

Certification of Claims and Returns

Annual Report

Wirral Council

Audit 2008/09

March 2010



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

- 1 Funding from government grant-paying departments is an important income stream for the Council. The Council needs to manage claiming this income carefully. It needs to demonstrate to the auditors that it has met the conditions which attach to these grants.
- 2 This report summarises the findings from the certification of 2008/09 claims. It includes the messages arising from my assessment of your arrangements for preparing claims and returns and information on claims that we amended or qualified.

Certification of claims

- 3 Wirral Council receives over £239 million of funding from various grant-paying departments. The grant-paying departments attach conditions to these grants. The Council must show that it has met these conditions. If the Council cannot evidence this, the funding can be at risk. It is therefore important that the Council manages certification work properly and can demonstrate to us, as auditors, that the relevant conditions have been met.
- 4 The concept of materiality does not apply to our certification of grants/returns. We are required to report all uncorrected errors and matters arising to the grant paying body regardless of their financial implications to the claim/return. Matters arising can include further background to issues identified during certification and allows the grant paying body to exercise judgement over, for example, eligibility of expenditure or the significance of the issue.
- 5 The format and structure of this report has changed from previous years to reflect a new national template issued centrally by the Audit Commission. More detail is now provided in the body of the report for individual claims/returns and we are now required to formally report what further action we consider necessary. This has resulted in the increase in the number of recommendations raised in this report compared to the report issued in respect of the 2007/08 grants programme.

Significant findings

- 6 In 2008/09, my audit team certified 8 claims with a total value of over £239 million. In line with the Audit Commission's national approach, we carried out a limited review of two claims and a full review of 6 claims. (Paragraph 12 below explains the difference between a limited and full review). We amended 4 of the 6 claims subject to full review. The financial impact of these changes resulted in Wirral Council potentially claiming an additional £571,217 of grant. The majority of this (£566,175) relates to the Council's largest claim which is for Housing and Council Tax Benefit.

- 7 For five out of the total eight claims, we issued a qualification letter to the grant-paying body highlighting instances where the claims audited did not fully comply with the requirements of the certification instructions. We have also set out areas in which we feel the Council could improve its current arrangements in order to maximise the grant claimed and to minimise associated risks. Appendix 1 sets out a full summary of our findings.
- 8 During 2008/09 there has been a significant reduction in the number of claims and returns requiring certification, eight grants compared to 29 in 2007/08 when a significant number of final European Regional Development Fund claims were completed and audited. The total value of grant claims has reduced by £19 million to £239 million compared to £258 million in 2007/08 as the high risk, high value and complex claims remain. Whilst there has been a significant improvement in the timeliness of claims submitted to audit, we have qualified a greater number of claims than the previous year.

Certification fees

- 9 Our planned fee for 2008/09 was £137k, based on the certification of an estimate of ten claims and assuming an effective control environment, good working papers and robust and effective quality assurance. The total fee charged for the certification of eight grant claims and returns for 2008/09 will be around £130k. Scope to reduce fees therefore remains through improvements to the control environment, working papers and quality assurance. The report below highlights areas where improvements can be made.
- 10 Our anticipated fee for 2009/10 was notified to you in March 2009 as £168,035 based on the information available at that time. However, we have now been notified by officers that there will be less claims and our estimate of fees for 2009/10 has now been revised to around £125k for eight claims. Our estimate assumes on-going improvements to the control environment, working papers and quality assurance procedures.

Actions

- 11 Appendix 2 summarises my recommendations. The relevant officers of the Council have already agreed these recommendations and issues have been reported on each individual claim on certification.

