

Wolverhampton City Council

OPEN INFORMATION ITEM

Audit Committee

Date **16 APRIL 2012**

Originating Service Group(s)

DELIVERY

Contact Officer(s)/

PAT MAIN

Telephone Number(s)

4410

Title

ANNUAL GRANTS CERTIFICATION REPORT 2010/2011

SUMMARY

That the report be received.

1. PURPOSE

- 1.1 External auditors are required by the Audit Commission to report annually on the results of certification work to those charged with governance, in order to summarise issues, amendments and qualifications arising in their certification work of grant claims and returns. The attached report has been prepared by the authority's external auditors, PricewaterhouseCoopers LLP. It is important because it provides feedback on how effectively the council is managing the grants and subsidies it receives and administers.
- 1.2 It is important to focus on areas where claims and returns have been amended following certification work, or where the auditors have qualified matters. In such cases, there may be weaknesses in control, administrative inefficiency, and additional audit costs incurred. The results of certification work are taken into account by the external auditors when performing other Code of Audit Practice work, including their conclusions on the financial statements, use of resources, data quality, and financial management.

2. BACKGROUND

- 2.1 Grant-paying bodies pay billions of pounds in grants and subsidies each year to local authorities. The Audit Commission makes the arrangements for certification by setting thresholds above which certification is required, and by issuing sets of instructions for claims and returns. In addition they set the timescales and process overall. Certification work is not an audit: it involves applying prescribed tests, as set out within Certification Instructions ("CIs") issued to external auditors by the Audit Commission. These are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.
- 2.2 During the period 2011/12 PwC certified sixteen claims and returns, with a combined gross value of over £270 million. In eight cases a qualification letter was required to set out significant issues arising from the certification of the claim. Thirteen of the claims were amended following the certification work undertaken.
- 2.3 The most significant issues which resulted in amendments to the claim or return or a qualification letter are detailed in the report along with the issues identified, the risks associated with them and PwC's recommendations for improvement. Agreed actions are detailed in Appendix B to the report, and PwC's fees for certification work are summarised in Appendix A. Table 1 below summarises the grants for which qualification letters were issued, and Table 2 summarises those where amendments were made. In Table 2, it should be noted that not all amendments resulted in changes to the value of the claim or return.

Table 1 – Summary of Qualified Claims and Returns

Grant/Return Name	Value £M
National Non-domestic Rates Return ⁽¹⁾	65.685
HRA Subsidy Base Data Return ⁽²⁾	N / A
New Deal for Communities	6.136
Wolverhampton Bus Station Redevelopment	8.832
Wolverhampton Development Company	0.148
Wolverhampton Development Company (2008-2011)	1.061
Local Transport Plan Major Projects (Red Routes)	3.679
Local Transport Plan Major Projects (West Midlands UTC)	4.435

(1) This return relates to amounts payable to Government.

(2) This return only contains statistical information.

Table 2 – Summary of Amended Claims and Returns

Grant/Return Name	Value of Original Claim £M	Value of Amended Claim £M	Value of Amendment £M	Amendment %age
Housing and Council Tax Benefits Scheme	133.708	133.708	-	-
Sure Start, Early Years and Childcare Grant & Aiming High for Disabled Children Grant	13.800	13.699	(0.101)	-0.74%
National Non-domestic Rates Return ⁽¹⁾	65.424	65.685	0.261	+0.40%
HRA Subsidy	(6.015)	(6.158)	(0.143)	+2.32%
HRA Subsidy Base Data Return ⁽²⁾	N / A	N / A	N / A	N / A
Teachers' Pension Return	17.175	17.175	-	-
New Deal for Communities	6.136	6.136	-	-
Wolverhampton Connections	0.132	0.132	-	-
Wolverhampton Bus Station Redevelopment	8.832	8.832	-	-
Wolverhampton Development Company	0.175	0.148	(0.027)	-18.24%
Wolverhampton Development Company (2008-2011)	1.087	1.061	(0.026)	-2.45%
Local Transport Plan Major Projects (Red Routes)	3.680	3.679	(0.001)	-0.03%
Local Transport Plan Major Projects (West Midlands UTC)	4.435	4.435	-	-

(1) This return relates to amounts payable to Government.

(2) This return only contains statistical information.

3. FINANCIAL IMPLICATIONS

- 3.1 The total costs of PwC's certification work on 2010/2011 grants and claims was £0.097M. This was paid from the 2011/2012 External Audit Fees (Grants) budget, within Delivery (General Fund revenue).
- 3.2 None of the amendments shown in Table 2 resulted in significant budgetary implications for the council.

[DK/28032012/Y]

4. LEGAL IMPLICATIONS

- 4.1 The Council is required to obtain annually a report from its external auditors to ensure that the administration and monitoring of grant claims and returns are properly monitored.

[JH/29032012/F]

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no equal opportunities implications arising from this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no environmental implications arising from this report

7. SCHEDULE OF BACKGROUND PAPERS

Grant claims and supporting working papers, Strategic Financial Services.

Certification Report 2010/11

Report to those charged with governance

*Certification Report to
those charged with
governance 2010/11*

February 2012





The Members of the Audit Committee
Wolverhampton City Council
Civic Centre
St Peters Square
Wolverhampton
West Midlands
WV1 1SH

February 2012

Our Reference: WCC201011/CERT/NT/RB

Ladies and Gentlemen

Annual Certification Report 2010/11

We are pleased to present our Annual Certification Report which provides an overview of our certification work and fees for 2010/11.

Results of Certification work

For the period ended 31 March 2011 we certified sixteen claims and returns worth a net total of £258,275,334. Of these, thirteen were amended following certification and eight required a qualification letter to set out significant issues arising from the certification of the claim/return.

We identified a number of issues relating to the Authority's arrangements for preparation of claims and returns. The most important of these matters are brought to your attention in this report.

We ask the Audit Committee to consider:

- the adequacy of the proposed management action plan for 2010/11 set out in Appendix B, and;
- the adequacy of progress made in implementing the prior year action plan (Appendix C).

Yours faithfully,

A handwritten signature in blue ink that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP

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Introduction

Scope of work

Grant-paying bodies pay billions of pounds in grants and subsidies each year to local authorities, often requiring certification by the auditor of the claims and returns submitted to them.

