

Wolverhampton City Council

OPEN INFORMATION ITEM

Audit Committee

Date 15 April 2013

Originating Service Group(s)

DELIVERY

Contact Officer(s)/

Telephone Number(s)

MARK TAYLOR

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Title

ANNUAL GRANTS CERTIFICATION REPORT 2011/2012

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 2012/2013 PwC certified eight claims and returns, with a combined gross value of approximately £249 million. In four cases a qualification letter was required to set out significant issues arising from the certification of the claim. Four 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: in fact, this was the case for only one of the four that were amended.

Table 1 – Summary of Qualified Claims and Returns

Grant/Return Name	Value £M
Housing and Council Tax Benefits Scheme	140.044
Teachers' Pension Return ⁽¹⁾	(16.543)
Local Transport Plan Major Projects (Red Routes)	3.541
Local Transport Plan Major Projects (West Midlands UTC)	6.267

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

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	140.067	140.044	(0.025)	-0.02%
HRA Subsidy ⁽¹⁾	(6.959)	(6.959)	-	-
Teachers' Pension Return ⁽¹⁾	(16.543)	(16.543)	-	-
Local Transport Plan Major Projects (Red Routes)	3.541	3.541	-	-

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

3. FINANCIAL IMPLICATIONS

- 3.1 The total costs of PwC's certification work on 2011/2012 grants and claims was £0.086M. This was paid from the 2012/2013 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/20032013/U]

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/21032013/O]

5. EQUALITIES IMPLICATIONS

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

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no environmental implications arising from this report

7. SCHEDULE OF BACKGROUND PAPERS

Annual Certification Report 2011/2012, PricewaterhouseCoopers LLP (appended)

Annual Certification Report **2011/12**

Wolverhampton City Council

Government and
Public Sector –
Annual Certification
Report to those
charged with
governance
February 2013

2013

pwc



The Members of the Audit Committee

Wolverhampton City Council
Civic Centre
St Peters Square
Wolverhampton
West Midlands
WV1 1SH

February 2013

Our Reference: WCC/Cert1112/NT/RB

Ladies and Gentlemen

Annual Certification Report (2011/12)

This report summarises the results and fees for certification work for 2011/12.

Results of Certification work

For the period ended 31 March 2012 we certified eight claims and returns worth a final aggregate net total of £234,816,279. Of these, four were amended following certification work undertaken and four required qualification letters to set out matters arising from the certification of the claim or return. We set out further details in the attached report.

We identified a number of matters relating to the Council's arrangements for preparation of claims and returns during the course of our work, some of which were of a minor nature. The most important of these matters have been brought to your attention in this report.

We ask the Audit Committee to consider:

- the adequacy of the proposed management action plan for 2011/12 set out in Appendix B, and;
- the adequacy of progress made in implementing the prior year action plan in Appendix C.

Yours faithfully,

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

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Introduction

Scope of work

Grant-paying bodies pay billions of pounds in subsidies and grants each year to local authorities and often require certification, by an appropriately qualified auditor, of the claims and returns submitted to them. Certification work is not an audit but a different kind 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, which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions; where this is not the case matters are raised in a ‘qualification letter’.

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, as well as the prescribed tests which we as local government appointed auditors must undertake. We certify claims and returns as they arise throughout the year to meet the certified claim/return submission deadlines set by grant-paying bodies. Our role is to act as ‘agents’ of the Audit Commission when undertaking certification work; certification work is not an audit but a different form of assurance engagement, the precise nature of which will vary according to the claim or return; we are required to carry out work and complete the auditor certificate in accordance with the arrangements and requirements set by the Commission.

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.

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.

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. 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.

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 in the table below. Four claims / returns required qualification letters to set out matters arising from the certification of the claim/return. Four of the claims/returns were amended following the certification work undertaken. All deadlines for submission of certified claims/returns were met.

Fee information for the claims and returns is summarised in Appendix A.

