



**Annual Certification Report (2011/12)**

Suffolk County Council

Report to those charged with governance

February 2013

Ernst & Young LLP

**The Members of the Audit Committee**

Suffolk County Council  
Endeavour House  
8 Russell Road  
Ipswich  
IP1 2BX

February 2013

Dear Sirs

**Annual Certification Report (2011/12)**

We are pleased to attach the annual certification report for the forthcoming meeting of the Audit Committee. This report summarises the results of certification work that has been undertaken by Audit Commission and Ernst & Young staff at Suffolk County Council on 2011/12 claims and returns.

**Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. Often these grant-paying bodies required certification from an appropriately qualified auditor of the claims and returns submitted to them.

Certification work is not an audit. Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. When such arrangements are made, certification instructions issued by the Audit Commission to the appointed auditors of the Council set out the work the auditor must undertake before issuing our certificate. The auditor certifies grants and claims as they arise throughout the year to meet the audited claim/return submission deadlines set by the grant-paying bodies.

**Statement of Responsibilities of Auditors and Audited Bodies**

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' ('Statement of responsibilities'). It is available from the Chief Executive of each audited body and via the Audit Commission website.

The statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

This Annual Certification Report is prepared in the context of the statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. Following the

appointment of Ernst & Young as auditor for the year ended 31 March 2013 we have been requested to prepare this Annual Certification in respect of the year 2011/12.

The certification of the Teachers' Pension Scheme reported on herein was performed by Audit Commission staff prior to 31 October and was therefore not under the direction and supervision of Ernst & Young and accordingly we take no responsibility to the council nor to any third party for the work undertaken. The certification of the School Centred Initial Teacher Training certificates dated 20 December 2012 were issued by Ernst & Young after 31 October 2012.

### **Results of certification work**

During the period August 2012 to October 2012, the Audit Commission's Audit Practice certified one return relating to the Teachers' Pension Scheme with a total value of £36,514,384. This work was completed prior to Ernst & Young being appointed auditor.

Audit work on the School Centred Initial Teacher Training scheme was not started by the Audit Commission's Audit Practice by 31 October 2012. This claim, with a total value of £2,929,737 was completed and certified by Ernst & Young as noted above.

Of the claims certified, one was both qualified and amended. Details of the qualification matters are included in section 2. The amendments change figures reported in the School Centred Initial Teacher Training scheme accounts but do not materially affect the grant due to the Council.

All deadlines for submission of certified claims/returns were met.

Fees for certification work are summarised in appendix A.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting scheduled on 21 March 2013.

Yours faithfully  
For and on behalf of Ernst & Young LLP

Neil Harris  
Ernst & Young LLP  
United Kingdom  
Enc.

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## 1. Summary of 2011/12 Certification Work

Claim or return	Certificate Instruction (CI) Reference	2011/12 Claim Value £	Qualification (Q) Amendment (A) Neither (-)	Reason for issue, and financial effect.
Teachers' Pension Scheme	PEN05	£36,514,384	-	.-
School Centred Initial Teacher Training (SCITT)	EDU06	2,929,737	A & Q	<p>Current and prior year accruals of income and expenditure had not been shown correctly in the accounts.</p> <p>Grant income was updated for inconsistencies with Teaching Agency records.</p> <p>The accounts were revised to provide consistency between figures reported in the statement of income and expenditure, the statement of financial position and the supporting notes.</p> <p>Amendments reduced the joint surplus carried forward to 2012/13 by £118,456. This was mainly due to deferred grant income of £110,143 which had been accounted for in both 2011/12 and the prior year.</p>

## 2. Qualifications in respect of 2011/12 certification work

The certificate that we issue to the grant-paying body is qualified where there is disagreement or uncertainty over an item or items in the claim/return, or the Council has not complied with the scheme terms and conditions. Details of the qualifications made during 2011/12 are provided below.

Claim/Return	Issue and risk arising	Agreed action plan
School Centred Initial Teacher Training (SCITT)	<p>Officers identified discrepancies between opening and closing balances recorded in prior year financial statements and Oracle general ledger reports. This is due to a historic error that impacts on balances brought forward at 1 August 2011 for all three schemes. As a result, we were unable to provide assurance over joint balances of £260,720 carried forward at 31 July 2012.</p> <p>Approval from the Teaching Agency to bring forward a capital allocation for the Primary SCITT did not support the figure of £20,970 reported in the Audit Grant Report. As a result, we were unable to provide assurance that the scheme's 2011/12 capital expenditure was within the approved allocation.</p> <p>No adjustments have been made to the accounts in respect of the above matters.</p>	<p>Work to reconcile balances is ongoing and will be reported in 2012/13. The adjustment value has not yet been quantified.</p> <p>The Teaching Agency plans to issue revised reporting and certification requirements for 2012/13. Officers should assess the updated arrangements promptly to ensure that submission deadlines are achieved and that relevant supporting documentation is retained.</p>

### **3. Progress on previous auditor recommendations**

The 2010/11 report included minor qualification issues for two claims and no detailed recommendations were made.

## Appendix A Certification Fees

Claim/Return	2011/12 Actual £	2010/11 Actual £	
Teachers' Pension Scheme	3,650	3,405	Minor increase in work required to obtain assurances from the auditor of the third party payroll provider.
School Centred Initial Teacher Training	23,729	15,923	Increase in work required due to errors contained in the accounts submitted for audit, ensuring the accurate correction of those errors and securing certification of the accounts by the deadline.
<b>Total</b>	<b>27,379</b>	<b>19,328</b>	

In addition to the certification fees noted above, fees of £2,160 were charged by the Audit Commission for reporting certification work findings to date to the incoming auditor and fees of £1,700 have been charged by Ernst & Young relating to the issue of this report outlining the findings of our certification work on the School Centred Initial Teacher Training accounts.

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