Background

- 12 The Council claims over £239 million for specific activities from grant paying departments. As this is significant to the Council's income it is important that this process is properly managed. In particular this means:
- an adequate control environment over each claim and return; and
 - ensuring that the Council can evidence that it has met the conditions attached to each claim.
- 13 I am required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants or subsidies paid by the government departments and public bodies to Wirral Council. I charge a fee to cover the full cost of certifying claims. The fee depends on the amount of work required to certify each claim or return.
- 14 The concept of materiality does not apply to our certification of grants/returns. We are required to report all uncorrected errors and matters arising to the grant paying body regardless of their financial implications to the claim / return. Matters arising can include further background to issues identified during certification and allows the grant paying body to exercise judgement over, for example, eligibility of expenditure or the significance of the issue.
- 15 The Council is responsible for compiling grant claims and returns in accordance with the specific requirements and timescales set by the grant paying departments.
- 16 The key features of the current certification arrangements are as follows.
- For claims and returns below £100,000 the Commission does not make certification arrangements.
 - For claims and returns between £100,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure.
 - For claims and returns over £500,000 auditors assess the control environment for the preparation of the claim or return to decide whether or not they can place reliance on it. Where reliance is placed on the control environment, auditors undertake limited tests to agree from entries to underlying records but do not undertake any testing of the eligibility of expenditure or data. Where reliance cannot be placed on the control environment, auditors undertake all of the tests in the certification instruction and use their assessment of the control environment to inform decisions on the level of testing required. This means that the audit fees for certification work are reduced if the control environment is strong.

- For claims spanning over more than one year, the financial limits above relate to the amount claimed over the entire life of the claim and testing is applied accordingly. The approach impacts on the amount of grants work we carry out, placing more emphasis on the high value claims.
- 17 At Wirral, we issue detailed feedback to the Director of Finance on the outcome of the certification for each claim or return when we send the certified claim to the department. This is in addition to any qualification letter and communicates whether or not reliance was placed on the control environment, whether the claim was amended or qualified, the value of any changes and further actions the Council needs to take to improve. These actions are incorporated into this report as recommendations. Copies of the communication with the Director of Finance, the certified claim and, if applicable the qualification letter, are also sent to the Grants Claim Coordinator.
- 18 The format and structure of this report has changed from previous years to reflect a new national template issued centrally by the Audit Commission. More detail is now provided in the body of the report for individual claims/returns and we are now required to formally report what further action we consider necessary. This has resulted in the increase in the number of recommendations raised in this report compared to the report issued in respect of the 2007/08 grants programme.

Findings

Control environment

- 19** The starting point for our certification work for every grant claim or return whose value is in excess of £500,000 is our assessment of the control environment in place for the preparation and compilation of each claim or return. We consider the risk attached to the claim due to its value and inherent complexity and the how Council mitigates this risk through the control environment. A strong control environment provides the responsible finance officer with assurance that the grant claim or return they sign is accurate and complies with the relevant terms and conditions. Where we are able to place reliance on the control environment for a specific grant claim or return, we reduce the level of testing that we are required to perform.
- 20** The control environment is assessed across five themes.
- Arrangements to ensure claims and returns are completed accurately and in accordance with the scheme terms and conditions.
 - Control arrangements, including internal financial control and internal audit.
 - Quality of authority's supporting working papers.
 - Expertise and relevant knowledge of the preparers, including the adequacy of supervision and review.
 - Cumulative knowledge of the problems associated with compilation of the claim or return.
- 21** In 2008/09 we assessed that the control environment could not be relied upon for six of the eight claims and returns that exceeded £500,000 submitted for certification (75 per cent). The main reasons why we could not place reliance on the control environment were:
- previous record of amendment and/or qualification of the claim/return;
 - insufficient demonstration of controls over payments administered by external third parties;
 - failure to demonstrate how the grant claim/return was compiled and the quality monitoring processes in place; and
 - actual profile of expenditure being inconsistent with expectation.
- 22** We do not assess the control environment in respect of the Housing Benefit and Council Tax subsidy claim on which we are required to carry out extended testing irrespective of the control environment.

