

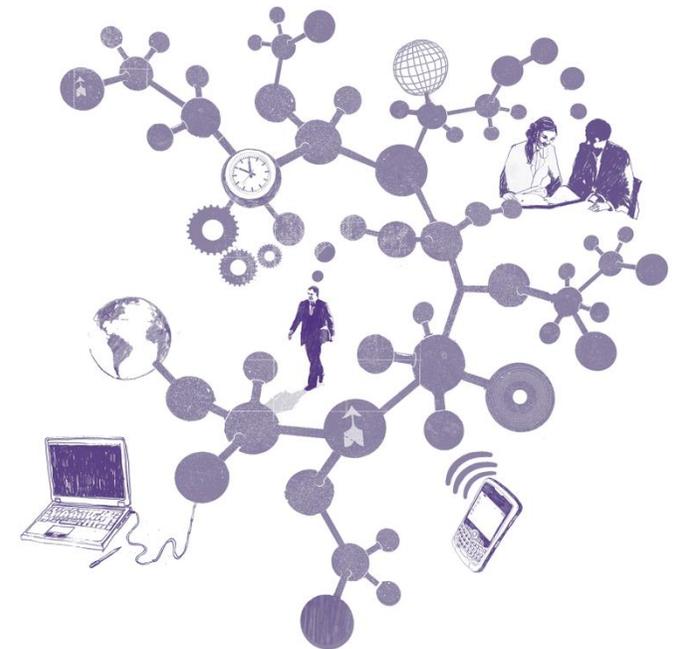
# Certification report 2012/13 for Wirral Council

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**Year ended 31 March 2013**  
**16 January 2014**

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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 claims and returns submitted by Wirral 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 3 claims and returns for the financial year 2012/13 relating to expenditure of £252 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 on 19 October 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 opposite 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>	Two of the three claims were submitted on time. The Teachers Pensions return was delayed due to the introduction of the tier level contribution data required for the return. All claims were certified within the deadlines.	●
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	All three claims were subject to amendment and qualification letters were issued for the Teachers Pensions and Housing Benefit returns. The Housing Benefit return was amended for an increase of £66,951 payable and the Teachers Pensions return for a decrease of £3,720 payable. The National Non Domestic Rate return was amended for a disclosure within memorandum items.  Key messages are set out in detail within the significant findings on page 7.	●
<b>Supporting working papers</b>	Working papers for National Non Domestic Rate return and Teachers Pensions return were satisfactory, with evidence on file of quality assurance processes. Support from Housing Benefit staff combined with timely receipt of information enabled the certification process to proceed in an efficient manner.	●

## **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**  
**16 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 3 claims and returns for the financial year 2012/13 relating to expenditure of £252 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%	2	67	3	100	↓
Claims certified on time	100%	3	100	3	100	↔
Claims certified with amendment	0%	3	100	3	100	↔
Claims certified with qualification	0%	2	67	1	33	↓

This analysis of performance shows that:

- One claim was submitted late for audit, this was due to the introduction of the new tier contribution data required for the Teachers Pensions return.
- All claims were certified on time with amendment.
- Two claims were certified with a qualification letter.

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:

### Certification of Housing Benefit BEN01

Backdating errors continue to be an issue for further consideration by the Wirral MBC Benefits Quality Assurance team. Every error we found in this area related to cases with underlying liability for the period incorrectly marked as 'backdated'.

Other errors were found within the return relating to minor income calculations and applicable amounts not matching information provided, and the classification of overpayments particularly where there was no underlying liability.

Following submission of the return, there were a number of manual adjustments proposed by the Housing Benefits staff to amend the incorrect system classification split between 'normal' and 'exceeding cap' expenditure on Non-HRA Board & Lodgings and Non-HRA leased properties.

The overall effect of the amendments increased the value of the return by £66,951 from £169,672,885 to £169,739,836.

### Certification of National Non Domestic Rate Return NNDR3

A reconciling adjustment of £26,718.01 was identified during the audit relating to timing difference between the Academy and Oracle systems, we understand this amount will be written off this year.

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# Results of our certification work

## **Teachers Pension Return EOYCd/Feb 2013**

Our testing identified that the Authority performs basic ratio checking of figures provided by payroll providers. The authority does not receive the audited statements of the payroll providers which is recommended within the certification instruction to provide assurance on the accuracy of the figures provided.

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 £42,600.

# Appendices

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
National Non-Domestic Rates Return – NNDR3	£64,913,051.89	Yes	Nil	No	Small amendment to the number of empty hereditaments with a rateable value of less than £2600, this had no financial impact on the return.
Teachers Pensions Return – EOYCd/Feb 2013	£17,419,987.95	Yes	£3,720	Yes	Amendment on the additional pension payments cell.
Housing Benefit and Council Tax Benefit Subsidy Return – MPF720A	£169,739,836.00	Yes	£66,951	Yes	Amendment on the total subsidy claimed cell.

## Appendix B: Action plan – Wirral grant claims and returns 2012/13

### Priority

**High** - Significant effect on arrangements

**Medium** – Some effect on arrangements

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	National Non Domestic Rates NNDR3 – consider the £26,718.01 reconciling difference between Academy and Oracle and write-off as appropriate.	Medium	Timing of the job runs caused the discrepancy so no actual Write Off required. Restructuring future runs to prevent a repeat.	March 2014 Neil Powell Revenues Manager
2	Teachers Pensions PEN05 – obtain audited statements for payroll providers to provide assurance over the accuracy of information provided.	Low	There will be a request for audit statements from both Mosslands & Wallasey schools as part of the 2013/14 end of year certification process.	April to August 2014. Peter Hughes Tax Compliance Manager
3	Housing Benefits BEN01 – to enable effective S151 officer signing of the authority certificate, adjustments from systems and quality assurance should be checked and verified by benefits staff prior to submission of the claim.	High	Timescales are an issue. The subsidy reports were run on 20 <sup>th</sup> April and the claim submission deadline was 30 <sup>th</sup> April. Whilst every effort is made to undertake proactive work ,adjustments can be complex and it is inevitable some will be made following the claim submission.	Quality assurance will continue with the processing of summer 2014. Nicky Dixon – Housing Benefits Manager Diane Eusoo –Operational Manager

## Appendix B: Action plan – Wirral grant claims and returns 2012/13

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**Medium** – Some effect on arrangements

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Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	Housing Benefits BEN01 – errors in backdating and income calculation were repeated from previous years. The Authority's internal quality assurance should continue to focus on these areas.	Medium	Reduced resources in the QA team mean they are less able to focus on specific areas. Checks on income and backdating can now only form part of the usual sample checks. In a corresponding manner reduced resources in the processing teams coupled with increasing workloads presents increased risk of error. For 2012/13 the re-classifications related to backdating did not result in loss of subsidy as there was continuous entitlement.	Quality assurance takes place through out year as processing of claims takes place.  Nicky Dixon – Housing Benefits Manager Diane Eusoof –Operational Manager
5	Housing Benefits BEN01 – classification of technical overpayments where there is no underlying liability, particularly in relation to Council Tax benefit, should be reviewed prior to submission of the claim.	Medium	This will not be an issue next year as the scheme has been replaced by the local Council Tax Reduction Scheme and so there is no overpaid benefit.	Not applicable – see comments in Management response



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