the fact One North East had extended their timetable to allow additional expenditure of £4.134m to be claimed after the deadline date. A minor grant amount identified as not being defrayed in the year of £0.034m has also since been accepted and honoured (paid) by One North East.
- New Deal for Communities £0.774m – this was as a result of the council's effective verification process that identified that some external organisations had not complied with the grant funding criteria and amendments to their grant entitlement was therefore necessary. This is because the council is the accountable body and must ensure all funding allocated to external bodies is used in accordance with the grant conditions. No grant was lost as other eligible costs / schemes used this funding.
- NNDR £1.698m – error on return which because of the way the grant form is completed, had no impact on the level of grant received. The section involved has acknowledged this issue.
- Teachers Pension Return £0.015m – no grant lost but noted that in future all schools that become academies are to be excluded from the return.

It should be noted that none of above amendments resulted in the council losing any grant claimed and that where appropriate responsible officers have been notified of errors to avoid such occurrences in the future.

- 2.4 The auditor tests all grant claim details and the level of testing is sometimes determined by the grant awarding body. In the case for the Housing and Council Tax Benefit grant the DWP agreed that all claims nationally should follow a standard audit process that does not rely on the Council's control environment. It is pleasing to report that the Housing and Council Tax Benefit and Sure Start and Early Years grant claims with a total value of £156.778m had no amendments.
- 2.5 The cost of the work in 2010/11 was £40,460 compared to £39,571 for the previous year however the cost was £3,500 below that anticipated (Page 9).
- 2.6 An officer from the Audit Commission will be in attendance to outline the content of the Report and to answer member questions.

### **3.0 Description of Decision**

- 3.1 The Committee is recommended to note the contents of this report

### **Background Papers**

Audit Commission: Certification of Claims and Returns – Annual Report 2010/2011