Claims and returns certified in 2011/12

CI Reference	Scheme Title	Form	Original Value (£)	Final Value ¹ (£)	Amendment	Qualification
BEN01	Housing and Council Tax Benefits Scheme	MPF720A	140,067,020	140,044,459	Yes	Yes
CFB06	Pooling of Housing Capital Receipts	Audit 2011-12	4,835,044	4,835,044	No	No
LA01	National Non Domestic Rates Return	NNDR3	67,958,087	67,958,087	No	No
HOU01	HRA Subsidy	1104 (on LOGASnet)	-6,958,770	-6,958,770	Yes	No
PEN05	Teachers' Pension Return	TR17	16,543,383	16,543,383	Yes	Yes
TRA11	Local Transport Plan Major Projects (West Midlands Red Routes Package 1)	S31 – AUD FORM 11/12	3,541,104	3,541,104	Yes	Yes
TRA11	Local Transport Plan Major Projects (Wolverhampton Centre Access & Interchange)	S31 - AUD FORM 11/12	2,586,111	2,586,111	No	No

TRA11	Local Transport Plan Major Projects (West Midlands UTC)	S31 - AUD FORM 11/12	6,266,860	6,266,860	No	Yes
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¹ Some amendments have no impact on the overall value of the claim.

Matters arising

The most important matters we identified through our certification work are summarised below and the risks of not addressing the issues raised and our recommendations for improvement are set out in Appendix B.

Housing and Council Tax Benefits Scheme 2011/12 (BEN01)

Local Authorities responsible for administering housing benefit and council tax benefit, are entitled to claim subsidies from the Department of Work and Pensions (DWP) towards the cost of benefits expenditure incurred.

This is a complex scheme and the main aspect of our certification work covers testing a sample of claimant cases to check that benefits have been awarded in accordance with benefit regulations and to check that the subsidy has been properly claimed by the Authority.

Historically, the Authority has demonstrated a strong performance in this area and we had not noted areas of particular issue. However in 2011/12 our testing identified a significant number of errors in relation to the Authority's compliance with the Housing and Council Tax Benefit regulations. For some of the errors identified, it was possible to quantify these errors and make appropriate amendments to the claim form. The total impact of amendments to the original claim form was a reduction in the total subsidy claimed of £22,561.

We also reported a number of matters to the DWP in a qualification letter dated 30 November 2012 where no amendment could be agreed which would be representative of the whole population. In summary, the matters related to:

- application of child tax credits on council tax benefits claims (total of 9 cases identified errors),
- application of working tax credits and child tax credits on housing benefits claims (total of 18 cases identified errors).

None of these error types have been identified in previous years.

It should be noted that at the time of this report, we have not had sight of the final settlement details from DWP.

HRA Subsidy Claim (HOU01)

Housing authorities claim Housing Revenue Account subsidy (HRAS) from the Department for Communities and Local Government (DCLG); subsidy is granted to meet any shortfall between expenditure and income on the authority's notional Housing Revenue Account (HRA). From 1 April 2012, the self-financing HRA has replaced HRAS and this was the final year of the claim.

There were a number of errors with the working papers provided resulting in inaccurate entries within the claim; due to the nature of the calculation of subsidy claimed by the Authority this was not impacted. These issues required additional work and investigation. In summary the most significant of these matters related to the:

- Incorrect calculation of the average amount of external borrowing outstanding in 2011/12. This resulted in an amendment of £48,404 (increase) to the original entry; and
- Incorrect calculation of the mid-year capital financing requirement; this had not been calculated in accordance with Housing Revenue Account Capital Financing guidance. This resulted in an amendment of £184,614 (increase) to the original entry.

Teachers' Pension Return (PEN05)

The Teachers Pensions Return (TR17) is an annual summary showing teachers' pension contributions deducted and remitted by Wolverhampton City Council and its other payroll providers, in the year, for all scheme members employed by the Authority.

The Teachers Pension Scheme is a contributory pension scheme administered by Teachers Pensions ("TP") on behalf of the Department for Education (DfE).

We raised issues of non compliance as identified by Internal Audit with some of the scheme conditions in the qualification letter dated 30 November 2012.

For Part B of the Return 'Other Payroll Providers', the scheme requires the Authority to have adequate arrangements to be satisfied that pension contributions have been correctly deducted and remitted to the Teachers Pensions Agency, on behalf of the Authority, in accordance with the Regulations. Internal Audit undertook work in this area because they are able to access Teacher's Pensions contributions administered through Other Payroll Providers. Most of the issues raised in the qualification letter related to matters identified by Internal Audit. We have reviewed the procedures performed by Internal Audit and placed some reliance on the findings following sample re-performance; we found some issues with the timing and quality of work provided to us, incomplete scope of agreed work and inconsistent findings. We have agreed for 2012/13 planning of certification work we will meet with Internal Audit and the Return preparer to ensure a good understanding of best practice and testing requirements is in place.

