



Certification report 2013/14 for Manchester City Council

Year ended 31 March 2014

January 2015

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Section 1: Summary of findings

01. Summary of findings

We have certified one claim and one return for 2013/14, with a combined value of £278 million. Whilst amendments and a qualification were necessary, these were of a relatively minor nature and we have been able to propose a reduction in our fees.

Summary of findings

Introduction

We certify certain claims and returns submitted by Manchester City Council ('the Council') under Audit Commission framework arrangements. Auditor certification typically takes place six to nine months after the claim or return period, and represents a final but important part of the process to confirm the Council's entitlement to funding and the accuracy of returns.

We have certified the Council's Housing Benefit Subsidy claim ('the claim') and Pooling of Housing Capital Receipts return ('the return') for the financial year 2013/14, relating to a total value of £278 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to the more significant matters arising during our work.

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 March 2014.

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.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	The claim and return requiring audit certification for 2013/14 were submitted for audit on time, representing an improvement in performance on 2012/13.	● Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Council identified that minor amendments were required to the claim and to the return following submission for audit. The necessary amendments were made in good time to allow audit certification deadlines to be met. The claim was certified subject to qualification, as we identified an unexplained reconciling difference of £4,494 between housing benefits granted and reported on the claim form and benefits granted as reported in the Housing Benefits system reconciliation. In reaching a 'RAG' rating, we have taken into account the overall value of the claim, £276 million, and the fact that no other matters arose during the audit.	● Green
Supporting working papers	The Council's 2013/14 claim and return were supported by good quality working papers. Where additional working papers were required these were provided promptly, contributing to the completion of our certification work within deadlines.	● Green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Manchester City Council is based on final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the National Non-Domestic Rates return) have been removed. The fees for certification of Housing Benefit Subsidy claims were reduced by 12%, to reflect the removal of Council Tax Benefit from the scheme. This is set out in more detail in Appendix B.

The indicative certification fee for Manchester City Council for 2013/14 was £21,128. We are pleased to report that we have submitted fee variation forms to the Audit Commission to reflect a reduction in the volume of certification work required for 2013/14. The final fee proposal for 2013/14 is £16,550, a 22% reduction on the indicative fee. This proposal remains subject to approval by the Audit Commission.

The way forward

We have discussed the matters arising from our work with officers and are satisfied that appropriate actions are being taken to minimise the risk of similar amendments and qualifications being required in future years. 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 Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
January 2015

Appendices

Appendix A: Details of claims and returns certified for 2013/14

Claim or return	Value (£m)	Amended?	Amendment (£)	Qualified?	Comments
Housing Benefit Subsidy claim	276.0	Yes	NIL – an amendment to data reported in the claim was made which had no impact on the amount of subsidy claimed by the Council.	Yes	<p>We qualified the Council's 2013/14 Housing Benefit Subsidy claim form due to an unexplained reconciling difference of £4,494 between total non-HRA rent rebates reported on the claim form, and the amount granted as reported in the Housing Benefit system supplier's reconciliation.</p> <p>Since we certified the claim form on 27 November 2014, we understand that officers have identified the cause of approximately £3,000 of the above difference. We will continue to liaise with officers in relation to further audit assurance that may be required by the Department for Work and Pensions, and in relation to any implications for the Council's 2014/15 claim form.</p>
Pooling of Housing Capital Receipts return	1.9	Yes	Capital receipts amounting to £30,550 were initially recorded as relating to quarter 4 of 2013/14 and an amendment was made to reclassify these receipts to quarter 3. The impact of the reclassification on the amount due to the pool was negligible.	No	<p>The amendment required to the 2013/14 return was identified by Council officers following submission of the return for audit.</p> <p>We are satisfied that officers are aware of the importance of the timely reporting of Housing capital receipts to ensure the accuracy of pooling returns.</p>

Appendix B: Fees

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing Benefits Subsidy claim	17,100	18,480	15,500*	-1,600	The Council's indicative fee was based on the actual fee for the audit of the 2011/12 claim. We needed to undertake additional "40 plus" testing in 2011/12, which was not the case for 2013/14. The reduction in fee compared to 2012/13 primarily reflects the removal of Council Tax Benefit, with a resultant reduction in the volume of audit work required.
Pooling Housing Capital Receipts return	2,877	2,648	1,050*	-1,827	We undertook Audit Commission Certification Instruction Part 'A' and 'B' tests for 2012/13 and, following an assessment of the control environment for preparation of this return, applied only Part 'A' testing for 2013/14, reducing the volume of work required and hence the fee payable by the Council.
National Non-Domestic Rates return	1,663	N/a	N/a	N/a	Auditor certification of the National Non-Domestic Rates return (NNDR3) is no longer required.
Teachers' Pensions return	2,594	N/a	N/a	N/a	The Council's Teachers' Pensions return is no longer subject to certification under Audit Commission arrangements. We have undertaken work leading to the provision of a 'reasonable assurance report' on the Council's 2013/14 return and will report separately on this work.
Total	24,234	21,128	16,550	-3,427	

* 2013/14 fees remain subject to the approval of the Audit Commission.



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