



PUBLIC SECTOR

Certification of claims and returns 2008/09

Telford and Wrekin Council

March 2010

AUDIT

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Headlines

<p>Introduction & background</p>	<p>This report summarises the results of work on the certification of the Authority’s 2008/09 claims and returns which we certified in our capacity as auditors appointed by the Audit Commission</p> <p>For 2008/09 we certified:</p> <ul style="list-style-type: none"> • Seven claims with a total value of £72.6m • Two returns with a total value of £69.9m <p>We received two claims with a value of £0.4m in December which we expect to certify by the end of February.</p>	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for eight claims and returns but qualification was necessary for one claim, the Disabled Facilities Grant.</p> <p>We issued a qualification in October 2008 on the Authority’s 2007/08 claim on the basis that the Authority retained insufficient evidence to support recipients’ entitlement to grant where assessments were made at the recipient’s home. The Authority changed its procedures following this qualification; however the 2008/09 claim included assessments up to this point where evidence was not retained.</p> <p>In 2007/08 we issued two qualified certificate, for the Disabled Facilities Grant and the Teachers’ Pension Return.</p>	<p>Pages 3-5</p>
<p>Audit adjustments</p>	<p>Adjustments were necessary to three of the Authority’s grants and returns as a result of our certification work this year</p> <ul style="list-style-type: none"> • Adjustments were required to the Housing and Council Tax Benefit subsidy claim which resulted in a reduction of subsidy of £1,653. We identified a system error which resulted in the misclassification of overpayments in unusual circumstances, an isolated error in relation to uncashed cheques and errors due to the claim being compiled with a system report which was not the most up to date available. • Our work on the Teachers’ Pension Return identified that certain contributions were recorded in the wrong section of the return. This did not affect the total value of the return however. • Adjustments were made to the Regeneration Through Heritage and Donnington Business Units ERDF claims. The adjustment to the Donnington Business Units claim reduced the amount claimed by £698. 	<p>Pages 3-5</p>
<p>Fees</p>	<p>Our estimated overall fee for the certification of grants and returns has exceeded our original estimate of £45k</p> <ul style="list-style-type: none"> • The 2008/09 fee for the certification of grants and returns to the end of December 2009 is £45,815 (compared to £27,575 for 2007/08). Our estimated fee for the remaining two claims is £2,300. • The fee for 2008/09 higher than that in 2007/08 mainly due to certification work carried out on ERDF grant claims which we did not undertake in 2007/08. 	<p>Page 6</p>

Summary of certification work outcomes

Overall, we have certified nine grants and returns

- Four were unqualified with no amendments
- Four were unqualified but required some amendment to the final figures
- One certificate was issued with a qualification

Two claims received by us in December are outstanding and we anticipate certification by the end of February.

Detailed comments are provided overleaf

Detailed below is a summary of the key outcomes from our certification work on the Authority's 2008/09 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
ERDF - Hadley Industrial Units				●
1 ERDF - Donnington Industrial Units			●	
1 ERDF - Regeneration Through Heritage			●	
ERDF - Tourism for Telfords Future				●
National Non-Domestic Rates Return				●
Sure Start, Early Years and Childcare Grant				●
2 Teachers' Pension Contributions			●	
3 Disabled Facilities Grant	●			
4 Housing and Council Tax Benefits Scheme			●	
Total	1	0	4	4

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

Ref	Summary observations	Amendment
1	<p>ERDF claims – Regeneration Through Heritage and Donnington Business Units</p> <ul style="list-style-type: none"> The Regeneration Through Heritage ERDF claim contained two errors. The Authority had recorded the project’s total capital expenditure of £7,830,980; expenditure recorded in the form should have been capped at the amount as notified in the offer letter, £7,765,391. This did not affect entitlement. We also identified that the Authority’s contributions to revenue expenditure had been incorrectly recorded. The Authority’s contribution had been understated by £59,610. These adjustments did not affect the amount of grant claimed however. Our work on the Donnington Business Units claim identified that the balance owed to the Authority was overstated by £698. 	-£698
2	<p>Teachers’ Pension Contributions</p> <ul style="list-style-type: none"> Our work on the Teachers Pensions Contributions return identified that £1,053 of overpayments were included in the incorrect row of the return. We also identified that additional contributions of £22,472 had been incorrectly recorded as additional pension payments. Neither of these adjustments affected the total value of the return. 	Nil affect on entitlement
3	<p>Disabled Facilities Grant</p> <ul style="list-style-type: none"> We issued a qualification in October 2008 on the Authority’s 2007/08 claim on the basis that the Authority retained insufficient evidence to support recipients’ entitlement to grant where assessments were made at the recipient’s home. The Authority changed its procedures following this qualification; however as part of our testing of cases in this year’s claim we identified two cases where insufficient evidence was retained to support exemption to means testing. For both of these cases assessment was made prior to our October 2008 qualification. We therefore issued a qualification on this basis. 	Nil affect on entitlement

Summary of certification work outcomes

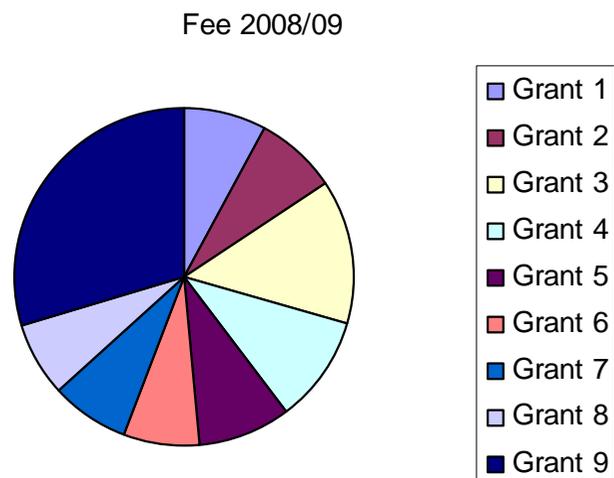
This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

Ref	Summary observations	Amendment
4	<p>Housing and Council Tax Benefit subsidy claim</p> <ul style="list-style-type: none"> Our testing identified that some overpayments were being misclassified in the subsidy claim under unusual circumstances. Where overpayments were transferred from the benefits system (Northgate) to sundry debtors and subsequently found to be incorrectly classified, the overpayments were transferred back to Northgate and reclassified. However the report used to compile the subsidy claim did not show the reclassification and so the subsidy claim included such overpayments as they were originally classified. The software supplier was able to produce a report showing which cases were affected. We identified a clerical error in the recording of one uncashed cheque. We also identified that the system report used to compile the claim was not the most up to date report. 	- £1,653

Fees

Our overall fee for the certification of grants and returns has been contained within the original estimate

Breakdown of certification fees 2008/09



Breakdown of fee by grant / return	2008/09 (£)	2007/08 (£)
1. ERDF – Hadley Park Industrial Units	3,570	-
2. ERDF – Donnington Business Units	3,570	-
3. ERDF – Regeneration Through Heritage	6,400	-
4. ERDF – Tourism for Telford’s Future	4,610	-
5. NNDR return	4,110	4,255
6. Disabled Facilities Grant	3,355	2,560
7. Sure Start, Early Years and Childcare	3,405	4,425
8. Teachers’ Pension Return	3,165	4,590
9. Housing & Council Tax Benefits Scheme	13,630	11,745
Total fee	45,815	27,575

Our initial estimated fees for certifying 2008/09 grants and returns was £45k. The actual fee charged was close to this estimate.