Certification is not an audit but involves applying prescribed tests, as set out within Certification Instructions (“CIs”) issued by the Audit Commission, designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

The Audit Commission is required by law to make certification arrangements for grant-paying bodies when requested to do so and sets thresholds for claim and return certification. We certify claims and returns throughout the year to meet deadlines set by grant-paying bodies.

This report only addresses those claims and returns covered by a CI and above a threshold requiring certification.

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

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body and on the Audit Commission’s website. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

Statement of Responsibilities of Grant-paying bodies, Authorities, the Audit Commission and appointed Auditors in relation to claims and returns

In November 2010 the Audit Commission updated the ‘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’s website. The purpose of this statement is to summarise the Audit Commission’s framework for making certification arrangements and to assist grant-paying bodies, authorities, and the Audit Commission’s appointed auditors by summarising their respective responsibilities and explaining where their different responsibilities begin and end.

Results of Certification Work

Results of Certification Work

Claims and returns certified

A summary of the claims and returns certified during the year is set out below. In eight cases a qualification letter was required to set out significant issues arising from the certification of the claims/returns. Thirteen of the claims/returns were amended following the certification work undertaken.

CI Reference	Title	Form	Original Value (£)	Final Value ' (£)	Amendment	Qualification
BEN01	Housing and Council Tax Benefits Scheme	MPF720A	133,708,366	133,708,366	Yes	No
CFB06	Pooling of Housing Capital Receipts	Audit 2010-11	3,459,068	3,459,068	No	No
EYC02	Sure Start, Early Years and Childcare Grant & Aiming High for Disabled Children Grant	2010-11 Annual Financial Statement (AFS)	13,800,224	13,699,068	Yes	No
LA01	National Non Domestic Rates Return	NNDR3	65,424,614	65,684,981	Yes	Yes
HOU01	HRA Subsidy	1004 (on LOGASnet)	-6,015,010	-6,158,181	Yes	No
HOU02	HRA Finance Base Data Return	12B2 Auditor base data return (on LOGASnet)	n/a	n/a	Yes	Yes
HOU21	Disabled Facilities	DFG 2010D3 (on LOGASnet)	1,078,000	1,078,000	No	No
PEN05	Teachers' Pension Return	TR17	17,174,518	17,174,549	Yes	No
RG03	New Deal for Communities	Statement of Grant Usage	6,135,888	6,135,695	Yes	Yes
RG32	Wolverhampton Connections	Statement of Grant Expenditure	131,945	131,945	Yes	No
RG32	Wolverhampton Bus Station Redevelopment	Statement of Grant Expenditure	8,831,725	8,831,725	Yes	Yes
RG32	Wolverhampton Development Company	Statement of Grant Expenditure	174,525	148,382	Yes	Yes
RG32	Wolverhampton Development Company	2008 to 2011 Statement of Grant Expenditure	1,087,025	1,060,882	Yes	Yes
TRA11	Local Transport Plan Major Projects (West Midlands Red Routes Package 1)	S31 – AUD FORM 10/11	3,680,438	3,679,178	Yes	Yes
TRA11	Local Transport Plan Major Projects (Wolverhampton Centre	S31 - AUD FORM 10/11	5,207,047	5,207,047	No	No

Access & Interchange)						
TRA11	Local Transport Plan Major Projects (West Midlands UTC)	S31 - AUD FORM 10/11	4,434,628	4,434,628	Yes	Yes

¹ Some amendments have no impact on the overall value of the claim.

Issues arising

Issues were identified which resulted in amendments to the claim or return or a qualification letter. The more important of these issues, the risks associated with them and our recommendations for improvement are set out in Appendix B.

Prior year recommendations

We have reviewed progress made in implementing the certification action plan for 2009/10. Details can be found in Appendix C. There is still work to be done by the Authority to reduce the number of amendments and qualification letters raised through the certification process.

Appendices

Appendix A

Certification Fees

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

Claim/Return	2010/11 (£)	2009/10 (£)
BEN01 Housing & Council Tax Benefits Scheme	23,959	35,400
CFB06 Pooling of Housing Capital Receipts	2,555	3,943
EYCo2 Sure start, Early Years & Childcare Grant & Aiming High for Disabled Children Grant	4,371	4,473
LA01 National Non Domestic Rates Return	5,033	5,398
HOU01 HRA Subsidy	4,824	5,290
HOU02 HRA Finance Base Data Return	8,709	7,337
HOU21 Disabled Facilities	1,629	3,600
PEN05 Teachers' Pensions Return	6,454	7,660
RG03 New Deal for Communities	6,226	7,867
RG32 AWM Single Programme: Wolverhampton Connections	2,556	2,903
RG32 AWM Single Programme: Wolverhampton Bus Station Redevelopment Project	4,811	n/a
RG32 AWM Single Programme: Wolverhampton Development Company	7,506	6,171
RG32 AWM Single Programme: Wolverhampton Development Company 2008 to 2011	7,506	6,171
TRA11 Local Transport Plan: Major Projects – West Midlands Red Routes Package 1	3,670	3,809
TRA11 Local Transport Plan: Major Projects – Wolverhampton Centre Access & Interchange	3,586	3,291
TRA 11 Local Transport Plan: Major Projects – West Midlands UTC	3,738	3,936
Total	97,133	107,249

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

In 2010/11 we have been able to increase the reliance we can place on the control environments for some of the schemes; this has reduced the overall level of fee incurred.

However, there is still a high number of claims and returns requiring amendment (thirteen out of sixteen claims and returns were amended) and qualification letters (eight of sixteen claims and returns certified).

The Authority could improve its performance by:

- **Review:** improving the accuracy and completeness of claims/returns submitted for certification by requiring independent senior officer review prior to submission to the grant paying body and auditors. Nil entries should be stated as '0' as blank fields are not appropriate; entries should agree to supporting records and arithmetic should be correct; a number of amendments arose due to non compliance to these basic checks. The Authority should also ensure that there are appropriate review arrangements in place at a transaction-

level to prevent the claiming of inappropriate / ineligible expenditure items. Original final claims and returns should be certified as correct at the time of submission.

