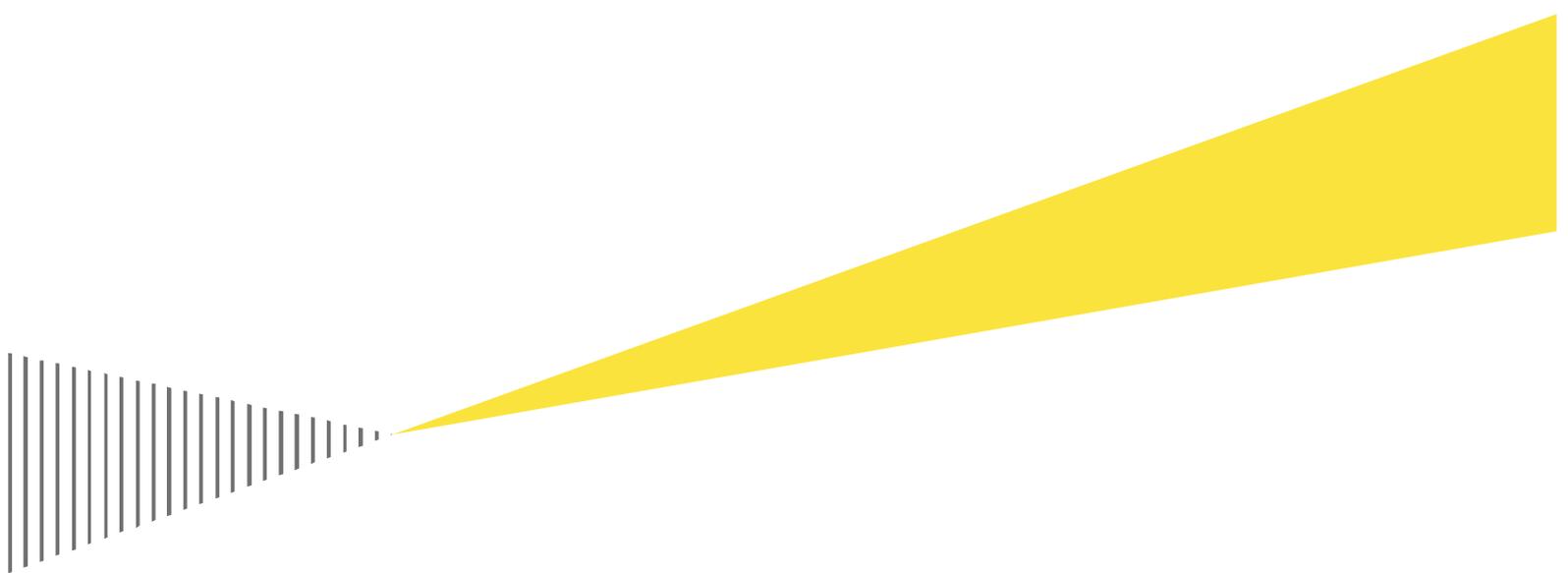


Certification of claims and returns annual report 2013-14

Suffolk County Council

15 January 2015

Ernst & Young LLP



The Members of the Audit Committee
Suffolk County Council
8 Russell Road
Ipswich
Suffolk
IP1 2BX

15 January 2015

Direct line: 01223 394459

Email: NHarris2@uk.ey.com

Dear Members

Certification of claims and returns annual report 2013-14 Suffolk County Council

We are pleased to report on our certification work. This report summarises the results of our work on Suffolk County Council's 2013-14 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

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 appointed auditors of the audited body set out the work they must undertake before issuing certificates and the submission deadlines.

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

In 2013-14, the Audit Commission did not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors undertook only limited tests remained at £500,000. Above this threshold, certification work took account of the audited body's overall control environment for preparing the claim or return. The exception was the housing and council tax benefits subsidy claim where the grant paying department set the level of testing.

Where auditors agree it is necessary, audited bodies can amend a claim or return. An auditor's certificate may also refer to a qualification letter where there is disagreement or uncertainty, or the audited body does not comply with scheme terms and conditions.

Statement of responsibilities

In March 2013 the Audit Commission issued a revised version of the 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities). It is available from the Chief Executive of each audited body and 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 those charged with governance and is prepared for the sole use of the audited body. As appointed auditor we take no responsibility to any third party.

Summary

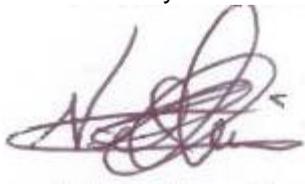
Section 1 of this report outlines the results of our 2013-14 certification work and highlights the significant issues.