Local Transport Plan Major Projects (TRA11)

The Department of Transport (DfT) pays grants to local transport authorities in England to support major transport projects for example for transport infrastructure and road construction.

We certified three Local Transport Plan Major Project claims for 2011/12. Of these, two were qualified for the same reasons as in prior years and were also subject to amendment. These matters related to the West Midlands Red Routes Package 1 and West Midlands UTC projects with the reoccurring issue of prior year expenditure being included within the current year claims. The claim process requires that expenditure is included in the claim to which the period relates.

Prior year recommendations

We have reviewed progress made in implementing the certification action plan for 2010/11. Details can be found in Appendix C.

Appendices

Appendix A

Certification Fees

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

Claim/Return	2011/12 (£)	2010/11 (£)	Comment
BEN01 Housing & Council Tax Benefits Scheme	46,926	23,959	<p>Significant increase in level of work required due to number of case fails and requirement for extension testing and reperformance. This is disappointing because the Authority has had a history of good performance in this area.</p> <p>We have to carry out testing where there have been problems in the past and extension test where we find errors, following Audit Commission guidance. For 10/11 we had to test 80 cases, but this year 231.</p> <p>Some of the Authority's extension testing had to be referred back for further work and enquiry, additional investigation was undertaken for errors relating to system reports and there was 100% case testing for modified scheme cases due to errors noted.</p>
CFB06 Pooling of Housing Capital Receipts	2,873	2,555	N/A
LA01 National Non Domestic Rates Return	5,865	5,033	Marginal increase on fee for the follow up of queries which were then resolved.
HOU01 HRA Subsidy	8,545	4,824	Some poor quality working papers which were referred back to the preparers for a number of recalculations to take place in accordance with guidance. There was a new preparer at the Authority with no prior HRA experience and queries took longer to resolve. Information was chased on a number of occasions and this resulted in escalation to senior contacts.
PEN05 Teachers' Pensions Return	10,461	6,454	<p>Supporting working papers were not available on the on time. Internal audit work for Other Payroll Providers was in draft and poorly documented in some cases when we arrived.</p> <p>For some areas of work we were not able to place reliance on the work they had undertaken. Their final report was received much later than agreed and included some inappropriate conclusions. This delayed our work on Other Payroll Providers.</p> <p>The timing for our fieldwork and requests for deliverables had been agreed with the Authority two months ahead of fieldwork commencing, and communication had taken place in advance of our</p>

			work with internal audit regarding scope and timing.
TRA11 Local Transport Plan: Major Projects – West Midlands Red Routes Package 1	4,154	3,670	N/A
TRA11 Local Transport Plan: Major Projects – Wolverhampton Centre Access & Interchange	2,868	3,586	Assessment of the control environment and consideration of any historical issues with this claim concluded that reliance could be placed on the control environment and limited testing was performed. In prior year detailed testing was performed.
TRA 11 Local Transport Plan: Major Projects – West Midlands UTC	4,282	3,738	N/A
EYCo2 Sure start, Early Years & Childcare Grant & Aiming High Disabled Children Grant	n/a	4,371	Scheme is no longer ringfenced, the requirement for auditor certification was removed for 2011/12.
HOU02 HRA Finance Base Data Return	n/a	8,709	2010/11 saw the final Return for this scheme with the introduction of self financing arrangements from the 1 April 2012. Auditor certification was not required for 2011/12.
HOU21 Disabled Facilities	n/a	1,629	Scheme is no longer ringfenced, the requirement for auditor certification was removed for 2011/12.
RG03 New Deal for Communities	n/a	6,226	This scheme ended in 2010/11. Auditor certification was not required for 2011/12.
RG32 AWM Single Programme: Wolverhampton Connections	n/a	2,556	AWM dissolved in Spring 2012. Subsequent certification arrangements were not entered into with the Audit Commission by the successor body, removing the requirement for auditor certification in 2011/12.
RG32 AWM Single Programme: Wolverhampton Bus Station Redevelopment Project	n/a	4,811	As above.
RG32 AWM Single Programme: Wolverhampton Development Company 2008 to 2012	n/a	15,012	As above.
Total	85,974	97,133	

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

In 2011/12 there continued to be a high number of claims and returns requiring amendment (four out of eight claims/ returns were amended) and qualification letters (four out of eight claims / returns certified).

