

# Certification Report

City of Wolverhampton Council  
Year ending 31 March 2019

23 March 2020



# Introduction



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This paper provides the Audit and Risk Committee with details of the outcome of the certification work that we have undertaken at City of Wolverhampton Council in respect of the year ending 31 March 2019.



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# Housing Benefit Assurance Process (HBAP): Housing Benefit Certification 2018/19

## Background

The HBAP Module 1 framework sets out the Department for Work and Pensions' (DWP) requirements for the reporting accountant to provide a report of factual findings on the completion of the housing benefit subsidy assurance process. This work must be delivered to the DWP no later than 30 November.

## City of Wolverhampton Council – 2018/19

We identified two issues from our certification work and, as a result of the errors identified, the claim was qualified, and we reported our findings to the DWP in our Reporting Accountant's Report dated 21 November 2019.

Year	Value	Amended?	Amendment	Qualified?
2017-18	£102,547,965	Yes	£3,318	Yes
2018-19	£87,843,639	No	N/A	Yes

The Council completes the workbooks for us to review and re-perform work on cases on a sample basis. The quality of evidence within the workbooks was generally good and officers work proactively with us to address and resolve queries on an ongoing basis.

Due to the nature of the welfare system this is inherently a complex and multifaceted area. However, we note that the number of issues raised in our qualification letter was a reduction on the prior year.

## Issues identified this year

As last year a Reporting Accountant's report was produced, with all content and errors agreed with the Authority prior to submission. We are happy to provide a copy of this letter separately should members wish, but in summary, findings were as follows:

### Initial Testing

#### **Non HRA Rent Rebate**

- No fails identified

#### **HRA Rent Rebate**

- No fails identified

#### **Rent allowance**

- No fails identified

## **“CAKE” (cumulative audit knowledge and experience) testing**

In line with the requirements of HBAP modules we undertook CAKE testing based upon the preceding Qualification Letter. This involved the authority completing testing of the sub populations in relation to 2 different error types:

- earned income within rent allowances
- rent liabilities within non HRA rent rebates

We re-performed a sample of the Authority's testing and confirmed that the tests we carried out concurred with the Authority's results. This testing returned no errors, and on this basis, these matters are considered closed. These will not be rolled forward to feature as CAKE testing in respect of the 2019/20 subsidy claim.

## Fee

The fee proposal for certification of the housing benefit subsidy claim is based on an anticipated level of work and is adjusted accordingly through a variation based on the actual output. A fee was proposed and agreed of £16,000, and as the level of work anticipated is in line with the output, no variation is proposed.

## Going forward

We will continue to support the Council in improving the HBAP process which stems from pragmatic and effective forward planning and to that end have begun discussions with officers in preparation for the 2019/20 claim.

# Other certification work undertaken

## Pooling of Housing Capital Receipts

### Background

The Ministry of Housing, Communities and Local Government (MHCLG) administers the pooling of housing capital receipts scheme.

Use of receipts arising from the disposal of housing assets (i.e. generally assets held under Part II of the Housing Act 1985 and for which account is made in the Housing Revenue Account (HRA)) is governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) ("the regulations"). The regulations require that, in short:

- a. receipts arising from Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover some of the debt on the properties sold, but a proportion of the remainder must be surrendered to central Government;
- b. receipts arising from all other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying down of housing debt (each of which is defined in the regulations).

The 2018/2019 pooling return is an annual return generated by local authorities showing the breakdown of the various elements of the housing capital receipts.

The Council appointed Grant Thornton UK LLP as its Reporting Accountant to undertake agreed upon procedures, as set out by MHCLG. On conclusion of our work we are required to submit the Council's final pooling return, supported by four debt supportable workbooks (one for each quarter) along with our signed Reporting accountant's report directly to MHCLG by 7 February 2020.

### 2018/19 findings

From the 23 tests undertaken two exceptions were identified. There is no materiality threshold applied to certification and therefore we are required to report any and all differences arising from our testing.

Test 4 required us to agree receipts to the local authority's records of receipts from mortgages awarded. We identified an overstatement in quarter 3 of £30.81 between the return and the authority's supporting records. The Council agreed that this was a calculation error.

Test 6 required us to agree elements of the pooling relief to the Council's Debt Supportable Workbook. We identified a transposition error of £9, which was agreed by the Council.

Our Reporting Accountant's report was submitted on 5 February ahead of the deadline.

## Pooling of Housing Capital Receipts (continued)

### Fee

A fee was agreed for this work of £2,750. This is disclosed to you separately in our Audit Plan along with the reasons as to why we consider ourselves to be independent in relation to this non-audit service.

## Teachers Pension Return

### Background

The Council is required to submit an EOYC (end of year certificate) to Teachers Pensions which sets out Teachers' Pensions contributions split between employer and teacher across the various tiers.

The EOYC is an annual return completed by employers showing the level of teachers' pension contributions that should have been deducted and paid to Teachers' Pensions within the financial year i.e. the totals for the payroll and employer adjustments such as deductions at the incorrect tier which they identify during the financial year. The EOYC should cover all teachers who should be contributing to the TPS and for whom the employer is responsible.

The Council appointed Grant Thornton UK LLP as its Reporting Accountant to undertake agreed upon procedures, as set out by Teachers Pensions. On conclusion of our work we are required to submit the Council's final EOYC along with our signed Reporting accountant's report directly to Teachers Pensions by the deadline of 29 November.

### 2018/19 findings

From the 20 tests we are required to undertake, we identified no exceptions.

Our Reporting Accountant's report was submitted on 10 October ahead of the deadline.

### Fee

A fee was agreed for this work of £4,500. This is disclosed to you separately in our Audit Plan along with the reasons as to why we consider ourselves to be independent in relation to this non-audit service.



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