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Certification of grants and returns 2010/11

Telford & Wrekin Council

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<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Council's 2010/11 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2010/11 we certified: <ul style="list-style-type: none"> – Three grants with a total value of £85.5 million; and – Two returns with a total value of £71.7 million 	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for 4 grants and returns, but a qualification was necessary in one case.</p> <ul style="list-style-type: none"> ■ A qualification was required in relation to the certification of the Housing and Council Tax Benefits Scheme as the result of the identification of one case of underpaid benefit entitlement. In accordance with the certification instructions a qualification was mandated as a result of identifying an error of this nature ■ These results are in line with the results for 2009/10 where we also issues one qualified certificate which was also in relation to the Housing & Council Tax Benefit Subsidy claim and arose due to a similar error being identified. 	<p>Pages 3 – 4</p>
<p>Audit adjustments</p>	<p>Minor adjustments were necessary to four of the Council's grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ There were a number of minor adjustments required to four of the grants and returns certified during 2010/11. As a result of these errors the value claimed in relation to two of the grants was amended by a non-significant amount; and ■ These results are also in line with the results for 2009/10 where minor amendments where required in relation to four grants and returns but had no significant impact upon the amounts claimed. However, through our grant audit work we helped the Council claim an extra £8.5k on its sure Start claim. 	<p>Pages 3 – 4</p>
<p>The Council's arrangements</p>	<p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas.</p> <ul style="list-style-type: none"> ■ Grants and returns were submitted on a timely basis and had been correctly identified as requiring certification in line with the Certification Instruction Index issues by the Audit Commission. ■ In general the records kept in relation to grants and returns were accurate and sufficient. Delays and difficulties were encountered however in relation to two areas of work due to the records not being easily accessible for audit. These difficulties arose where the records were not limited to the current year (i.e. Staff records) or where grants funded programmes in a variety of council departments. 	<p>Page 6</p>
<p>Fees</p>	<p>Our overall fee for the certification of grants and returns was in line with the original estimate of £35k.</p> <ul style="list-style-type: none"> ■ This represents a decrease of £23k when compared to the fee charged in 2010/11. This decrease arises due to the inclusion of eight Single Programme Grants for certification as part of the 2009/10 work. No such grants required certification during 2010/11. ■ The Council can ensure that future fees are kept to a minimum by ensuring that accurate records are maintained in relation to all grants and returns and that such records are readily accessible for audit. 	<p>Page 5</p>

Overall, we certified five grants and returns:

- One was unqualified with no amendment;
- Three were unqualified but required some amendment to the final figures; and
- One required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2010/11 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 Council'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 Council to satisfy itself that the full amounts of grant claimed are appropriate.

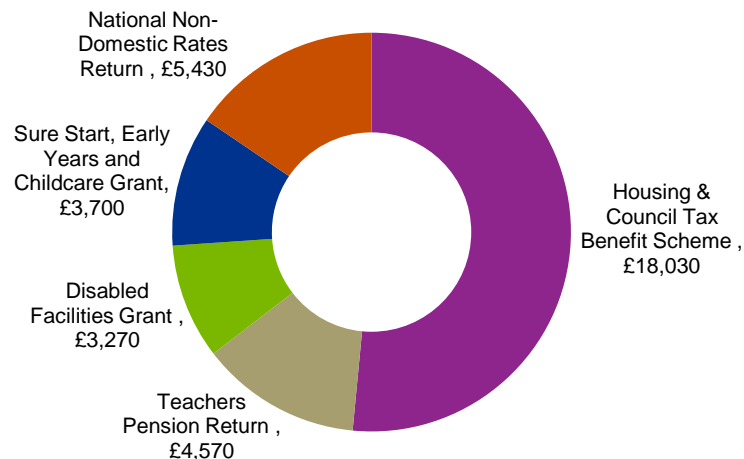
	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit Scheme	1			x2	
Teachers Pension Return	2				
Disabled Facilities Grant	3				
Sure Start, Early Years and Childcare Grant	4			x4	
National Non-Domestic Rates Return					
		1	0	8	4