There were instances during the course of certification where working papers were difficult to understand, were unprepared or had to be reworked. We would recommend that the Authority takes steps to ensure that the responsible officers are familiar with the compilation requirements set out in the certification instructions and consults the relevant guidance ahead of claim and return preparation.

During 2011/12 it was noted there had been changes to the structure of delegation at the Authority. At times, the identity of responsible officers was unclear and many queries were escalated to the Head of Finance. Going forward, we would request that an updated list of responsible officers allocated to particular areas is provided to us as part of our planning process in 2012/13 in order to enhance the clarity of delegation at the Authority.

The timing of internal audit work for the Teachers Pension Return during 2011/12 was inconsistent with the dates of certification fieldwork. The internal audit report was not finalised and testing was ongoing when we got out to site at the dates we had agreed with the Authority. This delayed our work and we were unable to complete our testing as required by the certification instructions until this work had been completed in full.

The Council 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. 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 and adequately supports the claim / return. We experienced some significant delay with some areas of enquiry and these areas were escalated to senior officers.
- **Quality of deliverables:** Supporting documents to claims and returns should be produced as part of claim and return preparation; and reviewed for accuracy as part of the Authority's sign off of the claims and returns prior to submission to the grant paying body and PwC.
- **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.
- **Internal Audit:** we would recommend that internal audit meet with us in 2012/13 to agree the scope of work and the timing to ensure they have a good understanding of the certification requirements and Teachers' Pension scheme to enhance the level of reliance we can place on the work performed and reduce delay and query. At the time the Authority certify the Return for submission to the Teachers' Pensions and PwC it is stating that the Return is factually accurate; Internal Audit work should consider this timeframe. The time between the Authority deadline and the Auditor deadline is for the appointed external auditor to complete certification work.
- **Submission timing:** the Authority should ensure that the original hardcopy claims and returns are submitted to us by the Authority deadline. There were instances where this did not occur and requests for the forms were made.

Prior to the commencement of 2011/12 certification work we met with the Council and discussed good practice in the compilation of claims and returns to avoid potential issues arising and ways in which we can help to improve the level of communication around issues we experience in the completion of our certification work, issues which may impact ultimately impact on certification fees. We do note that this was welcomed and positively acknowledged by the preparers of the National Non Domestic Return and the Local Transport Major Project. However, this as an area for the Authority to focus on; in particular with the availability of deliverables and quality of supporting working papers to claims and returns.

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 claims / returns submitted to us for review and their continued efforts to ensure that the quality of evidence available to support claims/returns is appropriate. The Council's performance may also be improved by ensuring prior year qualification issues are reviewed and controls assessed to mitigate against similar errors occurring in future periods.

Appendix B

2011/12 Management Action Plan

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)
BEN01 Housing & Council Tax Benefits Scheme (30/11/12)	<p>Non compliance with regulations / terms and conditions.</p> <p>The number of errors identified during 2011/12 represents a significant increase from 2010/11, where we did not issue a qualification letter or identify areas for amendment.</p> <p>In total 64 failed cases were identified during the course of our BEN01 certification work, out of a total sample population of 231 cases tested (28%).</p> <p>37 failed cases had either no financial impact or resulted in amendments to the original claim form, thus were not included within the qualification letter.</p> <p>27 failed cases were reported in the qualification letter dated 30 November 2012.</p> <p>In summary, the errors identified during 2011/12 related to:</p> <ul style="list-style-type: none"> • Application of child tax credits on council tax benefits claims. • Application of working tax credits and child tax credits on housing benefits claims. • Misclassification of overpayments. • Incorrect application of extended payment period • Modified schemes 	<p>The number of errors identified during 2011/12 represents an increase from 2010/11 and presents the risk of the incorrect level of subsidy being claimed.</p> <p>The error types identified each relate to more complex areas, these being application of tax credits, classification of overpayments and application of extended payments. As such the Authority should focus training, support and specifically in year review of claims around these error types.</p>	<p>The level of complexity in establishing the value of Child and Working Tax Credit is a significant factor in the level of error, as is the increase in volume of notifications of changed amounts from the Department for Work & Pensions.</p> <p>However steps have already been taken to address this issue. Primarily through automating the application of tax credit amounts directly from the DWP electronic notification. Only in exceptional cases will manual input of tax credit amounts be required.</p>	January 2013
BEN01 Housing & Council Tax Benefits Scheme (30/11/12)	<p>Non compliance with regulations / terms and conditions.</p> <p>In addition to those issues set out above, it was also identified:-</p>		<p>Agreed. An amendment has already been made to the electronic working paper template to avoid the second issue reported here.</p>	January 2013

