

## City of London Corporation (City Fund)

Report to the Audit and Risk Management  
Committee on the year ended 31 March  
2013 Certification work

Final Report

# Contents

1.	Executive summary	1
2.	Introduction	2
3.	Results of our claims and returns certification work	3
4.	Certification information	4
5.	Responsibility statement	5

# 1. Executive summary

We have pleasure in setting out in this document our key findings from our certification work of the City of London Corporation (“the Authority”) for the year ended 31 March 2013. This report is not intended to be exhaustive but highlights the most significant matters that have come to our attention.

## Certification deadlines

We have certified all four claims and returns required under our contract with the Audit Commission (see Section 4 for details) for the year ended 31 March 2013. All grant claims and returns were certified by the original required deadline.

## Results of our grant claims and returns certification work

We were able to give unqualified audit opinions on all four grant claims.  
See section 3 for more details.

## Fees

Total fees charged in respect of the work performed on the four claims and returns (2012: 5) certified by Deloitte were £25,928 (2012: £48,450). We noted no errors (2012: 0).

Section 4 of this report sets out the fees charged on each of the four claims and returns we certified and summarises their values.

## 2. Introduction

### Purpose of this report

This letter is addressed to the Audit and Risk Management Committee of the City of London Corporation and is intended to communicate key issues arising from our 2012/13 certification work. This letter will be published on the City of London Corporation's website.

### Our responsibilities

Under Section 28 of the Audit Commission Act 1998, the Commission is responsible for making arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or a Public Authority to a Local Authority. The Commission, rather than its appointed auditors, has the responsibility for making certification arrangements. The appointed auditor carries out work on individual claims and returns as an agent of the Commission under certification arrangements made by the Commission which comprise certification instructions which the auditor must follow.

The respective responsibilities of the grant paying body, authorities, the Audit Commission and appointed auditors in relation to claims and returns are set out in the 'General Certification Instructions' produced by the Audit Commission.

Auditors presented with any claim or return that is not covered by a certification instruction should refer the matter to the Audit Commission for advice. If the Audit Commission has formally declined to make certification arrangements for a scheme, an auditor cannot act in any capacity. However, if the Audit Commission has not formally declined to make arrangements, the auditor can decide to act as a reporting accountant.

### The scope of our work

Auditors appointed by the Audit Commission are required to:

- review the information contained in a claim or return and to express a conclusion whether the claim or return is: i) in accordance with the underlying records; or ii) is fairly stated and in accordance with the relevant terms and conditions;
- examine the claim or return and related accounts and records of the Local Authority in accordance with the specific grant certification instructions;
- direct our work to those matters that, in the appointed auditor's view, significantly affect the claim or return;
- plan and complete our work in a timely fashion so that deadlines are met; and
- complete the appointed auditor's certificate, qualified as necessary, in accordance with the general guidance in the grant certification instructions.

These responsibilities do not place on the appointed auditor a responsibility to either:

- identify every error in a claim or return;
- or maximise the authority's entitlement to income under it.

We would like to take this opportunity to express our appreciation for the assistance and cooperation provided during the course of the grant certification procedures. Our aim is to deliver a high standard of service which makes a positive and practical contribution which supports the Council's own agenda. We recognise the value of your cooperation and support.

# 3. Results of our claims and returns certification work

## **Claims and returns certified without adjustment or a qualification letter**

We were able to certify the following 4 claims and returns without adjustment or a qualification letter:

- National Non Domestic Rates (“LA01”)
- Teachers Pensions (“PEN05”)
- Housing and Council Tax Benefits subsidy claim (“BEN01”)
- Pooling of Housing Capital Receipts (“CFB06”)

## 4. Certification information

Our certification work on Authority's claims and returns for the year ended 31 March 2013 is now complete and the table below summarises the results of this work and our billings by claims and returns.

From 2012/13 onwards, the Audit Commission has replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work. This is based on actual certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40% reduction. This accounts for the variation in fees noted below on a year on year basis. These savings are generated from the outsourcing of the Audit Commission's in-house Audit Practice and internal efficiency savings that the Commission is passing on to audited bodies. Under our new arrangements with the Audit Commission, Deloitte's net re-imburement for external services provided remains unchanged from those previously agreed. The scale fee reductions do not therefore have an impact on our ability to continue offering a high quality service to you.

Certification instruction	Within Audit Commission framework	Claim/ return	2013 value of claim (£)	2013 results of audit work	2013 audit fee (£)	2012 audit fee (£)
BEN01	YES	Housing and council tax benefits subsidy claim	5,951,315	Satisfactory	16,990	27,850
HOU01	YES	HRA subsidy claim	N/a	Satisfactory	N/a	3,900
LA01	YES	National non-domestic rate return	740,838,110.81	Satisfactory	5,024	9,550
CFB06	YES	Pooling of Housing Capital Receipts	246,818.67	Satisfactory	2,028	3,700
PEN05	YES	Teachers' pension return	167,959.08	Satisfactory	1,886	3,450
<b>TOTAL</b>					<b>25,928</b>	<b>48,450</b>

## 5. Responsibility statement

The Statement of Responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns, issued by the Audit Commission, sets out the respective responsibilities of these parties, and the limitations of our responsibilities as appointed auditors and this report is prepared on the basis of, and the grant certification procedures are carried out, in accordance with that statement.

The matters raised in this report are only those that came to our attention during our certification procedures and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented.

This report sets out those matters of interest which came to our attention during the certification procedures. Our work was not designed to identify all matters that may be relevant to the Members and this report is not necessarily a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Deloitte LLP

### **Deloitte LLP**

Chartered Accountants

St Albans

10 February 2014

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

© 2014 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

**Member of Deloitte Touche Tohmatsu Limited**