Specific claims

- 23** In 2008/09, my audit team certified 8 claims with a total value of over £239 million. In line with the Audit Commission's national approach, we carried out a limited review of two claims and a full review of 6 claims. (Paragraph 12 above explains the difference between a limited and full review). We amended 4 of the 6 claims subject to full review. The financial impact of these changes resulted in Wirral Council claiming an additional £571,217 of grant.
- 24** For five out of the total eight claims, we issued a qualification letter to the grant-paying body highlighting instances where the claims audited did not fully comply with the requirements of the certification instructions. We have also set out areas in which we feel the Council could improve its current arrangements in order to maximise the grant claimed and to minimise associated risks. Appendix 1 sets out a full summary of our findings.
- 25** The results of the 2008/09 programme are summarised in Table 1.

Table 1 Key facts and figures

	2007/08	2008/09
Total number of claims and returns	29	8
Total value of grant claims or returns	£257,614,712	£238,918,959
Number of individual claims above £500,000	22	8
Number of claims where reliance was not placed on control environment	7 (32%)	6 (75%)
Number of claims qualified	4 (14%)	5 (63%)
Number of claims amended	19 (66%)	4 (50%)
Number of claims amended which impacted on amount of grant claimed or value of return	8 (28%)	3 (38%)
Number of claims submitted late to auditor	16 (55%)	3 (38%) ¹
Number of claims certified late by auditor	20 (69%)	4 (50%)
Certification fee	£174,664	£130,000 (approx)
Increase/(decrease) to value of grant claimed arising from certification work	£490,842	£571,217

One of the three claims received late to audit, two were in respect of NWDA single programme claims due to lack of clarity from the NWDA over which forms should have been used.

Findings

Housing benefit and Council Tax benefit subsidy

- 26 The value of the Housing Benefit and Council Tax Benefits subsidy claim in 2008/09 was £131.5 million (£120.1 million in 2007/08). The claim was amended and a qualification letter was necessary.
- 27 Amendments to the claim resulted in an increase of subsidy entitlement of £566,175. Audit amendments totalled £256,740 with the balance attributable to changes identified by the Council following the submission of the claim to DWP and for audit.
- 28 A qualification letter was necessary in respect of the following matters.
- Variances between Headline cells and Reconciliation Cells.
 - The return is sourced from reports provided by the software supplier and shows total values for categories of benefit (eg Rent Allowance) in headline cells. The Council is also required to analyse the elements which make up the total for each category of benefit, again using reports provided by the software supplier. These are totalled in an 'In Year Reconciliation Cell'. The value in the In Year Reconciliation cell should be equal to the value in the headline cell but we found differences between headline cells and reconciliation cells.
 - The Council should require the system supplier to fix this problem.
 - Reconciliation of Amount Paid to Amount Awarded within the HB System.
 - This issue is similar in nature to that identified above in that the Council is required to reconcile benefit paid to benefit awarded using a spreadsheet tool issued by the software supplier. After completing this exercise the Council found a difference of £1,645.
 - The Council consulted the supplier who responded that the variance was likely to be linked to issues on self-netting and local scheme claims. As the variance was only £1,645, the Council did not investigate further.
 - The Council should require the software supplier to fix this problem.
 - Quality Assurance Testing
 - This issue has already been reported to the Council in the Data Quality spotchecks report 2008/09.
 - Unadjusted errors identified during testing of individual cells.
 - Our testing of individual cells identified the following.
 - Backdated Benefits - cases where we found the Council had awarded backdated benefit outside the criteria provided for in the regulations.
 - Modified Schemes - we identified a number of cases where the calculated benefit and the amount included in the claim did not agree. The Council subsequently established that this was caused by a software error and we are advised that the software supplier has corrected the problem for 2009/10.

Recommendations

- R1** Investigate and address for future years the reasons for amendments to the claim having to be made by the Council after submission of the claim to DWP and for audit.
- R2** Liaise with the software supplier to investigate and resolve the difference between:
- the headline cell and the reconciliation cell; and
 - the amount awarded and the amount paid to claimants.