Claim/Return Issue (deadline)	Recommendation	Management response	Responsibility (Implementation date)	
<ul style="list-style-type: none"> A key system reports to check the correct coding of an overpayment type had not been run as part of preparing the claim as resulted in amendments; The original uncashed cheques entry on the claim form was understated by £24,476 due to the omission of a system report in the work papers used to reconcile the entry. The relevant cells were amended; The claim did not reconcile to a benefits system report for rent allowance cases. 	<p>The Authority should ensure that all the required reports are run as part of the claim preparation and ensure that working papers used to support the claim reconcile.</p>			
HOU01 HRA Subsidy (31/12/12)	Non compliance with regulations / terms and conditions.	<p>Risk:- Incorrect entries may lead to the value of the subsidy entitlement being under / overstated. Some entries on the HRA claim are also related to the Accounts.</p>	<p>The issues relating to the Capital Financing Requirement and borrowing figures arose from errors in the source treasury management spreadsheets (which themselves arose from abnormal transactions during 2011/2012), rather than as a result of calculations or working papers generated for the claim itself. Nonetheless, these issues have been addressed by the following actions taken since the time this claim was compiled:</p>	Head of Finance, Delivery.
The claim form was amended, the most significant amendments were as a result of:- <ul style="list-style-type: none"> The incorrect calculation of the mid-year capital financing requirement. This had not been calculated in accordance with Housing Revenue Account Capital Financing guidance. This resulted in an amendment of £184,614 (increase) to the original field entry. The incorrect calculation of the average amount of external borrowing outstanding in 2011/12. This resulted in an amendment of £48,404 (increase) to the original field entry. The incorrect elements were:<ol style="list-style-type: none"> the equated new borrowings having been calculated over the incorrect number of days; the equated repayments (the HRA Settlement appeared in this calculation twice whereas it should not have appeared at all); and the weighted overdraft having been 	<p>Recommendation:- This was the final year of the claim; however the Authority should ensure it reviews and applies the relevant guidance when preparing claims / returns.</p>	<ul style="list-style-type: none"> A new Finance Manager for Treasury has been in post since July 2012 and has put in place new spreadsheets and related procedures which have resolved the issues experienced with the previous spreadsheets. Calculating the Capital Financing Requirement has been made a permanent responsibility of a single named officer, and the CFR has now been verified against historical treasury records and the council's balance sheet. 		

