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The Members of the Audit Committee
Peterborough City Council
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January 2011

Ladies and Gentlemen

Annual Certification Report

We are pleased to present our Annual Certification Report summarising the results of our 2009/10 certification work. We look forward to presenting it to members on 7 February 2011.

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 2010 and December 2010 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.

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 2010 to December 2010 we certified 6 claims and returns. Of these, 4 were qualified although none were amended. We note that the qualifications on these claims were generally minor in nature or did not result in the amount of grant payable to the Council decreasing.

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 5 of the 6 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.

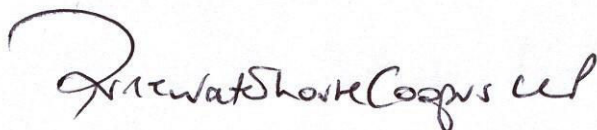
We experienced some issues in the certification of Housing and Council Tax Benefits grant claim. In carrying out our testing in relation to rent allowances, it has been noted that the Council do not, in every case, establish the liability for rent by confirming that the claimant is making payments. The Council maintains that it is not a requirement to establish a liability for rent by verifying actual payments have been made and therefore accepts a current tenancy agreement as sufficient evidence. We requested clarification on this issue from the Audit Commission and were informed to bring this matter to the attention of the Department of Work and Pensions by laying out the facts in our qualification letter.

Our testing also highlighted some missing audit trails; a review of 47 cases identified four cases where the claimants had not dated the signed claim form, and one further case where the claimant had not dated the signed claim form and their partner had not signed or dated the claim form. This does not affect the subsidy claim and so these five cases have not been classed as errors for subsidy purposes, but it is best practice to provide a full audit trail.

Testing of modified schemes identified an error affecting two cases as a result of incorrect input of data by the Council. In both instances, the error did not affect the amount claimed as in both cases the claimant was in receipt of full benefit. The grant claim is therefore not affected.

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 faithfully



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	2008/09 Fee (£)	2009/10 Fee (£)
Housing and Council Tax Benefits	19,000 *	21,000*
Housing and Council Tax Benefits – Additional work in respect of 2008/09	-	3,200*
Sure Start	5,000	5,000
Disabled Facilities	2,500	2,500*
East of England Development Agency – Peterborough Regional Partnership	7,000	4,000
Teacher's Pension Return	5,000 *	4,800*
National Non Domestic Rates return	6,000	6,000
ERDF Grants (20 grant claims split across both years)	30,500 *	-
Total	75,000	46,500

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