Sure Start, Early Years and Childcare Grant

- 29** The value of this claim in 2008/09 was £10.2 million (£11.1 million in 2007/08). The claim was not amended but a qualification letter was necessary. Reliance was not placed on the control environment and the claim was also submitted late to the Department for Children, Schools and Families (DCSF) and audit.
- 30** Reliance was not placed on the control environment due to the following reasons.
- Quality of working papers, specifically improving the link between the amounts in the claim and supporting documentation.
 - Cumulative auditor knowledge and experience of the claim.
 - Review and quality assurance process during claim preparation.
 - Late submission of the claim.
- 31** The claim was submitted one month late to audit for certification. This was because the general ledger had not been fully closed for the financial year and post year end adjustments were necessary in order to calculate the relevant amounts for the claim.
- 32** The qualification letter was necessary in respect of the following matters:
- Computer software expenditure included in the Main Capital Block
 - The grant claim terms and conditions require that only expenditure on tangible assets may be classified as capital expenditure. Our testing identified £62,000 of expenditure on intangible assets classified as capital expenditure.
 - Information held within the asset register
 - The grant awarding body, in this case the DCSF specifies what records it requires Councils to maintain in respect of grant funded assets. Our testing identified that the Council's asset register did not record all of the necessary information.

Recommendation

- R3** Ensure that the information contained in the asset register satisfies the requirements of the DCSF in respect of the Sure Start, Early Years and Childcare grant

Findings

Recommendation

R4 Review the year end process followed for the production of the Sure Start, Early Years and Childcare grant claim to allow submission to the DCSF and audit by the specified deadline

Teachers pension return

- 33** The value of the Teachers' Pension return in 2008/09 was £22.5 million, (£21.8 million in 2007/08). The claim was not amended but a qualification letter was necessary. Reliance was not placed on the control environment.
- 34** Reliance could not be placed on the control environment for the following reasons:
- The Council were unable to demonstrate how it assures itself that figures passed to it by external payroll providers are accurate and reliable.
- 35** The qualification letter was necessary in respect of the following matters:
- Assurance in respect of third party payroll providers
 - The payroll function for five schools included in the return is not provided by the Council. The total contributory salary in respect of these five schools is £13 million. Our testing identified that the Council had not obtained satisfactory external or internal assurance with respect to the deductions made by these five schools.
 - Opted out teacher
 - Testing identified that for one full time teacher who had been shown as opted out of the scheme, the teacher had never completed an opt out form. At the time of our certification of this return, the teacher was entered into the scheme and the Council was in the process of establishing whether or not this teacher's membership should be backdated.
 - Calculation of strike pay deduction
 - Strike action was taken by teachers in 2008/09 and the appropriate deduction had to be made to their salary. In one case tested, due to non typical changes in the teacher's circumstance, the deduction made was slightly less than it should have been. There was no indication that this was a systemic error.

Recommendation

R5 Review and improve the arrangements in place to ensure completeness and accuracy of the information provided by external payroll providers for inclusion into the Teachers' Pension Return.

Recommendations

- R6** Confirm that for all teachers who are currently treated as having opted out of the Teachers' Pensions scheme there is sufficient documentation to demonstrate that the teacher has formally opted out.
- R7** Confirm and conclude on the decision whether or not backdating of membership is necessary in the case identified during testing of the Teachers' Pension return.