Claim/Return Issue (deadline)	Recommendation	Management response	Responsibility (Implementation date)
<p>calculated as nil when there was an overdraft value which should have been included.</p> <p>PEN05 – Teachers' Pension Return (30/11/12)</p> <p>Non compliance with regulations / terms and conditions and weaknesses in internal control.</p> <p>The Return is made up of two sections, one relates to the pension deductions and contributions made for teachers within the scheme through the Authority's Payroll and the Other Section relates to those deductions made through Other Payroll Providers of which there are two for a number of schools.</p> <p><u>Part B of the Return: Other Payroll Providers</u></p> <p>The Authority's Internal Auditors carried out testing on a sample of other payroll providers records and identified a number of errors in the calculation, deduction and remittance of contributions at external payroll providers. We were only able to place some reliance on this work.</p> <p><u>ISSUE 1</u></p> <p>There is a requirement to confirm the entries on the return to supporting working papers and Other Payroll Providers payroll record data. Payroll reports and individual pay records were not made available to Internal Audit to permit testing for one external provider. The values on the Return relating to this provider amounted to:-</p> <ul style="list-style-type: none"> • Total Pensionable Pay £2,735.519 • Total Employee Deductions £179,098 • Total Employer Deductions £394,574 <p>The DfE expects schools contracting with external payroll providers to ensure the service contract includes a requirement for the external provider to supply details on request to the Local Authority and that the Authority has in place adequate arrangements to satisfy itself that contributions have been correctly</p>	<p><u>Risk:-</u></p> <p>The lack of sufficient controls in place to monitor pensions information held by external providers could result in errors being made by the Authority on Part B Other Payroll Providers section of the Return.</p> <p><u>Recommendation:-</u></p> <p><u>ISSUE 1</u></p> <p>The Authority should ensure that an adequate audit trail exists to support all the entries and classifications in line with the CI guidance and that schools are reminded about the responsibility to ensure that payroll records for pension deductions and remittances are available on request.</p>	<p>The Action plan to address concerns raised have been agreed;</p> <p>Response 1 An Audit review will be carried out to review the arrangements in place for reconciling monthly payroll costs for the two schools who have elected to use an external payroll provider (Strictly Education).</p> <p>Response 2 A meeting will be held with Council's appointed External Auditors to discuss/clarify the testing and evidence requirements for those schools who use an external payroll provider.</p> <p>Response 3 A protocol will be developed with the two schools in question in order that payroll information can be requested from the external payroll provider in a timely manner.</p> <p>Response 4 Open dialogue will take place between the Council and the Council's appointed external auditors to ensure that any issues and concerns are raised in a timely manner throughout the audit and certification process.</p>	<p>Response 1 Wolverhampton City Council – Audit Services (31st March 2013)</p> <p>Response 2 Wolverhampton City Council – Audit Services in conjunction with the Council's appointed external auditors. (30th April 2013)</p> <p>Response 3 Wolverhampton City Council – Audit Services in conjunction with the schools using external payroll providers (30th April 2013)</p> <p>Response4 Wolverhampton City Council – Audit Services in conjunction with the Council's appointed external auditors. (30th April 2013)</p>

Claim/Return	Issue (deadline)	Recommendation	Management response	Responsibility (Implementation date)
	deducted and remitted on its behalf in accordance with the Regulations.		Response 5 A timetable will be agreed between the Council's Internal Audit function and appointed external auditors to allow for sufficient time for additional information to be obtained, where necessary, in order for certification to be performed on a timely basis.	
ISSUE 2	For one teacher whose pension is administered by an Other Payroll Provider was identified by Internal Audit that the Payroll provider had made a deduction against a non pensionable pay item relating to industrial strike action. This resulted in an overpayment of contribution for £10. The payroll provider had been notified by the Authority in March 2012; remedial action to refund the payment was processed in October 2012 and should form a prior year refund on the 2012/13 Return.	ISSUE 2 The Authority should remind schools of the responsibility that the scheme should be administered in accordance with the Regulations to ensure the correct pension deductions and contributions made for the teacher's it employs.		Response 5 Wolverhampton City Council – Audit Services in conjunction with the Council's appointed external auditors. (30 th April 2013)
ISSUE 3	For the November 2011 monthly return submitted to the Authority by one of the Other Payroll Providers, it was identified by Internal Audit that the Provider had omitted pensionable pay of £411.04 from the Total Contributory Salary when compared to actual payroll records. This related to one teacher. As such, an underpayment of contributions for the employee £26.31 and employer £57.96 into the Teacher's Pension scheme for the 11/12 period has occurred as the Authority was unaware of the omission by the Provider. The Authority have advised that this will be corrected in the 12/13 period.	ISSUES 3 & 4 Other Payroll Providers should be reminded of their responsibility to ensure the monthly pension contributions and deduction information sent to the Authority is correctly stated in accordance with payroll records and Regulations.		
ISSUE 4	For one teacher it was identified by Internal Audit that the contributory salary return from the Other Payroll Provider was incorrectly submitted to the Authority which included contributions deducted for hours worked in respect of a neighbouring authority school; as such an overpayment of contributions paid has been made by the Authority in the period 11/12 and reported within the Return with employee deductions incorrectly assigned.			