- **Information:** ensuring that information requested by the auditor is sourced and presented to the auditor on a timely basis following request; this is especially important where coordination with 3rd parties is required.
- **Monitoring Arrangements:** the Authority should ensure that it has adequate arrangements in place where third party / partner expenditure is included within a claim or return and the supporting information is held by that other body; where the Authority is the accountable body. Assurance may be gained by obtaining an independent certified statement for each partner, in sufficient detail to support the eligibility of transactions included within the claim / return; or by operating a payments monitoring system during the year, supplemented by a system of spot checks, which enables the Authority to test and confirm the eligibility of partners' transactions.
- **Guidance:** ensuring that grant paying body guidance is reviewed and understood prior to preparation of the claim / return in order to assist in the appropriate completion and appropriate treatment of areas covered by the forms. This is particularly pertinent to the noted inclusion of prior year spend in a number of certified forms, with subsequent qualification letters being issued as a result.

We will continue to seek ways in which we can improve the overall level of liaison with senior officers regarding the progress of certification work, time and issues.

At the same time we welcome closer scrutiny by officers of any certification claims / returns submitted to us for review and continued efforts to ensure that the quality of evidence available to support claims / returns is appropriate. The Authority's performance may also be improved by ensuring that prior year qualification issues are reviewed and controls assessed to mitigate against similar errors occurring in future periods.

Fee movements

The main movements to fees have occurred for the following reasons:-

Housing and Council Tax Benefits Scheme

The Authority continues to be very helpful in this area and performs well. In 2010/11 fewer issues were identified and this reduced our follow up enquiry and the requirement for additional testing. A qualification letter was required in 2009/10 but not this year.

Pooling of Housing Capital Receipts

We have been able to rely on the control environment to reduce our testing. Our prior year work included detailed sample testing.

Disabled Facilities

We have been able to rely on the control environment to reduce our testing. Our prior year work included detailed sample testing.

HRA Finance Base Data Return

The fee increased because of new certification instruction tests for self financing arrangements and the requirements for extra work since the prior year. The Return had a new preparer and there were additional valuer documents for our consideration.

Teachers' Pension Return

A fee reduction has occurred due to the efficiency in which deliverables were provided to us and the reliance we were able to place on the work of internal audit for the aspects of the scheme undertaken by Other Payroll Providers. In addition, there were fewer queries which reduced the necessity for follow up work.

New Deal for Communities

A fee reduction has occurred due to the reliance which could be placed on the control environment. This resulted in the reduction of work required. Our prior year work included detailed sample testing.

AWM Single Programmes

The AWM introduced the requirement to certify one additional scheme in 2010/11; this related to the Wolverhampton Bus Station Redevelopment.

Following the prior period qualification of Wolverhampton Development Company for 2008/09 and 2009/10, we were also required to revisit these points in light of any additional evidence which may have become available. This required certification of a 2008 to 2011 consolidated statement of grant expenditure. This was a particularly complex scheme with regards to the arrangements and evidence in place.

Looking forward

For the period 2011/12, under current guidance, it has been indicated that we shall not be required to certify the following schemes:-

- EYCo2 - Surestart, Early Years and Childcare Grant & Aiming High for Disabled Children Grant;
- HOU21 Disabled Facilities;
- RG03 New Deal for Communities; and
- RG32 Advantage West Midlands Single Programmes*.

*The AWM dissolves in Spring 2012. Current communications from the Audit Commission has advised that AWM have not requested certification of any 2011/12 projects. All 2011/12 projects will transfer to DBIS, HCA or DCLG without auditor certification. Any future arrangements have yet to be confirmed.

Appendix B

2010/11 Management Action Plan

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
EYC02 - Sure Start, Early Years and Childcare Grant & Aiming High for Disabled Children Grant (28/10/11)	<p>Weakness in internal control</p> <p>We received the original claim in August 2011, showing total expenditure of £13,800,224. We then received another version in September showing total expenditure of £13,722,068; this is recorded as an amended claim. The same happened in the previous two years. We were advised that this was due to an input error. The original submission was received after the Authority deadline to the Sure start Team at the DfE and auditors.</p> <p>Subsequent amendments were required to the claim.</p> <p>Overall the net impact of amendments on the final claim was a reduction of £101k, when compared to the original submission.</p>	<p><u>Risk:</u> Incomplete or inaccurate information may result in additional certification work and management time. By signing the submission, the Authority declared that all actual expenditure had been included on the original form.</p> <p>Payments due to the Authority may be delayed by the DfE, this could adversely affect cash flow of the projects.</p> <p><u>Recommendation:-</u> The claim should be thoroughly checked before the submission deadline, to ensure accurate and up to date entries.</p> <p>The Authority should ensure that it has arrangements in place to ensure that it can meet its deadlines with timely and accurate submissions to both the grant paying body and auditors.</p> <p>Due to the removal of the ring-fence to Surestart funding, it is not expected that auditor certification will take place in 2011/12.</p>	<p>Arrangements are now in place that will:</p> <ul style="list-style-type: none"> • Thoroughly check claims before the submission deadline; • Meet the deadlines with timely and accurate submissions to both the grant paying body and auditors where required*. <p>* Note – following the removal of the ring-fence to this particular grant it is anticipated that auditor certification will not be required from 2011/12.</p>	<p>Head of Finance for Community (with immediate effect*)</p>
LA01 - National Non Domestic Rates Return (23/09/11)	<p>Weakness in internal control</p> <p>We received the original return in July 2011, showing total contribution to the national non domestic rates pool of £65,424,614. On arrival to commence our fieldwork a second version was provided reflecting a total</p>	<p><u>Risk:</u> Incomplete or inaccurate information may result in additional certification work and management time. By signing the submission, the Authority declared that all actual contributions had been included on the original form.</p>	<p>Recommendation agreed.</p>	<p>Head of Revenues and Benefits (with immediate effect)</p>