NWDA Single Programme grant

- 36** Two North West Development Agency (NWDA) single programme annual grant claims were certified in 2008/09. The total value of these claims over the lifetime of the projects will be £13 million. In both cases the claim had to be amended and in one case a qualification letter was necessary. Reliance was not placed on the control environment for either claim. Some of the issues raised in respect of the Land Reclamation Programme claim considered in the next section of this report are also relevant to this claim.
- 37** Reliance could not be placed on the control environment for the following reasons.
- Review and quality assurance process during claim preparation.
 - Relevant issues identified in another associated claim.
- 38** Amendments were necessary to correct relatively minor compilation errors. For example, necessary schedules of expenditure had not been completed and the stated amount of approved funding was incorrect. We would have expected these errors to be identified through the quality review process prior to submission of the claims to audit. We have commented on the quality assessment process further on in this report.
- 39** A qualification letter was necessary in respect of the Wirral International Business Park claim, value £2.1 million over the lifetime of the project, in respect of the following matters.
- Documentation to support the award of a contract included within the claim.
 - The principle objective of this scheme is to construct and connect a primary sub-station to provide electricity to the Wirral International Business Park site. We reviewed the award of the construction and connection contract during our testing of this claim. We identified deficiencies in the documentation and audit trail to support the decision making process followed in the award of this contract. There was also no guidance in the Council's Contract Standing Orders in respect of the number of tenders that are expected to be received prior to the award of a contract and the process to follow in instances where only a single tender is received.
 - The qualification of the associated Land Reclamation Programme claim

Findings

- The total value of the primary sub-station is approximately £2.5 million of which £2.1 million is funded through this NWDA claim and the remaining element is funded through the Land Reclamation Programme (LRP) claim (see next section below) and by the European Regional Development Fund (ERDF). As we qualified the LRP claim it was necessary to include reference to this in the qualification letter issued in respect of the NWDA Single Programme claim.

Recommendation

R8 Amend Contract Standing Orders to include specific reference to the number of tenders that the Council expects to receive prior to the award of a contract and the process to follow in instances where only a single tender is received

Land Reclamation Programme grant

- 40** The value of the Land Reclamation Programme (LRP) grant claim was £1.8 million and we had not certified this project previously. The claim was amended and a qualification letter was necessary. Reliance was not placed on the control environment. Some of the issues raised in respect of a NWDA Single Programme claim considered in the previous section of this report are also relevant to this claim.
- 41** Amendments to the claim resulted in a decrease of grant entitlement of £26k. Amendments were also necessary to correct various compilation errors; for example the stated rate of investment was incorrect and not all required information had been recorded in the claim.
- 42** Reliance was not placed on the control environment for the following reasons.
- A formal funding agreement was not provided.
 - Review and quality assurance process during claim preparation.
 - The expenditure profile included in the claim did not agree with the latest communication from English Partnerships.
- 43** A qualification letter was necessary in respect of the following matters.
- Grant funding agreement
 - The Council were unable to provide us with a copy of a detailed funding agreement in respect of this claim and consequently we were unable to confirm that the nature and profile of expenditure included in the claim was originally approved for funding.

- Compliance with Standing Orders
 - Testing identified an overspend of £136k (21 per cent) incurred on a contract awarded for demolition and remedial services included in the claim. The Council's Standing Orders require that a written report is submitted to Cabinet or other relevant regulatory committee to explain the reasons for the contract price exceeding the tender total by the lower of 10 per cent or £50k. No report went to members at the time the overspend was incurred and the report was still outstanding when we certified the claim.
- Primary sub-station expenditure
 - The Council had used approximately £210k of LRP grant to contribute towards the total cost (approximately £2.5 million) of the construction and connection of a primary sub-station. On the basis of the available guidance issued by English Partnerships in respect of the LRP, and in lieu of a formal agreement between the Council and English Partnerships to apply LRP grant towards the cost of the sub-station, we consider that the contribution towards the cost of the sub-station is ineligible for LRP funding.

The issue identified in respect of the award of the sub-station contract outlined in paragraph 35 of this report was also included in the qualification letter for this claim.

Recommendation

R9 Ensure that a written report is submitted to Cabinet or other relevant regulatory committee to explain the contract overspend identified during our testing of the LRP grant claim.

Disabled Facilities grant

- 44** The value of the Disabled Facilities grant in 2008/09 was £1.220 million (£976k in 2007/08). No amendments to this claim or qualification letter were necessary. Reliance was placed on the control environment.

National non-domestic rates return

- 45** The value of the National non-domestic rates (NNDR) return in 2008/09 was £58.647 million (£55.200 million in 2007/08). No amendments to this claim or qualification letter were necessary. Reliance was placed on the control environment.

