

Audit Committee – 7 April 2014

Grant Thornton: Grant Certification Report 2012/13

1. Summary of report

- 1.1 This report presents Grant Thornton's work in relation to grant certification for the financial year 2012/13.

2. Recommendations

- 2.1 Audit Committee is requested to consider and note the report.



James Walsh, Chief Finance Officer
24 February 2014

3. Governance

- 3.1 Grant Thornton are the council's independent external auditors, appointed by the Audit Commission. Outcomes from their work will assist the council in maintaining strong governance arrangements.

4. Resource, Legal, Performance and Risk Management considerations

- 4.1 Grant certification work for 2012/13 covered the external audit of 3 claims and returns covering approximately £223m of the council's expenditure. One claim was not submitted on time to the auditors, however the audit certification was completed within the required deadlines. Two amendments were made during the audit and two recommendations were made by the Auditors, which officers have agreed with.

5. Equality implications

- 5.1 There are no direct implications arising from this report.

6. Consultation

- 6.1 The report is prepared in consultation with various senior managers.

7. Background papers

- 7.1 Various report and working papers, statutory and other guidance.

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Certification report 2012/13 for Walsall Metropolitan Borough Council

Year ended 31 March 2013

February 2014

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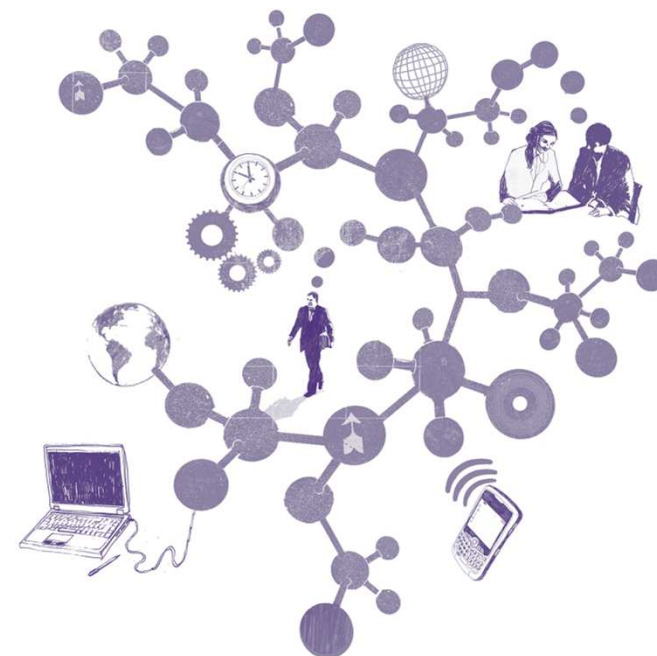
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Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Walsall Metropolitan Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £223 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in May 2013.

Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	Two out of the three return/claims were submitted in line with the deadline set on the Certification Instructions.	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	All three returns/claims have required amendments, however, the values of these amendments were not significant.	●
Supporting working papers	Working papers provided were adequate to carry out our review.	●

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
February 2014

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified three claims and returns for the financial year 2012/13 relating to expenditure of £223 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
Claims submitted on time	100%	2	66	3	100	↓
Claims certified on time	100%	3	100	3	100	↔
Claims certified with amendment	0%	3	100	2	66	↓
Claims certified with qualification	100%	0	0	0	0	↔

This analysis of performance shows that:

- Overall, the Council has continued its good performance in submitting its claims and returns, however, there was one return that was submitted late by the Council for certification. On this occasion, the late submission did not impact the timing of our certification.
- The percentage of claims certified with amendments have increased, however, the monetary values of the amendments were low.

Details of the certification of all claims and returns are included at Appendix A.

Findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

- **NNDR – amendment** made to claim due to understated bad debt provision. This adversely impacted the losses in collection amount.
- **Housing and Council tax benefit scheme** – a number of amendments were made to internal cells within the return. However, these did not result in a change to the overall subsidy claimed.
- **Teachers' Pension return** - the monthly payroll reports received from external payroll providers for schools, were retained by the Pensions Control Advisor, with no access to other Council staff. This poses a risk of loss or lack of accessibility to data in the absence of the Pension Control Advisor.

Recommendations for improvement are included in the action plan at Appendix B

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £30,150. This is set out in more detail at Appendix C.

Appendices

Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value(£)	Amended(£)	Amendment (£)	Qualified?	Comments
National non-domestic rate return	66,184,475	65,972,640	211,835	No	Our work identified that the losses in collection figure had been incorrectly calculated due to an error in calculating the bad debt provision. The year-end NNDR bad debt provision had been understated by £211,835.
Housing and Council tax benefit scheme	144,118,468	144,118,468	0	No	We noted a number of amendments to the internal cells within the return. However, these amendments have not impacted the 'Total Subsidy Claimed' figure, therefore there was no correction required to the value of the claim.
Teachers' Pension return	12,419,164	12,419,121	43	No	A minor amendment was identified to the 'Analysis of Contribution by Tier'. In addition, we noted an amendment to 'Total Actual Contribution Salary' from £56,932,848.01 to £56,931,495.51. This had no impact on the value of the claim.
Total	222,722,107	222,510,229	211,878		

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1.	<p>Teachers' Pension return</p> <p>Grant Thornton received the TR17 return on 13/8/13 by e-mail. The Certification Instructions require the Council to submit the completed TR17 to ourselves 'no later than 30 June 2013'. This deadline had not been met by the Council.</p> <p>We recommend that all grant claims and returns are submitted to ourselves in line with the appropriate Certification Instructions.</p>	Medium	<p>The Pension Control Adviser (AP) will, for future years, make sure that evidence of submission is retained on file and will also send a copy via email to the auditors to ensure that they have a copy prior to 30th June of the relevant year.</p> <p>Further the final accounts timetable will include this deadline to act as a further prompt for officers to check the form has been submitted.</p>	<p>Pensions Control Adviser - for 2013/14 return</p> <p>Lead Accountant, Financial Reporting – for 2013/14 return</p>

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
2.	<p>Teachers' Pension return</p> <p>During our audit we noted that payroll reports and supporting correspondence from external payroll providers for schools included within the TR17 are retained by the Pensions Control Advisor within his e-mail system. There is a risk that in the absence of the Pensions Control Advisor, other Council staff will not be able to access the reports and information from third party payroll providers.</p> <p>We recommend that all supporting reports and documentation are retained on an appropriate secure network drive, so that in the absence of the Pensions Control Advisor other Council staff may access the reports, if required.</p>	Medium	The monthly pension data from the external payroll provider has now been copied to a secure area so that information can be accessed by other members of the pensions team in the absence of the Pensions Control Adviser.	Pensions Control Adviser - immediate

Appendix C: Fees

Claim or return	2011/12 fee (£)	2012/13 actual fee (£)	Variance year on year (£)	Explanation for significant variances
National non-domestic rates return	3,650	3,250	400	Reduction in Audit Commission prescribed hourly rates for work relating to the certification of grant claims and returns.
Housing benefits subsidy claim	35,500	23,175	12,325	
Teachers' Pension return	5,750	3,725	2,025	
Total	44,900	30,150	14,750	



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