

# Certification report 2012/13 for Dudley Metropolitan Borough Council

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**Year ended 31 March 2013**

January 2014

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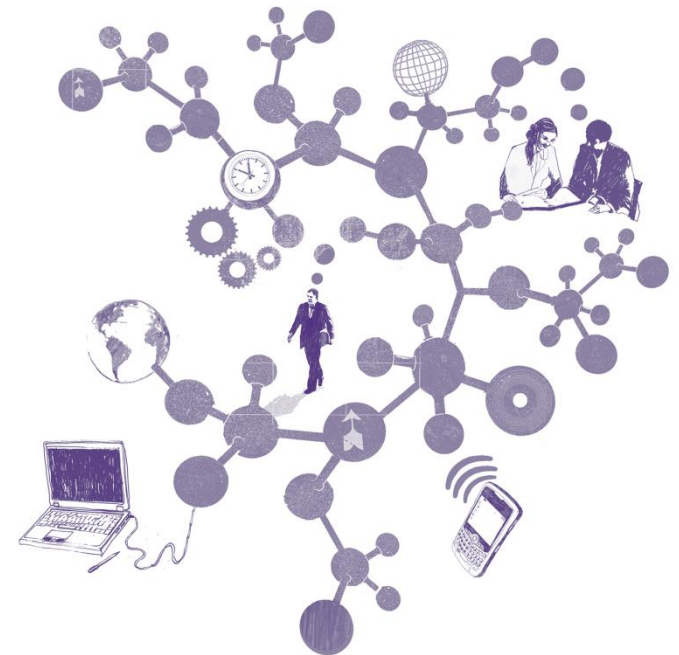
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# Section 1: Executive summary

01. Executive summary

02. Results of our certification work

# Executive summary

## Introduction

We are required to certify certain of the claims and returns submitted by Dudley Metropolitan Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified four claims and returns for the financial year 2012/13 relating to expenditure of £243 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

## Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were set out in our Certification Plan issued to the Council in July 2013.

## Key messages

A summary of all claims and returns subject to certification is provided at Appendix A. The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	All claims and returns were submitted on time and all claims were certified within the required deadline	●
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	Overall the Council is performing well. In respect of the housing and council tax benefit scheme, the Council needs to continue to try to minimise errors made in the calculation of benefit and classification of benefit payments on the claim form. The Council also needs to ensure that the teachers' pension return is not submitted for certification until senior finance officers are satisfied that it agrees to payroll records.	●

## **The way forward**

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

## **Acknowledgements**

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**  
**January 2014**

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## Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

# Results of our certification work

## Key messages

We have certified four claims and returns for the financial year 2012/13 relating to expenditure of £243 million.

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12		Direction of travel
		No.	%	No.	%	
Claims submitted on time	100%	4	100	7	100	↔
Claims certified on time	100%	4	100	7	100	↔
Claims certified with amendment	0%	2	50	4	57	↑
Claims certified with qualification	0%	1	25	2	28	↑

This analysis of performance shows that the Council continues to submit claims on time and have them certified on time. The percentage of claims that were certified with amendment or qualification has fallen compared to the previous year.

Details of the certification of all claims and returns are included at Appendix A.

## Significant findings

Our work has identified the following issues in relation to the management arrangements and certification of individual grant claims and returns:

### Grants co-ordination

The Corporate Finance Team continues to co-ordinate the submission of claims and returns in an effective manner. All claims and returns were submitted for certification on time.

### Compilation procedures

Claims and returns are generally well compiled but improvements are needed in respect of the teachers' pension return and the housing and council tax benefit claim. This is detailed further overleaf.

# Results of our certification work

## **Certification of teachers' pension return**

The certificate issued on the teachers' pension return was unqualified but a number of adjustments needed to be made to it before it could be certified. These adjustments were needed because the original claim submitted for certification did not agree to the Council's payroll records and to other supporting working papers. Similar issues in respect of this return have been reported in previous years. The Council made changes to its internal arrangements for preparing the return in 2012/13 and the number of issues identified by our work decreased compared to the previous year as a result. The Council should ensure that the teachers' pension return for 2013/14 is not submitted for certification until senior officers are satisfied that it agrees to the Council's payroll records.

## **Certification of housing and council tax benefit claim**

The housing and council tax benefit claim was qualified because of a range of errors found in the calculation of benefit and classification of benefit payments on the claim form. The Council has estimated that this should not have a significant impact on the total amount of subsidy due but this will not be confirmed until the Department for Work and Pensions considers the qualifications on the Council's claim and determines the total amount of subsidy to be paid for 2012/13. There were similar findings in respect of previous claims and the Council undertook to provide further training to benefits staff to ensure that errors were reduced. The Council should continue to provide this training to staff.

Recommendations for improvement are included in the action plan at Appendix B

## **Certification fees**

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 is £41,000. This fee has been reduced to £34,148 because, compared to 2010/11, the number of claims to be certified has fallen and less testing was required in respect of the housing and council tax benefit claim. This reduced fee is subject to confirmation by the Audit Commission and, if it subsequently changes, we will confirm this to you.



# Appendices

## Appendix A: Details of claims and returns certified for 2012/13

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?
Housing and council tax benefit scheme	125,509,225	Yes	(479)	Yes
National non-domestic rates return	90,209,958	No	n/a	No
Teachers' pension return	19,448,014	Yes	489	No
Pooling of housing capital receipts	7,950,368	No	n/a	No

# Appendix B: Action plan

## Priority

**High** - Significant effect on arrangements

**Medium** – Some effect on arrangements

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Management should continue to undertake training of benefits staff to ensure that errors in the calculation of benefit and classification of benefit payments on the claim form are minimised.	Medium	A matrix of common errors detected during the audit will be compiled and forwarded to the Benefits Training Team Leader in order for the appropriate guidance and training to be provided to staff”	Responsible officer – Deputy Head of Benefits Implementation date – 1/4/14
2	The Council should ensure that the teachers' pension return for 2013/14 is not submitted for certification until senior officers are satisfied that it agrees to the Council's payroll records.	Medium	Major changes to the structure of the Teacher's Pension scheme and to the format of the pensions return were the main reasons why the return had to be amended. Changes have been made to the process for compiling the return to prevent this issue recurring.  In future, additional checks will be made by the Group Accountant (Corporate Finance & Systems) to the return to reconcile it to the payroll system.	Responsible officers – Group Accountant (Corporate Finance & Systems) & Payroll Manager

## Appendix C: Fees

Claim or return	2011/12 fee (£) *	2012/13 indicative fee (£)	2012/13 actual fee (£)	Variance (£)	Explanation for significant variances
Housing and council tax benefit scheme	23,133	21,920	19,928	(1,992)	Less testing was needed in respect of this claim compared to 2010/11 which was what the 2012/13 indicative fee was based on
National non-domestic rates return	6,920	6,440	6,440	0	
Teachers' pension return	8,779	6,600	6,600	0	
Pooling of housing capital receipts	4,325	1,180	1,180	0	
Local transport plan: major projects (Brierley Hill Sustainable Access Network and Burnt Tree)	3,905	4,860	0	(4,860)	Certification of these claims was not required in 2012/13 as the amounts claimed were below the minimum value for certification
Total	47,062	41,000	34,148	(6,852)	

\* 2011/12 fee less 40% fee reduction applicable for 2012/13 onwards. This is shown in this way to make it comparable to the 2012/13 fee.



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