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
	<p>contribution to the pool of £65,684,981; this is recorded as an amended return. This was due to a formula error within the spreadsheet used to compile some of the entries to the return.</p> <p>The net overall impact of amendments on the return was an increase of £260k contribution to the pool, when compared to the original submission.</p>	<p><u>Recommendation:-</u></p> <p>The return should be thoroughly checked before the submission deadline, to ensure accurate and up to date entries.</p>		
LA01 - National Non Domestic Rates Return (23/09/11)	<p>Non compliance with regulations/grant terms and conditions</p> <p>The Authority had calculated the empty property relief using the Small Business Rate Relief (“SBRR”) multiplier instead of the non domestic rate multiplier for all transactions on the mainframe system prior to the transition of Northgate in January 2011.</p> <p>SBRR cannot be claimed for unoccupied property. This was also reported in prior periods. This was reported in the qualification letter dated 20 September 2011.</p> <p>The overall impact on the Return was minor.</p>	<p><u>Risk:</u></p> <p>Inaccurate calculation of entries may result in penalties for incorrect submission of the form or the inappropriate value of relief being awarded.</p> <p><u>Recommendation:</u></p> <p>Entries within the return should be calculated in line with guidance.</p> <p>We would not expect to see this matter arise in future periods due to the Northgate system applying the appropriate multiplier from January 2011.</p>	<p>The issue regarding the calculation of empty relief had been identified in PWC’s 2009/10 qualification letter. At the time, migration to the Northgate Revenues application was imminent and in view of the zero impact on the NNDR3 claim and, on the advice of Northgate not to make significant changes to the legacy mainframe application so close to a live migration, the decision was made to take no action for 2010/11 as any subsequent recalculation would be calculated using the correct multiplier. As PWC have pointed out an increase in line 11i to include the 0.07 difference would be offset by an equal adjustment to line 4i and would therefore have a zero effect on the gross amount in Part 1 Line 1 or Part 2 Line 13.</p> <p>The Northgate Revenues application calculates all empty property relief using the correct multiplier for both current year and retrospective calculations and this issue will not occur again for 2011/12 or subsequent years.</p>	Head of Revenues and Benefits (with immediate effect)
HOU02 - HRA Finance Base Data Return (10/10/11) (The Authority)	<p>Non compliance with regulations / terms and conditions.</p> <p>The Authority has been unable to provide a comprehensive survey to support the categorisation of dwellings on the Housing</p>	<p><u>Risk:</u></p> <p>The HRA Finance Base Data Return was used by the CLG to calculate the self financing settlements due / owed to Authorities by the 28 March 2012. They advised that where accurate data could not be provided, they would calculate</p>	<p>There are no plans to address this recommendation, on the grounds that:</p> <p>(i) It would be very expensive to carry out a comprehensive survey, representing a poor use of limited HRA resources.</p>	Head of Finance, Corporate Accountancy

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
were permitted an extension to the auditor deadline to 17/10/11 following CLG system issues)	<p>and Rents system, Northgate; except in cases where the dwelling was surveyed as part of the latest District Valuation (2010), this was undertaken on a beacon principle.</p> <p>The Authority prepared the Return directly from the Northgate system. Entries have been agreed, however there were elements of classification which could not be validated to other supporting records, including the Beacon District Valuers Report (2010).</p> <p>These included:-</p> <ul style="list-style-type: none"> • Traditional or non traditional structures; • classification of terrace houses as small or large in accordance with CLG guidance; • age bands; and • classification of flats by storeys and structure. <p>The Authority does not hold other supporting records, such as detailed property holding records.</p> <p>This matter has also been subject to qualification letters in prior years.</p> <p>Further detail was set out in the qualification letter dated 17 October 2011.</p> <p>In addition, there were a total of 16 field entry amendments to the Return.</p>	<p>the settlement using assumptions that protect the Exchequer. After publication of the settlements, it will only make changes in exceptional circumstances.</p> <p>The latest CLG Determination, dated 1 February 2012 (The Housing and Revenue Account Self Financing Determination), set out the settlement for Wolverhampton City Council as payment due to the Authority from the Secretary of State for £48k.</p> <p>There is a possibility that the settlement could have differed if an adequate audit trail had existed.</p> <p><u>Recommendation:</u> The Authority should ensure that an adequate audit trail exists to support all the entries and classifications in line with the CLG guidance:-</p> <p><i>A detailed breakdown agreeing to prime records must support the dwellings analysis in the Return.</i> <i>In practice, this should take the form of:</i> <i>(a) a comprehensive (not sample) survey of dwelling types in the year; or</i> <i>(b) a comprehensive survey in the past, with a reliable and accurate method for recording and classifying acquisitions and disposals in later years; or</i> <i>(c) other supporting records, for example detailed property holding records which the auditor may test.</i></p> <p><i>An audit trail to support the split of usable floor areas of-1945 and 1945-1964 terrace houses between 'large' and 'small' in accordance with CLG measurement guidance. An inspection of each dwelling is not always necessary; where a group of dwellings is likely to be of identical age and construction, the authority may inspect one and apply the results to the others.</i></p> <p>It is expected that auditor certification will be</p>	<p>(ii) With the abolition of the HRA subsidy system, at the time of responding to these recommendations we do not expect there to be any further returns beyond 2011/2012. The auditors are expecting to certify a return for the 11/12 period.</p>	

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
		required for the Base Data Return in 2011/12. Arrangements have yet to be communicated.		
HOU02 - HRA Finance Base Data Return (10/10/11) (The Authority were permitted an extension to the auditor deadline to 17/10/11 following CLG system issues)	Non compliance with regulations / terms and conditions. Guidance requires Authorities to use a mandatory spreadsheet issued by CLG to calculate amounts for various rental income and caps entries within the Return. We could not check the accuracy of calculations in the spreadsheet or undertake sample testing based on guidance because detailed rent calculations for each property had not been retained to enable completion of the 2001/02 entries to feed the spreadsheet formula. The Authority have however aggregated entries from prior year certified returns based on the average rent for 2008/09 period and uplifted this. Use of the CLG spreadsheet is compulsory unless an authority chooses not to claim under caps and limits arrangements; in which case 'nil' entries should be applied. This was reported in the qualification letter dated 17 October 2011. This matter has been reported in previous years.	<u>Risk:</u> The impacted field entries of the return enable CLG to calculate caps on formula rents and limits on the annual change in individual rents. Where entries are not consistent with Requirements there may impact upon the level of settlement received / owed to CLG. <u>Recommendation:</u> Reference or enquiry should be made to CLG for guidance on completion in this situation.	The council does not hold the information in respect of past years that is required to complete this spreadsheet. The matter has been discussed with CLG who acknowledged this point, and that previous year's audited returns were therefore the most reliable source of information to be used in the caps and limits calculation. With the abolition of the HRA subsidy system, at the time of responding to these recommendations we do not expect there to be any further returns beyond 2011/2012. The auditors are expecting to certify a return for the 11/12 period.	Head of Finance, Corporate Accountancy
HOU01 HRA Subsidy (31/12/11)	Non compliance with regulations / terms and conditions. The opening and closing balances for Capital Financing Requirement (CFR) are required to be consistent with the audited Statement of Accounts. Differences were noted and amended accordingly.	<u>Risk:</u> The results of the subsidy claim are not consistent with the Statement of Accounts, which may lead to confusion for the users of the financial statements and raise concern over the reliability of entries. Incorrect entries may lead to the value of the subsidy entitlement being under / overstated. <u>Recommendation:</u>	The method for calculating the CFR was discussed with the audit team and amended accordingly. A note has been placed on the file that sets out this correct method. With the abolition of the HRA subsidy system, at the time of responding to these recommendations we do not expect there to be any further returns beyond 2011/2012. The auditors are	Head of Finance, Corporate Accountancy