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)
	<p>The impact is an overstatement to the overall contributory salary totals for the value by £175.29, employee contribution and deduction £11.22 and employer contribution and deduction £24.72.</p> <p>The return has not been amended in relation to this matter.</p> <p>These matters were reported to Teachers' Pensions in our qualification letter dated 30 November 2012.</p>			
TRA11 - Local Transport Plan Major Projects (West Midlands Red Routes - Package 1) (31/12/12)	<p>Non compliance with regulations / terms and conditions.</p> <p>Sample testing identified the 2011/12 claim included 2010/11 eligible expenditure of £313,784 which had not been included in the 2010/11 claim. The values related to invoices dated late March 2011 or April 2011.</p> <p>This was reported in the qualification letter dated 19 December 2012.</p> <p>The Authority advised in a covering letter dated 2 October 2012, the estimated total value of 2010/11 expenditure included within the claim was around £320,000; this was sent to the DfT with our qualification letter with the Authority consent.</p> <p>A similar matter was reported in prior years.</p>	<p>Risk:-</p> <p>The Authority could be penalised for improper completion of the claim with delayed or withheld payments for earlier periods.</p> <p>Recommendation:-</p> <p>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>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. Partners are continuing to be liaised with sooner in order to obtain the information/documents required so that expenditure can be included in the correct claim period, by utilising accruals. Partners are made aware of the clawback risks before these costs are included in the claim.</p>	January 2013
TRA11 - Local Transport Plan Major Projects (West Midlands Red Routes - Package 1)	<p>Non compliance with regulations / terms and conditions.</p> <p>Column 1 of the claim form shows the total scheme expenditure to date. This should include both current year and prior year claimed expenditure. In 2011/12, we noted it was overstated by £1,260.</p> <p>The claim was amended in respect of this matter.</p>	<p>Risk:-</p> <p>The Authority inaccurately overstate the total scheme expenditure and under claim on the actual funding available to them.</p> <p>Recommendation:-</p> <p>The claim should be reviewed as part of preparation to ensure that arithmetic and cell entries are in accordance with scheme guidance and actual Authority expenditure records.</p>	<p>Recommendation agreed.</p>	January 2013

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)
TRA11 - Local Transport Plan Major Projects (West Midlands UTC) (31/12/12)	<p>Non compliance with regulations / terms and conditions.</p> <p>Sample testing identified the 2011/12 claim included 2010/11 eligible expenditure of £58,081 which had not been included in the 2010/11 claim. The values related to invoices dated late March 2011 or April 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>Recommendation noted. Partners are continuing to be liaised with sooner in order to obtain the information/documents required so that expenditure can be included in the correct claim period, by utilising accruals. Partners are made aware of the clawback risks before these costs are included in the claim.</p>	January 2013

This was reported in the qualification letter dated 19 December 2012.

A similar matter was reported in prior years.