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>Housing and Council Tax Benefit Scheme</p> <ul style="list-style-type: none"> The grant was qualified due to the identification of one case being underpaid benefit entitlement. Under the certification instructions applicable to this grant the issuing of a qualification as a result of such an issue being identified was mandatory. Non-significant adjustments were required to the grant due to errors identified in the compilation of the report. These errors arose due to compilation guidance being issued after the grant had been compiled. This grant was also qualified as a result of the 2009/10 certification work. The 2009/10 qualification also arose, in part, due to the identification of an underpayment. 	- £87
2	<p>Teachers Pension Return</p> <ul style="list-style-type: none"> A minor amendment was required in order to correct a misclassification of additional pension contributions paid by employees. The correction of this error did not result in a change to the total value of the return. 	No Impact on Value Claimed
3	<p>Disabled Facilities Grant</p> <ul style="list-style-type: none"> A non-significant amendment was required in relation to non-financial data relating to case numbers. The error arose due to the categories reported by the Council's systems differing slightly from those required for the grant form. The amendment had no impact upon the total value of the Grant claimed. 	No Impact on Value Claimed
4	<p>Sure Start, Early Years and Childcare Grant and Aiming High for Disabled Children Grant</p> <ul style="list-style-type: none"> Amendments were required to a number of cells in order to account for eligible expenditure which had not been included in the original calculations for the grant form and also to remove some non-eligible expenditure originally included. The inclusion of the non-eligible expenditure arose due to clarification of the certification instructions confirming that such expenditure could not be claimed. 	+ £8,478

Our overall fee for the certification of grants and returns was in line with the original estimate.

Breakdown of certification fees 2010/11



Breakdown of fee by grant/return		
	2010/11 (£)	2009/10 (£)
Housing & Council Tax Benefit Scheme	18,280	17,430
Teachers Pension Return	4,570	4,360
Disabled Facilities Grant	3,270	3,415
Sure Start, Early Years and Childcare Grant and Aiming High for Disabled Children Grant	3,700	3,840
National Non-Domestic Rates Return	5,430	5,350
Single Programme Grants	-	24,000
Total fee	35,250	58,395

Our initial estimated fees for certifying 2010/11 grants and returns was £35,000. The actual fee charged was generally in line with that estimate. The reduction in fee from that charged in 2009/10 relates to the inclusion of eight Single Programme Grants in the certification work for 2009/10. No such grants or returns required certification during 2010/11.

We recommend the Council takes the following steps to improve its support for our certification work, which should help minimise certification fees in the future:

- Review the process for maintaining records in relation to grants and returns in order to ensure that they are readily available for audit. Records should be maintained for the full length of the grant or return involved and should, ideally, be stored in a central location so as to facilitate the grant management and audit process.

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

<p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Grant & Return Management					
<p>Record Maintenance</p> <p>We encountered difficulties in relation to two grants and returns as a direct result of records not being available for review.</p>	<p>The unavailability of records resulted in delays to the audit process. In one instance an extension to the certification deadline was required from the awarding body.</p> <p>Where records are consistently unavailable over a number of years it becomes necessary to consider qualification of the grant or return in question. In addition, some certification instructions mandate that qualification occurs where records are not available upon request.</p>	<p>1</p> <p>The Council should review its processes for maintaining records in relation to grants and returns in order to ensure that they are readily available for audit.</p> <p>Records should be maintained for the full length of the grant or return involved and should, ideally, be stored in a central location so as to facilitate the grant management and audit process</p>	<p>1</p>	<p>The importance of retaining records and these being available will be re-iterated to Service areas and specifically the need to have backing documents to support all grant claims.</p>	<p>Ken Clarke 29 February 2012</p>



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