Quality assurance and grant claim coordination

- 46 The Council has developed good grant claim coordination arrangements which are supported by a Grants Manual. The role and responsibilities of the Grant Claims Coordinator outlined in the Manual represent good practice and, if followed, will ensure an efficient planning process and the timely delivery of certified claims/returns to grant paying bodies. The Grants Claims Coordinator's responsibilities, as set out in the Grants Manual, are to:
- identify new grant schemes for which the Authority may be eligible;
 - train and promote best practice to grant compilers;
 - identify and monitor claims due for submission, and liaise with the Audit Commission regarding claim submissions;
 - 'chase up' late claims with compilers and Departmental Management;
 - review the cashflow advantages of early claims and adjust submission dates accordingly;
 - liaise with Internal Audit regarding audit coverage to ensure systems of control are adequate and effective;
 - circulate Audit Commission Certification Instructions to grant compilers;
 - conduct pre-audit checks to ensure files contain supporting working papers and are suitable for submission to the Audit Commission; and
 - reduce the cost of grant claim audit charges to the Authority and to protect the financial interests of the Authority.
- 47 The majority of claims were submitted to audit on time and this is a significant improvement compared to last year. As noted previously, the Sure Start, Early Years and Childcare grant was submitted a month late and a recommendation has been raised in respect of this. The two NWDA single programme grant claims were also submitted late to audit although this was due to lack of clarity from the NWDA over which forms should have been used.
- 48 Four of the eight claims (50 per cent) required amendment. In respect of three claims, the two NWDA Single Programme claims and the Land Reclamation Programme claims, the required amendments were necessary to correct relatively minor compilation errors that we would have expected to have been identified through the quality assurance process prior to submission of the claims to audit. The quality assurance process needs to involve key officers at each stage of the claim from original compiler through to final signatory. Respective responsibilities need to be set out clearly in the Grants Manual.

- 49 The working papers submitted to support the claims were generally good and provided in a timely manner. However, there is scope to improve the quality of working papers. The audit trail between the claim/return and supporting financial records could be improved with clearer signposting on how data from the general ledger support the entries in the claim/return. In addition, the Council needs to ensure that sufficient documentation exists to support key decisions and judgements made in respect of grant expenditure.

Recommendations

- R10** Review and improve the quality assurance process to reduce the number of compilation errors present in claims submitted to audit. The quality assurance process needs to involve key officers at each stage of the stage from original compiler through to final signatory. Responsibilities for quality assurance should be set out in the Grants Manual.
- R11** For all grant claims and returns, ensure there is an adequate audit trail that clearly supports key decisions and judgements made in respect of grant expenditure and demonstrates how data from the general ledger supports the financial entries in the claim / return

Appendix 1 – Summary of 2008/09 certified claims

Claims and returns above £500,000

Claim	Value £	Adequate control environment	Amended	Qualification letter
Housing and council tax benefit	131,506,000	N/A	Yes	Yes
Sure start, early years and childcare	10,168,586	No	No	Yes
Disabled facilities	1,219,923	Yes	No	No
National non-domestic rate return	58,646,816	Yes	No	No
Teachers pension return	22,544,514	No	No	Yes
NWDA Single programme - Merseyside Waterfront Regional Park	10,914,852	No	Yes	No
NWDA Single programme - Wirral International Business Park	2,128,335	No	Yes	Yes
Land reclamation programme - MOD land	1,789,933	No	Yes	Yes

Claims between £100,000 and £500,000

- 1 No claims between £100,000 and £500,000 were submitted for certification during 2008/09.

Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Claims and Returns Report 2008/09 - Recommendations						
Housing Benefit						
10	R1 Investigate and address for future years the reasons for amendments to the claim having to be made by the Council after submission of the claim to DWP and for audit.	2	Nicky Dixon Finance	Yes	Whilst there is insufficient time from the date the reports are produced and the deadline for submitting the claim to analyse in any depth the cells to ensure subsidy is maximised this is realistically achieved once the claim has been sent. However we will continue to look at whether this is capable of being done in this time slot.	Ongoing
10	R2 Liaise with the software supplier to investigate and resolve the difference between: <ul style="list-style-type: none"> the headline cell and the reconciliation cell the amount awarded and the amount paid to claimants. 	1	Nicky Dixon Finance	Yes	Whilst the supplier strives to ensure relevant transactions are included in the calculation of both the headline cell and the in year reconciliation cells discrepancies between these, the amount awarded and the amount paid are not always easily identifiable. The level of further investigation and resources employed depend on the significance of the value and we continue to work to minimise these along with the other 100+ local authority users of this system.	Ongoing

Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Sure Start, Early Years and Childcare						
10	R3 Ensure that the information contained in the asset register satisfies the requirements of the DCSF in respect of the Sure Start, Early Years and Childcare grant.	1	Jenny Harris Children's	Yes	New systems have been devised to now incorporate an inventory list and an asset register for items over £2,500 which follows the DCSF guidance.	March 2010
11	R4 Review the year end process followed for the production of the Sure Start, Early Years and Childcare grant claim to allow submission to the DCSF and audit by the specified deadline.	2	Jenny Harris Children's	Yes	Procedures amended to enable a copy of the annual financial statement to be available by the deadline set.	March 2010
Teachers' Pension Return						
11	R5 Review and improve the arrangements in place to ensure completeness and accuracy of the information provided by external payroll providers for inclusion into the Teachers' Pension Return.	3	Pete Hughes Finance	Yes	Action plan to TP 4 March 2010 outlined the additional reports and checks in respect of these schools. Internal Audit will assist with the collection of this data.	March 2010
12	R6 Confirm that for all teachers who are currently treated as having opted out of the Teachers' Pensions scheme there is sufficient documentation to demonstrate that the teacher has formally opted out.	2	Pete Hughes Finance	Yes	HR/Payroll controls are in place and a review has been undertaken which identify this as a 'one-off' occurrence.	March 2010
12	R7 Confirm and conclude on the decision whether or not backdating of membership is necessary in the case identified during testing of the Teachers' Pension return.	2	Pete Hughes Finance	Yes	Teacher is now in the scheme and has agreed to pay retrospective arrears. TP have been notified.	March 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
NWDA Single Programme and Land Reclamation Programme						
13	R8 Amend Contract Standing Orders to include specific reference to the number of tenders that the Council expects to receive prior to the award of a contract and the process to follow in instances where only a single tender is received.	3	Ray Williams Finance	Yes	A review of the Council's Standing Orders procedures is underway.	May 2010
14	R9 Ensure that a written report is submitted to Cabinet or other relevant regulatory committee to explain the contract overspend identified during our testing of the LRP grant claim.	3	Ray Squire Regeneration	Yes	A report had been prepared but was awaiting completion of the scheme before a report was presented to Cabinet.	May 2010
Quality assurance and grant claim coordination						
16	R10 Review and improve the quality assurance process to reduce the number of compilation errors present in claims submitted to audit. The quality assurance process needs to involve key officers at each stage of the stage from original compiler through to final signatory. Responsibilities for quality assurance should be set out in the Grants Manual.	2	Project Officer Claim Compiler Grants Co-ordinator	Yes	Additional training/support for Project Officers and Claim Compilers is regularly provided and will further raise the profile of these issues as well as making the amendments to the Grants Manual.	Ongoing

Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
16	R11 For all grant claims and returns, ensure there is an adequate audit trail that clearly supports key decisions and judgements made in respect of grant expenditure and demonstrates how data from the general ledger supports the financial entries in the claim/return	2	Project Officer Claim Compiler	Yes	Additional training/support for Project Officers and Claim Compilers is regularly provided and will further raise the profile of these issues.	Ongoing

The Audit Commission

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