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
	<p>The net impact of amendments to the claim is an increase to the negative HRA subsidy entitlement by £143k.</p> <p>This matter was not reported.</p>	<p>The Subsidy claim entries should be reviewed to ensure consistency with the Statement of Accounts as part of the original compilation process.</p>	<p>expecting to certify a return for the 11/12 period.</p>	
RG03- New Deal for Communities (31/12/2011)	<p>Non compliance with regulations / terms and conditions.</p> <p>The Statement of Grant Usage has supporting schedules which outline for individual projects the approved funding details and the payments made to those projects.</p> <p>The RG03 scheme is made up of multiple projects.</p> <p>The entries made for payments to projects should not exceed the grant award approved for each project in the year.</p> <p>Testing of individual projects identified that for one project, capital payments were made for £5,545 in 2010/11. There was no corresponding amount approved for 2010/11 in respect of capital funding for this particular project. We were advised that the project ended in 2009/10 and an advance payment for the final quarter was made in that period. However, on receipt of the projects monitoring return the project had actually spent (& evidenced) more than anticipated so a payment for the extra costs was made by the Authority in 2010/11; and claimed from New Deal on the Statement.</p> <p>This matter was reported in a qualification letter dated 20 December 2011.</p>	<p><u>Risk:</u></p> <p>Expenditure exceeds the New Deal funding awarded for this particular project. The CLG has advised within guidance that it is unlikely to award extra grant to fund overspends; as such they may not make payment for the sum exceeding award and this cost may need to be met by the Authority.</p> <p><u>Recommendation:</u></p> <p>The Authority should ensure that projects spend within their allocated limits and partnerships are aware that additional costs may not be met through the grant paying body funding arrangements.</p> <p>In March 2011 the Government Offices responsible for administering the New Deal scheme closed down and responsibility for the close down of the Scheme was handed over to the CLG. It is not currently expected that auditor certification will take place in 2011/12.</p>	<p>Recommendation noted. Process in place to ensure that with any future claims* they are in line with the allocation. Partners also to be made aware that additional costs may not be met through the grant paying body funding arrangements.</p> <p>* Note – In March 2011 the Government Offices responsible for administering the New Deal scheme closed down and responsibility for the close down of the Scheme was handed over to the CLG. It is not currently expected that auditor certification will take place in 2011/12.</p>	<p>Head of Finance for Education and Enterprise (with immediate effect*)</p>
RG03- New Deal for Communities (31/12/2011)	<p>Non compliance with regulations / terms and conditions.</p> <p>We were required to confirm the entries of the Statement of Grant Usage and supporting Schedules relating to those</p>	<p><u>Risk:-</u></p> <p>The payment of grant is dependent on partnership compliance with the conditions of the scheme and progress against the approved delivery plans. If there are fails in these areas, the CLG has the right to suspend or withhold</p>	<p>Recommendation noted. For future programmes the Financial Controller will ensure that robust arrangements are in place.</p>	<p>Financial Controller (with immediate effect)</p>

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
	<p>transactions made by other partners agree / reconcile to supporting records or audited statements. Our review of projects identified that there were two projects in receipt of public sector contributions where differences were noted to supporting records (project monitoring submission forms).</p> <p>The differences were as follows:-</p> <ul style="list-style-type: none"> Project 1 £7,822 <p>The payment schedule entry states £41,251; the supporting records stated £49,073.</p> <p>We were advised that due to the relevant project manager no longer being available, that further evidence could not be provided to ascertain a correct entry. The total balance in the supporting working papers was taken from the project proposal document; monitoring statements were only ever provided for quarters 1 to 3 and therefore only this balance was included within the payment Schedule of the claim.</p> <ul style="list-style-type: none"> Project 2 -£86,365 <p>The payment schedule entry stated £283,638; the supporting records stated £197,272.</p> <p>We were advised that the claim figure was based upon a balancing (i.e. non grant funded) element of the general ledger for costs incurred. The Authority deemed that this balance was more accurate than the £197k stated on the quarter 4 monitoring statement supplied by the project team.</p> <p>These matters were reported in a qualification letter dated 20 December 2011.</p>	<p>grant, and in extreme cases of material breaches of the terms and conditions, recover grant from the accountable body.</p> <p>Ineligible items of expenditure may be claimed for. Lack of accurate records to support the claims being made, may lead to loss of grant funding and increased cost to the Authority.</p> <p><u>Recommendation:-</u> As the accountable body, the Authority should ensure that it has robust monitoring arrangements in place to ensure the accuracy and eligibility of other partner expenditure transactions which are being claimed for; either from the allocated funding or met through public sector contributions from the Authority itself. This is equally applicable to all schemes where partnership arrangements exist.</p> <p>In March 2011 the Government Offices responsible for administering the New Deal scheme closed down and responsibility for the close down of the Scheme was handed over to the CLG. It is not currently expected that auditor certification will take place in 2011/12.</p>		
RG32- Wolverhampton Bus Station	Non compliance with regulations / terms and conditions.	<u>Risk:</u> AWM funding may be withheld for the payment of the land acquisition.	Recommendation noted*. The prime document relating to the acquisition of £47,500 was received after the audit.	Head of Finance for Education and