Appendix C

2010/11 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 & 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 DfT 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>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 not anticipated that auditor certification will be required in 2011/12.</p>	Head of Finance for Community (with immediate effect*)	<p>Not applicable</p> <p>This scheme is no longer ringfenced and the requirement for auditor certification was removed for 2011/12.</p>
LA01 - National Non Domestic Rates Return (23/09/11)	Weakness in internal control	The return should be thoroughly checked before the submission deadline, to ensure accurate and up to date entries.	Recommendation agreed.	Head of Revenues and Benefits (with immediate effect)	<p>It was confirmed that the original 2011/12 return supplied to PwC did not contain a similar error and was fairly stated.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	The net overall impact of amendments on the return was an increase of £260k contribution to the pool, when compared to the original submission.				
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>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 1ii 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>	Head of Revenues and Benefits (with immediate effect)	This issue did not occur again in 2011/12.
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)	<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 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</p>	<p>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. In practice, this should take the form of:</i></p> <p><i>(a) a comprehensive (not sample) survey of dwelling types in the year; or</i></p> <p><i>(b) a comprehensive survey in the past, with a reliable and accurate method for</i></p>	<p>There are no plans to address this recommendation, on the grounds that:</p> <ul style="list-style-type: none"> (i) It would be very expensive to carry out a comprehensive survey, representing a poor use of limited HRA resources. (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. <p>The auditors are not expecting to certify a return for the 11/12 period.</p>	Head of Finance, Corporate Accountancy	<p>2010/11 was the final year for this scheme due to the introduction of self financing requirements from 1 April 2012.</p> <p>A return was not required for auditor certification in 2011/12.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	<p>Beacon District Valuers Report (2010). 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><i>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 required for the Base Data Return in 2011/12. Arrangements have yet to be communicated.</p>			
<p>HOU02 - HRA Finance Base Data Return (10/10/11)</p> <p>(The Authority were permitted an extension to the auditor deadline to 17/10/11 following CLG system issues)</p>	<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 and caps entries within the Return.</p> <p>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.</p>	<p>Reference or enquiry should be made to CLG for guidance on completion in this situation.</p>	<p>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.</p> <p>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</p>	<p>Head of Finance, Corporate Accountancy</p>	<p>2010/11 was the final year for this scheme due to the introduction of self financing requirements from 1 April 2012.</p> <p>A return was not required for auditor certification in 2011/12.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
			11/12 period.		
HOU01 HRA Subsidy (31/12/11)	<p>The Authority have however aggregated entries from prior year certified returns based on the average rent for 2008/09 period and uplifted this.</p> <p>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.</p> <p>This was reported in the qualification letter dated 17 October 2011.</p> <p>This matter has been reported in previous years.</p>		<p>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.</p> <p>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 not expecting to certify a return for the 12/13 period.</p>	Head of Finance, Corporate Accountancy	<p>This particular issue did not arise in 2011/12; however we noted a number of errors with other calculations relating to entries within the claim.</p> <p>2011/12 was the final year of this claim.</p> <p>Further detail is set out in Appendix B.</p>
RG03- New Deal for Communities (31/12/2011)	<p>Non compliance with regulations / terms and conditions.</p> <p>The opening and closing balances for Capital Financing Requirement (CFR) are required to be consistent with the audited Statement of Accounts.</p> <p>Differences were noted and amended accordingly.</p> <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>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>	Head of Finance for Education and Enterprise (with immediate effect*)	<p>This scheme ended in 2010/11. There was not a requirement for auditor certification in 2011/12.</p>
	<p>The RG03 scheme is made up of multiple projects.</p>	In March 2011 the Government Offices responsible for administering the New Deal	* Note – In March 2011 the Government Offices responsible for administering the New Deal scheme		

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
RG03- New Deal for Communities (31/12/2011)	<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>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>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>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 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>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>Recommendation noted. For future programmes the Financial Controller will ensure that robust arrangements are in place.</p>	<p>Financial Controller (with immediate effect)</p>	<p>This scheme ended in 2010/11. There was not a requirement for auditor certification in 2011/12.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	<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>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 Redevelopment Project (31/12/11)	<p>Non compliance with regulations / terms and conditions.</p> <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</p>	<p>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</p>	<p>Recommendation noted*. The prime document relating to the acquisition of £47,500 was received after the audit. 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>	<p>Head of Finance for Education and Enterprise (with immediate effect*)</p>	<p>Following the closedown of the AWM, subsequent certification arrangements were not entered into by the successor body with the Audit Commission.</p> <p>There was no requirement for our certification in 2011/12.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
	<p>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>	transfer to HCA without auditor certification; any future arrangements have yet to be confirmed.			
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 funding; • Correct level of apportionment between expenditure to be met by AWM funding and the Authority; • Appropriate monitoring of 	<p>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 support claims and returns in line with the conditions of the relevant scheme.</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>	<p>Following the closedown of the AWM, subsequent certification arrangements were not entered into by the successor body with the Audit Commission.</p> <p>There was no requirement for our certification in 2011/12.</p>

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
		<p>partnership expenditure and claims by the as the accountable body;</p> <ul style="list-style-type: none"> • 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>
TRA11 - Local Transport Plan Major Projects (West Midlands Red Routes - Package 1) (31/12/11)	Non compliance with regulations / terms and conditions. Non compliance with regulations / terms and conditions.	<p>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>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>	Head of Finance for Education and Enterprise (with immediate effect)	This continued to be an issue in 2011/12. Further information is set out in Appendix B.
	<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>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>			
TRA11 - Local Transport Plan	Non compliance with regulations / terms and conditions.	<p>The claim should be compiled in line with guidance and</p>	<p>Recommendation noted. Due to the reliance on information from partners</p>	Head of Finance for	This continued to be an issue

Claim/Return (deadline)	Issue	Recommendation	Management response	Responsibility (Implementation date)	Recommendation Status
Major Projects (West Midlands UTC) (31/12/11)	<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>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>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>	Education and Enterprise (with immediate effect)	<p>in 2011/12.</p> <p>Further information is set out in Appendix B.</p>



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