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# ***Annual Certification Report 2013/14 Leicestershire County Council***

*Government and  
Public Sector – Annual  
Certification Report to  
those charged with  
governance.*

*February 2015*



**The Members of the Corporate Governance Committee**

Leicestershire County Council  
County Hall  
Glenfield  
Leicester  
LE3 8RA

22 January 2015

Our Reference: LCC/1314/Cert

Ladies and Gentleman,

**Annual Certification Report (2013/14)**

This report summarises our certification work performed last year.

**Results of Certification Work**

We certified one claim – the Loughborough Town Centre Transport Project TRA11 - worth a net total of £6,537,697. The claim was amended but it did not require a qualification letter to set out the matters arising from the certification findings of the claim.

We did not identify any matters relating to the Authority's arrangements for the preparation of the claim and return during the course of our work. The amendments were as a result of administrative errors, which were minor in nature.

Yours faithfully,

PricewaterhouseCoopers LLP

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# *Introduction*

## *Scope of Work*

Each year some grant-paying bodies may request certification by an appropriately qualified auditor, of claims and financial returns submitted to them by local authorities. Certification arrangements are made by the Audit Commission under Section 28 of the Audit Commission Act 1998 and is one way for a grant-paying body to obtain assurance about an authority's entitlement to grant or subsidy or about information provided within a return.

Certification work is not an audit but a different type of assurance engagement which reaches a conclusion but does not express an opinion. This involves applying prescribed tests, as set out within Certification Instructions (CIs) issued to us by the Audit Commission; these are designed to provide reasonable assurance, for example, that claims and returns are fairly stated and in accordance with specified terms and conditions. The precise nature of work will vary according to the claim or return.

Our role is to act as 'agent' of the Audit Commission when undertaking certification work. We are required to carry out work and complete an auditor certificate in accordance with the arrangements and requirements set by the Audit Commission.

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

International Standards on Auditing UK and Ireland (ISAs), the Auditing Practices Board's Practice Note 10 (Revised) and the Audit Commission's Code of Audit Practice do not apply to certification work.

## *Statement of Responsibilities*

The Audit Commission publishes a 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' this is available from the Audit Commission website. It summarises the Commission's framework for making certification arrangements and highlights the different responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns.

# Results of Certification Work

## Claims and Returns certified

A summary of the claims and returns certified for financial year 1 April 2013 to 31 March 2014 is set out in the table below. The Audit Commission require that all matters arising are either amended for (where appropriate) or reported within a qualification letter.

One claim was amended following the certification work undertaken. The errors were of administrative type and minor in nature. The deadline for authority submission for the Transport claim was met. The deadline for auditor certification was met.

Fee information for the claims and returns is summarised on page 6.

## Summary

<b>CI Reference</b>	<b>Scheme Title</b>	<b>Form</b>	<b>Original Value</b>	<b>Final Value</b>	<b>Amendment</b>	<b>Qualification</b>
TRA11	Local Transport Plan: major project – Loughborough Town Centre Transport Project	S31 AUD Form 13-14	6,537,697	6,537,697	Yes*	No

\*The amendments had no impact on the overall value of the claim.

# Certification Fees

The fees for certification of each claim and return are set out below:-

Claim/Return	2013/14 Indicative Fee *	2013/14 Variation **	2013/14 Proposed Final Fee**	2012/13 Billed Fee	Comment
	£	£	£	£	
TRA11 Local Transport plan: major projects	0	2,789	2,789	2,789	
PEN05 Teachers Pensions return	0	0	0	12,087	This scheme was removed from Audit Commission arrangements for 2013/14
<b>Total</b>	<b>0</b>	<b>2,789</b>	<b>2,789</b>	<b>14,876</b>	

These fees reflect the Council's current performance and arrangements for certification.

\* Indicative fees may subsequently be updated for Audit Commission approved variations; for example where there was a change in the level of work required.

\*\* Fee variations which are pending Audit Commission approval.

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# Appendix

## *Prior year recommendations*

For 2013/14 under Audit Commission certification arrangements, the following schemes did not apply:

- PEN05 Teachers Pensions Return

Alternative arrangements may have been entered into directly between the grant paying bodies and assurance practitioners, however for the purposes of this report, which is focused on Audit Commission certification work, these schemes have been excluded; on this basis where issues arose in prior year these are now excluded from the action plan.

## Audit Commission Definitions for Certification work

### Abbreviations used in certification work are:-

**‘appointed auditor’** is the auditor appointed by the Audit Commission under section 3 of the Audit Commission Act 1998 to audit an authority’s accounts who, for the purpose of certifying claims and returns under section 28 of the Act, acts as an agent of the Commission. In this capacity, whilst qualified to act as an independent external auditor, the appointed auditor acts as a professional accountant undertaking an assurance engagement governed by the Commission’s certification instruction arrangements;

**‘claims’** includes claims for grant or subsidies and for contractual payments due under agency agreements, co-financing schemes or otherwise;

**‘assurance engagement’** is an engagement performed by a professional accountant in which a subject matter that is the responsibility of another party is evaluated or measured against identified suitable criteria, with the objective of expressing a conclusion that provides the intended user with reasonable assurance about that subject matter;

**‘Commission’** refers to either the Audit Commission or the Grants Team of the Audit Policy and Regulation Directorate of the Commission which is responsible for making certification arrangements and for all liaison with grant-paying bodies and auditors on certification issues;

**‘auditor’** is a person carrying out the detailed checking of claims and returns on behalf of the appointed auditor, in accordance with the Commission’s and appointed auditor’s scheme of delegation;

**‘grant-paying bodies’** includes government departments, public authorities, directorates and related agencies, requiring authorities to complete claims and returns;

**‘authorities’** means all bodies whose auditors are appointed under the Audit Commission Act 1998, which have requested the certification of claims and returns under section 28(1) of that Act;

**‘returns’** are either:

- returns in respect of grant which do not constitute a claim, for example, statements of expenditure from which the grant-paying body may determine grant entitlement; or
- returns other than those in respect of grant, which must or may be certified by the appointed auditor, or under arrangements made by the Commission;

**‘certification instructions’** (‘CIs’) are written instructions from the Commission to appointed auditors on the certification of claims and returns;

**‘Statement’** is the *Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns*, available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk);

**‘certify’** means the completion of the certificate on a claim or return by the appointed auditor in accordance with arrangements made by the Commission;

**‘underlying records’** are the accounts, data and other working papers supporting entries on a claim or return.



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