

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Annual Certification Report 2013/2014	
Report No:	PAS/SE/15/013	
Report to and date:	Performance and Audit Scrutiny Committee	4 June 2015
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Purpose of report:	To update members on the outcome of the annual audit of grant claims by Ernst and Young (our external auditors) as detailed in their Annual Certification Report for 2013/2014, attached at Appendix A .	
Recommendation:	Members are asked to <u>note</u> the Annual Certification Report for 2013/2014.	
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:	<ul style="list-style-type: none"> This report has been prepared in consultation with ARP, Resources and Performance, Leadership Team and the Portfolio Holder for Performance and Resources. 	
Alternative option(s):	<ul style="list-style-type: none"> N/A 	

Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The report includes the final fee for certification of the 2013/2014 grant claims (£41,096). 	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> External audit is a statutory function. 	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Errors identified as a result of 2013/2014 testing may have been replicated in 2014/2015	Medium	Perform early extended testing in those areas where errors were identified	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Ernst and Young Annual Certification Report 2013/2014	

1. Key issues and reasons for recommendation

- 1.1 Ernst and Young (EY) has issued at **Appendix A**, an Annual Report on the Certification of Claims and Returns for 2013/2014. This report summarises the results of the certification work that has been undertaken by EY staff as part of the annual audit of grant claims to government departments.
- 1.2 The report at Appendix A includes key messages arising from the assessment of the arrangements for preparing claims and returns and information on claims that were qualified.
- 1.3 External audit is required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by government departments and public bodies paid to St Edmundsbury Borough Council.
- 1.4 Funding from government grant-paying departments is an important income stream for the Council which has to put in place procedures to ensure that it has met the conditions attached to these grants. The summary of work on the 2013/2014 grant claims is outlined in Section 1 of Appendix A.
- 1.5 For the financial year 2013/2014, EY certified one claim with a total value of £29.1 million. This was the Housing Benefits Subsidy Claim.
- 1.6 The certification work found errors on the claim amounting to £2,864 and these errors have been corrected by officers. A qualification letter setting out further errors and uncertainties was also reported to the Department for Work and Pensions.
- 1.7 The relevant officers of the Council and Anglia Revenues Partnership (ARP) have agreed the qualifications in respect of the 2013/2014 certification work, as detailed in Appendix A. ARP has taken action to address the issues for 2014/2015.
- 1.8 EY have made no recommendations to Members as a result of the audit.