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
Redevelopment Project (31/12/11)	<p>Sample testing to ensure the eligibility of expenditure being claimed could be confirmed to prime documentation identified in one instance that this was not possible; this related to a land acquisition totalling £47,500. We were able to agree that a transfer of land had taken place through the inspection of transfer deeds; however we were unable to confirm the acquisition value of £47,500.</p> <p>This matter was reported in our qualification letter dated 21 December 2011.</p>	<p><u>Recommendation:</u> Ensure that all purchases can be evidenced to prime documentation and an adequate audit trail exists. The AWM dissolves in Spring 2012. Current communications from the Audit Commission has advised that AWM have not requested certification for any 2011/12 projects. This particular project (11/12) will transfer to HCA without auditor certification; any future arrangements have yet to be confirmed.</p>	<p>This evidence is therefore now available on the file.</p> <p>* The 2011/12 project will transfer to HCA but future auditor certification arrangements are currently unknown.</p>	Enterprise (with immediate effect*)
RG32 Wolverhampton Development Company (January 2012)	<p>Non compliance with regulations / terms and conditions.</p> <p>In 2010/11 we were requested by the AWM to revisit earlier periods of the claim 2008/09 and 2009/10 in conjunction with the 2010/11 period with a variation to the standard scope of work.</p> <p>The majority of actual expenditure for this project was incurred by Wolverhampton Development Company; a partner to the Authority. The Authority acted as the accountable body. The Company wound up in September 2010.</p> <p>There was limited evidence to support some of the entries on the Statements of Grant Expenditure.</p> <p>In summary, this impacted on our ability to confirm the:</p> <ul style="list-style-type: none"> • Correct completion of the Statement of Grant Expenditure; • Correct variations to AWM funding awarded; • Appropriate level of Authority contribution to match funding; • Other partner contributions to 	<p><u>Risks:</u> The payment of grant is dependent on compliance with the terms and conditions of the scheme. The AWM has the right to suspend or withhold grant, and in extreme cases of material breaches of the terms and conditions, recover grant from the accountable body.</p> <p>Lack of accurate records to support the claims being made, may lead to the recovery or reduction of grant funding to the Authority.</p> <p><u>Recommendations:</u> The AWM dissolves in Spring 2012. This particular project has now ended and the AWM are working with DBIS to make / or recover any final settlement.</p> <p>As the accountable body, the Authority should ensure that it has robust monitoring arrangements in place to ensure the accuracy and eligibility of other partner expenditure transactions which are being claimed for; either from the allocated funding or met through public sector contributions from the Authority itself. This is equally applicable to all schemes where partnership arrangements exist and similar arrangement should be reviewed to ensure that the Authority has controls and mechanisms in place to secure appropriate evidence and assurance to satisfy itself and to</p>	<p>Recommendations noted.</p> <p>Currently supporting the work to finalise outstanding issues being undertaken by AWM/DBIS.</p> <p>For future programmes the Financial Controller will ensure that robust arrangements are in place.</p>	<p>Head of Finance for Education and Enterprise (in progress)</p> <p>Financial Controller (with immediate effect)</p>

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
	<p>funding;</p> <ul style="list-style-type: none"> • Correct level of apportionment between expenditure to be met by AWM funding and the Authority; • Appropriate monitoring of partnership expenditure and claims by the as the accountable body; • Confirmation of partner transactions to their prime transaction level documents; • Correct levels of expenditure declared; • Correct awarding of contracts in line with AWM requirements. <p>Further details are set out in our qualification letter dated 26 January 2012.</p> <p>In addition a number of amendments were made to the Statements of Grant Expenditure; this indicated a potential initial repayment due to the AWM of £26k.</p> <p>We understand that the AWM have considered our letter and are taking this matter forward directly with the Authority.</p>	<p>support claims and returns in line with the conditions of the relevant scheme.</p>		
TRA11 - Local Transport Plan Major Projects (West Midlands Red Routes - Package 1) (31/12/11)	<p>Non compliance with regulations / terms and conditions. Non compliance with regulations / terms and conditions.</p> <p>The 2010/11 claim included 2009/10 eligible expenditure of £28,784 which had not been included in the 2009/10 claim. The values related to invoices dated late March 2010 or April 2010</p> <p>This was reported in the qualification letter dated 20 December 2011.</p> <p>A similar matter was reported in prior year.</p>	<p><u>Risk:-</u> The Authority could be penalised for improper completion of the claim with delayed or withheld payments for earlier periods.</p> <p><u>Recommendation:-</u> The claim should be compiled in line with guidance and reviewed to ensure that all expenditure claimed for is eligible and relates to the relevant financial period.</p> <p>Typically the Authority deadline for submission to the DfT and auditors is not until September after the year end. The Authority should review the invoices received to ensure that they are assigned to the correct claim period.</p>	<p>Recommendation noted. Due to the reliance on information from partners they will be liaised with sooner in the future in order to obtain the information/documents required so that expenditure can be included in the correct claim period, by utilising accruals.</p>	<p>Head of Finance for Education and Enterprise (with immediate effect)</p>

Claim/Return (deadline)	Issue	Risk & Recommendation	Management response	Responsibility (Implementation date)
TRA11 - Local Transport Plan Major Projects (West Midlands UTC) (31/12/11)	<p>Non compliance with regulations / terms and conditions.</p> <p>The 2010/11 claim included 2009/10 eligible expenditure of £101,778 which had not been included in the 2009/10 claim. The values related to invoices dated late March 2010 or April 2010</p> <p>This was reported in the qualification letter dated 20 December 2011.</p>	<p><u>Risk:-</u> The Authority could be penalised for improper completion of the claim with delayed or withheld payments for earlier periods.</p> <p><u>Recommendation:-</u> The claim should be compiled in line with guidance and reviewed to ensure that all expenditure claimed for is eligible and relates to the relevant financial period.</p> <p>Typically the Authority deadline for submission to the DfT and auditors is not until September after the year end. The Authority should review the invoices received to ensure that they are assigned to the correct claim period.</p>	<p>Recommendation noted. Due to the reliance on information from partners they will be liaised with sooner in the future in order to obtain the information/documents required so that expenditure can be included in the correct claim period, by utilising accruals.</p>	<p>Head of Finance for Education and Enterprise (with immediate effect)</p>

