



The Members of the Audit Committee
Peterborough City Council
Town Hall
Bridge Street
PETERBOROUGH
PE1 1HG

9 January 2012

Ladies and Gentlemen

Annual Certification Report

We are pleased to present our Annual Certification Report summarising the results of our 2010/11 certification work. We look forward to presenting this report to you at the Audit Committee on 6 February 2012.

The purpose of this report is to provide an overview of the results of certification work we have undertaken at Peterborough City Council between March 2011 and December 2011 that is accessible for members and other interested stakeholders.

We consider the results of certification work when performing other Code of Audit Practice work at the Authority, including for our conclusions on the financial statements and use of resources.

Scope of work

Grant-paying bodies pay billions of pounds in grants and subsidies each year to local authorities and often require certification, by an appropriately qualified auditor, of the claims and returns submitted to them.

Certification work is not an audit but a different kind of assurance engagement. This involves applying prescribed tests, which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

The Audit Commission is required by law to make certification arrangements for grant paying bodies when requested to do so and sets thresholds for claim and return certification, as well as the prescribed tests which we as local government appointed auditors must undertake. PricewaterhouseCoopers certifies claims and returns as they arise throughout the year to meet the audited claim/return submission deadlines set by grant paying bodies, in accordance with our role as appointed auditors to the Council.

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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2008 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

Results of Certification work

During the period March 2011 to December 2011 we certified 7 claims and returns. Of these, 2 were qualified although none were amended, being the Teachers' Pension Return and the Housing and Council Tax Benefits grant claim. We note that the qualifications on these claims were generally minor in nature.

The Council continues to monitor grant income centrally in Strategic Finance. A quality review arrangement also exists that provides a check on grant claims before they are submitted to us for audit. These arrangements ensure that the grant claim certification process at the Council is efficient; there were no significant issues in 6 of the 7 claims and returns noted above. The comments in the rest of this report concerning Housing and Council Tax Benefits grant claim grants should be set in the context of a process, described above, that from an audit perspective is generally robust.

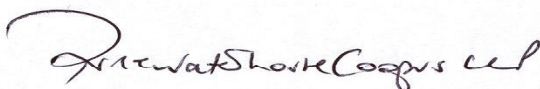
We experienced some issues in the certification of Housing and Council Tax Benefits grant claim. In carrying out our testing we identified errors regarding misclassification of expenditure within rent allowances, council tax benefit and modified schemes. Our testing of rent allowances also identified one case of underpaid benefit. As this error type would always result in an underpayment of benefit additional testing was not performed as per Audit Commission guidance.

Testing of uncashed cheques identified an error of £391.83, due to incorrect inclusion of 2010/11 balances. Testing of modified schemes identified an error affecting two cases where the 10/11 War Pension Disablement rate had not been applied due to the claim not being reassessed.

Due to the identified errors, further testing was performed in line with Audit Commission guidance. Further errors were not identified. The overall effect of the identified errors on the subsidy claim was to reduce the amount of subsidy payable to the Council by £3,037, however the claim form was not amended for this.

All deadlines for submission of audited claims/returns were met. We also continue to work successfully with Internal Audit in respect of the Teachers' Pension Return. Fees for certification work are summarised in Appendix A.

Yours sincerely,



PricewaterhouseCoopers LLP

Appendix A: Certification Fees

The certification fees for each claim are set out below. An asterisk indicates that the claim was qualified:

Claim/Return	2010 /11 Fee (£)	2009/10 Fee (£)	2010/11 Amount claimed (£)
Housing and Council Tax Benefits	23,000*	21,000*	12,483,669
Housing and Council Tax Benefits – Additional work in respect of 2008/09	-	3,200*	n/a
Sure Start	5,000	5,000	9,820,919
Disabled Facilities	2,500	2,500*	685,000
East of England Development Agency – Peterborough Regional Partnership – Project 7213	-	4,000	1,485,981
East of England Development Agency – Peterborough Regional Partnership – Project 7085	4,000	-	1,800,000
East of England Development Agency – Peterborough Regional Partnership – Project 7611	4,000	-	765,990
Teachers’ Pension Return	4,800*	4,800*	n/a
National Non Domestic Rates Return	5,000	6,000	n/a
Total	48,300	46,500	

Note that the Teachers’ Pension Return relates to certification of amounts contributed by the Council to the Teachers’ Pension Scheme, hence the “2010/11 amount claimed” column is not applicable. The amount claimed is also not applicable for the National Non Domestic Rates Return as this also relates to contributions made by the Council.

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