

Sunderland City Council

Certification of Claims and Returns Annual Report 2013/14

December 2014



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Our reports are prepared in the context of the Audit Commission’s ‘Statement of responsibilities of auditors and audited bodies.’ Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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01

Background

Sunderland City Council (the Council) receives more than £300m in funding from various grant-paying government departments. These departments may attach conditions and restrictions to these grants which the Council must meet otherwise funding may be withdrawn or clawed-back.

It is therefore important that the Council can demonstrate that it:

- Has put in place adequate arrangements to prepare and authorise each claim and return; and
- Can evidence that it has met the terms and conditions put in place by the grant paying body for each claim and return.

The scope of our work

As the Council's appointed auditor, we act as an agent of the Audit Commission to certify specified claims and returns.

The Audit Commission, in consultation with the grant-paying bodies, sets out a programme of work in the form of Certification Instructions (CIs) that we must follow. It also sets an overall framework under which we carry out our certification work:

- For claims and returns below £125,000 the Audit Commission does not make certification arrangements and as such we are not required to carry out any certification work.
- For claims and returns between £125,000 and £500,000, the Audit Commission requires us to undertake limited tests to ensure that entries on the claim form agree with underlying records.
- For claims and returns over £500,000, we assess the control environment the Council has put in place for preparing the claim to decide whether we can place reliance on these arrangements. Where we can place reliance on the Council's arrangements we undertake limited testing to ensure that entries on the claim form agree with underlying records (as above). Where we cannot place reliance on the Council's control environment we carry out the full programme of testing in the Audit Commission's CI.

Our certificate

On completion of the specified work we issue a certificate, the wording of which depends on the level of work we have performed on each claim. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

02

Findings

The Council's control environment

This year, the only claim that we have certified is the Housing Benefits Claim. There are specific arrangements for the certification of the Housing Benefit Claim which do not allow us to rely on the control environment, and instead requires extensive detailed testing in accordance with specific criteria.

Amendments and Qualifications

The Housing Benefits Claim was amended. Appendix A to this report provides an analysis of our certification work on this claim.

Schemes outside of the Audit Commission arrangements

We have undertaken separate assurance engagements for the Teachers' Pensions Return (previously carried out under these arrangements but now a separate engagement) and s256 Agreements with NHS England and Sunderland CCG (new arrangements from 2013/14) but these are not within the scope of the grant certification as required by the Audit Commission. We will report on this work in our Audit Progress Reports.

03

Certification fees

For 2013/14 the total fees charged for certification work was £12,412. This represents a significant reduction on fees charged in 2012/13 (£16,050). The main reason for the reduction in fee was that fewer claims and returns required certification under the Audit Commission's arrangements this year.

A breakdown of the fees charged for each claim or return is provided in Appendix A.

Appendix A

Summary of certified claims and returns

Claims and returns above £500,000

Claim or return	Value	2012/13 fee	2013/14 fee	Reasons for significant movement	Amended	Qualified
Housing and Council Tax Benefit Scheme	£124,582,804	£11,669	£12,412	The fee is set by the Audit Commission.	Overall subsidy payable to the Council reduced by £302k. Of this, £296k had been included in the wrong year and was removed; this money will be included in the 2014/15 claim. £6k related to claims where the proper treatment is being clarified and adjustments will be made in the 2014/15 claim if needed.	No
National non-Domestic Rates Return	n/a	£2,828	n/a	This return no longer requires audit certification.	n/a	n/a
Teachers' Pensions Return	n/a	£1,553	n/a	This return no longer requires certification as part of the Audit Commission's arrangements.	n/a	n/a
Total	£248,563,390	£16,050	£12,412			