Appendix C

2009/10 Management Action Plan – Progress made

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
EYCo2 - Sure Start, Early Years and Childcare Grant (29/10/10)	Weakness in internal control We received the claim in June 2010, showing total expenditure of £9,933,510. We then received another version in August showing total expenditure total of £9,906,966, and this is reported as an amended claim, although no qualification was required. The same happened in the previous year.	The claim should be thoroughly checked before the submission deadline, to ensure accurate and up to date entries. Estimated figures cannot be certified.	In order to meet the end of July deadline the spend on the Children's Centres was included as the grant allocation. After this date the outturn position was received. There is a dependency on receiving this information from the directorate who supports the schools. The spend for the Children's Centres has to be separated from those of the schools. Information was also received late from the directorate on outturn statements for specific projects. For the 2010/11 claim the providers of this information to be contacted in April to reiterate the deadline for this information.	Head of Finance - Education and Enterprise (Immediate)	Outstanding: The same issue was noted in 2010/11. This has been commented upon in Appendix B.
EYCo2 - Sure Start, Early Years and Childcare Grant (29/10/10)	Non compliance with regulations/grant terms and conditions Administrative costs had not been apportioned on a fair basis (one third of the total expenditure). The claim form was amended.	Administrative costs should be apportioned on a fair basis, and considered in respect of the element of grant to which they relate.	Agreed. Allocation for 10/11 claim to be as recommendation.	Head of Finance - Education and Enterprise (Immediate)	Implemented: This issue did not arise in 2010/11.
LA01 - National Non Domestic Rates Return (24/09/10)	Non compliance with regulations/grant terms and conditions The Authority had calculated the empty property relief using the Small Business Rate Relief ("SBRR") multiplier instead of the non domestic rate multiplier, but	Entries within the claim should be calculated in line with guidance.	This issue concerned the calculation of empty property relief which arose because we took a decision in 2004 when Small Business Rate relief was introduced that we wouldn't raise the supplement for empty accounts unless there was a bill to pay. The effect on the NNDR3 was zero as, if we had	Development Manager - Revenues and Benefits (Immediate)	Outstanding: The same issue was noted in 2010/11 resulting in a qualification letter being required.