We checked and certified one claim with a total value of £9,529,041. We met all submission deadlines. We did not issue a qualification letter for the claim. Our certification work did not find any errors in the claim.

Fees for certification work are summarised in section 2. The indicative fees for 2013-14 are based on final 2011-12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification have been removed.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee on 29 January 2015.

Yours faithfully



Neil Harris
Director
Ernst & Young LLP
Enc

Contents

1. Summary of 2013-14 certification work	1
2. 2013-14 certification fees.....	2
3. Looking forward.....	3

1. Summary of 2013-14 certification work

We certified one claim in 2013-14. Our main findings are shown below.

Local transport plan major projects – Ipswich Transport Fit For the 21st Century

Scope of work	Results
Value of claim presented for certification	£9,529,041
Limited or full review	Full
Amended	Not amended
Qualification letter	No
Fee – 2013-14	£5,865
Fee – 2012-13	£5,865
Recommendations from 2012-12:	Findings in 2013-14
None	Not applicable

The Department for Transport (DfT) pays grants under section 31 of the Local Government Act 2003. The funding supports major projects such as large public transport infrastructure or road construction schemes, and is available up to 100 per cent of approved costs. For each approved project, DfT issues an annual grant determination to its managing authority. This sets the general terms of grant, as well as any project specific terms. Auditor certification is required for final claims and where DfT has requested an interim certification for ongoing projects.

We found no errors on the transport plan return and certified the amount payable without qualification.

2. 2013-14 certification fees

From 2012-13 the Audit Commission replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work for each body. The indicative fees for 2013-14 are based on actual certification fees for 2011-12, reflecting the amount of work required by the auditor to certify the relevant claims and returns in that year. There was also a 40 per cent reduction in fees reflecting the outcome of the Audit Commission procurement for external audit services.

Claim or return	2012-13	2013-14	2013-14
	Actual fee £	Indicative fee £	Actual fee £
Local Transport Plan	5,865	-	5,865*
Teachers' Pensions Return**	5,851	-	-
Total	11,716	-	5,865

* The Council's indicative certification fee for 2013-14 is nil. This is due to the Audit Commission not having included the second year of the Local transport plan major projects claim in their indicative fees for 2013-14. The fee is subject to the agreement of the Audit Commission. A scale fee variation will be raised with the Audit Commission in respect of this claim.

** Audit of the Teachers' Pensions Return was not subject to a certification instruction by the Audit Commission in 2013-14.

Fees for annual reporting and for planning, supervision and review have been allocated directly to the claim.

3. Looking forward

For 2014-15, the Audit Commission has calculated indicative certification fees based on the latest available information on actual certification fees for 2012-13, adjusted for any schemes that no longer require certification.

The Council's indicative certification fee for 2014-15 is nil. This is due to the Audit Commission not having included the final year of the Local transport plan major projects claim in their indicative fees for 2014-15. A scale fee variation will be raised with the Audit Commission for the final year of this work. The actual certification fee may be higher or lower if we need to undertake more or less work than in 2012-13 on individual claims or returns. Details of individual indicative fees are available at the following link: [<http://www.audit-commission.gov.uk/audit-regime/audit-fees/201415-fees-and-work-programme/individual-certification-fees/>]

We must seek the agreement of the Audit Commission to any proposed variations to indicative certification fees. The Audit Commission expects variations from the indicative fee to occur only where issues arise that are significantly different from those identified and reflected in the 2012-13 fee.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission (due April 2015).

The Audit Commission has changed its instructions to allow appointed auditors to act as reporting accountants where the Commission has not made, or does not intend to make, certification arrangements. This removes the previous restriction saying that the appointed auditor cannot act if the Commission has declined to make arrangements. This is to help with the transition to new certification arrangements, such as those Teachers' Pensions introduced for the Teachers' Pensions return for 2013-14.

During 2013-14 we acted as reporting accountants in relation to the following schemes:

- ▶ Teachers' Pensions Return
- ▶ Suffolk and Norfolk Initial Teacher Training

We have provided separate reports to the Council in relation to these returns. This work has been undertaken outside the Audit Commission regime, and the fees for this are not included in the figures included in this report. The returns are referred to here for completeness to ensure Members have a full understanding of the various returns on which we provide some form of assurance. We did not identify any significant issues as part of this work that need to be brought to the attention of Members.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com