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	<p>SBRR cannot be claimed for unoccupied property.</p> <p>The overall impact on the Return was minor.</p> <p>This was reported in a qualification letter.</p>		<p>increased the void allowance figure by the supplement, there would have been an equal increase in the supplement total. Now we are using Northgate, the empty relief is calculated on the higher multiplier and a separate program is run to calculate the amount of small supplement. We believe that this issue is therefore resolved although we were using the legacy mainframe system until the end of January. We will ensure that the figures entered on this year's NNDR3 will show void allowances calculated on the appropriate multiplier.</p>		(Appendix B)
<p>HOU02 - HRA Subsidy Base Data Return (08/10/10)</p>	<p>Weakness in internal control</p> <p>The Authority has been unable to provide a comprehensive survey to support the categorisation of dwellings on the Rent Accounting system; except in cases where the dwelling was surveyed as part of the latest District Valuation (2005), this was undertaken on a beacon principle. The Authority does not hold other supporting records, such as detailed property holding records.</p> <p>This was also applicable to the prior year HRA Base Data Return.</p> <p>Further detail was set out in the qualification letter dated 8 October 2010.</p>	<p>Members will be aware that proposed changes to the system of council housing finance may come into effect from April 2012. Authorities will become self-financing following a one-off financial settlement. The CLG have advised that it will be essential for the future viability of all councils' housing services that their settlements are based on accurate data. The Authority should ensure that robustness of its data on council housing is considered in light of these proposals.</p> <p>It should be noted that the 2010/11 scope of certification work for this return will be widened to include tests for the 2012 proposed self financing arrangements, although the precise scope has yet to be determined.</p> <p>In order to comply with guidance the Authority should ensure that they have survey information which identifies:-</p> <ul style="list-style-type: none"> - Build date; - Type of construction - Number of storeys 	<p>The relevant information was requested from the District Valuer as part of the 2010 valuation exercise, and we are confident that this will provide sufficient evidence. It should be noted, however, that this remains on a 'beacon' basis as a comprehensive survey is unfeasible.</p>	<p>Head of Finance - Corporate Accountancy (Immediate)</p>	<p>Outstanding:</p> <p>The same issue was noted in 2010/11 resulting in a qualification letter being required.</p> <p>(Appendix B)</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
		<p>- Classification as large or small in accordance with CLG guidance.</p> <p>The Authority are currently undertaking a 2010 valuation exercise with the District Valuer, which will incorporate the information required for complete validation of entries in future periods.</p>			
HOU02 - HRA Subsidy Base Rate Return (08/10/11)	<p>Non compliance with regulations / terms and conditions.</p> <p>Guidance requires Authorities to use a mandatory spreadsheet issued by CLG to calculate amounts for various rental income entries within the Return.</p> <p>We could not check the accuracy of calculations in the spreadsheet because detailed rent calculations for each property had not been retained.</p> <p>This was reported in the qualification letter and last year.</p>	Reference or enquiry should be made to CLG for guidance on completion, and an understanding obtained.	We are unable to use DCLG's spreadsheet because it requires detailed rents information on an individual property basis going back to 2001, and the council does not hold this information.	Head of Finance - Corporate Accountancy (N/A)	<p>Outstanding:</p> <p>The same issue was noted in 2010/11 resulting in a qualification letter being required.</p> <p>(Appendix B)</p>
HOU02 - HRA Subsidy Base Rate Return (08/10/10)	<p>Non compliance with regulations/grant terms and conditions</p> <p>The average rate of interest on HRA mortgages to be used for the claim was the actual rate charged by the Authority at 1 August 2010. This is calculated as the higher of:</p> <ul style="list-style-type: none"> the Standard National Rate ('SNR') set at 3.13% by the Secretary of State; and the Local Average Rate ('LAR') based on the Authority's own borrowing. <p>The borrowing rate from PWLB was 5.03% at 1 August 2010, but the Authority instead used 5.36% as its LAR, because that is the interest</p>	The rate should be calculated in accordance with the CLG guidance.	We do not accept that there was any error in the selection of the figure to go into this cell, or in its calculation.	Head of Finance - Corporate Accountancy (N/A)	<p>Implemented:</p> <p>Evidence was made available in 2010/11 which enabled the clearance of this issue.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	<p>rate used on mortgages shown in Cabinet minutes in June 2009.</p> <p>An uplift of 0.25% was then applied the LAR, but no CLG determination was provided which would confirm this as acceptable.</p> <p>This was reported in the qualification letter.</p>				
<p>BEN01 - Housing and Council Tax Benefits Scheme (30/11/10)</p>	<p>Weakness in financial reporting</p> <p>25 issues were noted.</p> <p>All significant matters were reported to the DWP in a qualification letter dated 18 November 2010. These related to:</p> <ul style="list-style-type: none"> incorrect treatment of service costs in the calculation of eligible rent; incorrect dates used in the application of new data; and misinterpretation of benefit guidance around disregarded income. 	<p>The Council should take note of the issues raised within the qualification letter to prevent future occurrence.</p> <p>Suggestions for improvement include:</p> <ul style="list-style-type: none"> Review of assessors' work should focus on areas where errors have been identified during the certification process; particular attention should be paid to the calculation of eligible rent for Non-HRA cases and the determination of eligible income in modified scheme cases; and conduct refresher training for assessors in the areas where issues have been identified. 	<p>For clarity, there were 3 issues affecting 25 of the claims tested rather than 25 separate issues.</p> <p>1. Incorrect Treatment of Service Costs</p> <p>This issue was identified by WCC prior to PwC conducting any testing and pointed out to PwC as soon as field work commenced. In fact by the time that PwC came on site a 100% review of all affected cases had been completed and adjustments made in the 2010/11 subsidy year.</p> <p>The qualification letter confirms this and states -"As the errors were identified by the authority prior to the performance of our testing, the authority performed testing over 100% of the remaining population. The errors they identified have been corrected as prior year overpayments in the 2010/11 subsidy year. We reperformed a sample of these further cases tested by the authority and found no issues with the conclusions formed."</p> <p>The approach was also approved by DWP and their response to the qualification letter was: "I can confirm that as there are no outstanding issues relating to the claim, it is acceptable to the Department..."</p>	<p>Head of Revenues and Benefits – Implemented</p>	<p>Implemented:</p> <p>Due to the processes put in place by the Authority in 2009/10 and 2010/11, the issues identified in the prior year have been considered in our work and were not prevalent as part of current year testing and assessments.</p> <p>The Authority continues to perform testing over high risk areas themselves and as such was able to make necessary adjustments to the claim form prior to the time of certification work.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
			<p>As per the recommendation we have since taken additional care in this area.</p> <p>2. Incorrect Dates used in the application of new data This issue relates to one case only and is considered to be a one-off, not requiring any specific action in response.</p> <p>3. Misinterpretation of benefit guidance around disregarded income The net effect of this issue was to increase subsidy to WCC by £361. However whilst the impact is minimal the error is acknowledged and steps have been taken to ensure correct treatment of the specific income to which this issue relates.</p>		
HOU01 – Housing Subsidy Claim (31/12/10)	<p>Weakness in financial reporting</p> <p>The ‘average weighted borrowings’ entry within the claim has been calculated inclusive of internal borrowing. This is a departure from the guidance (requiring internal borrowings to be omitted from the calculation).</p> <p>The claim form was amended in respect of this matter from £548,041,336 to £484,063,361; and had an overall impact of -£267,775 on its negative HRA subsidy entitlement.</p>	<p>The entry should be calculated in accordance with the CI guidance.</p> <p>The claim should be thoroughly checked and reviewed prior to submission to help ensure this.</p>	The staff involved in preparing the claim have been advised and the workings spreadsheets have been altered to reflect the correct method.	Head of Finance - Corporate Accountancy (Immediate)	<p>Implemented:</p> <p>This issue did not arise in 2010/11.</p>
TRA11 - Local Transport Plan Major Projects (Red Routes) (31/12/10)	<p>Weakness in internal control</p> <p>The 2009/10 claim included 2008/09 expenditure of £30,874.50 which had not been included in the 2008/09 claim.</p> <p>This was reported in the</p>	The claim should be compiled in line with guidance and reviewed to ensure that all expenditure claimed for is eligible per claim requirements.	The Red Routes Programme is managed by Wolverhampton on behalf of the West Midlands and relates entirely to projects implemented by other authorities. The items identified relating to 2008/2009 were claimed by partner	Finance Manager - Regeneration and Enterprise (Immediate)	<p>Outstanding:</p> <p>The same issue was noted in 2010/11 resulting in a qualification letter</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	qualification letter.		authorities during 2009/2010. Colleagues across the West Midlands have been made aware of the issue. The Department of Transport have not requested any adjustments as a result of the qualification letter.		being required. (Appendix B)
RG32 Single Programme, Advantage West Midlands – Wolverhampton Development Company (31/12/10)	<p>Non Compliance with standard Single Programme Arrangements.</p> <p>We were unable to confirm the scope of requirements as set out in CI RG32. This was due to a non standard Single Programme Funding Agreement being in place between Advantage West Midlands (AWM) and the Authority.</p> <p>This impacted on our ability to confirm the:</p> <ul style="list-style-type: none"> • Appropriateness of expenditure; • Correct completion of the Statement of Expenditure; • Variations to contract; Appropriate monitoring of partnership expenditure; • Appropriate payments; • Correct awarding of contracts in line with AWM requirements. <p>Further details are set out in our qualification letter dated 16 March 2011.</p>	Clarification should be sought from AWM regarding the finding agreement and the applicability under CI RG32.	Clarification will be sought.	Head of Finance - Regeneration and Enterprise (Clarification will be sought when the guidance requested is supplied)	<p>Outstanding:</p> <p>In 2010/11 we were requested by AWM to undertake further work for the period 2008 to 2011 in respect of these matters.</p> <p>Please refer to Appendix B for the outcomes of our work.</p>

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