



# Grant Thornton

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Dear Jayne

## **Certification work for Bromsgrove District Council for year ended 31 March 2014**

We are required to certify certain claims and returns submitted by Bromsgrove District 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.

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.

We have certified one claim, the Housing Benefits subsidy, for the financial year 2013/14 relating to expenditure of £16 million. Further details are set out in Appendix A.

The indicative fee for 2013/14 for the Council should be based on the 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 have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2013/14 is £3,872. We consider that there is an error in the indicative fee stated by the Audit Commission, because it is out of line with the fee it has set in both 2012/13 and 2014/15. We have highlighted this to the Audit Commission. This is set out in more detail below and in Appendix B.

### **Housing Benefits Subsidy**

The claim was amended by £9,580 and was qualified. The qualification letter provides detail of the errors identified and the extrapolated impact.

We identified an unusually high number errors (17 cases) in cell 114 eligible over payments, where expenditure should have been reflected in a lower value subsidy cell. Officers understand the reason for the errors and we are told have measures in hand to address the issue for the 2014/15 subsidy. It will be for the Department of Work and Pensions to determine whether claimed subsidy for 2013/14 will be adjusted for the extrapolation.

#### **Chartered Accountants**

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Benefit subsidy is a relatively complex area and the amount of testing that we are required to undertake is extensive. In addition to the matter reported above, there were a number of other issues encountered in conducting the audit and so the amount of time we spent was greater than expected. We have provided some detailed feedback to your team on areas of improvement and an action plan has been agreed. As a result of the additional work we are proposing a fee variation. This has been discussed and agreed with your officers as reasonable in view of the additional work required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Z Thomas', written in a cursive style.

Zoe Thomas  
For Grant Thornton UK LLP

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

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	16,016,285	Y	9,580	Y	<p>We identified an unusually large number of errors on Cell 114, where expenditure should have been included in another cell with a lower subsidy rate.</p> <p>Improvements to working papers to support the subsidy audit have been discussed with officers and we will provide further training in the Summer.</p>

Appendix B: Fees for 2013/14 certification work

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance (£)	Explanation for variances
eg. Housing benefits subsidy claim (BEN01)	11,430	3,872	not greater than 11,685	7,813	Inappropriate indicative fee set and additional work required.
National non-domestic rates return (NNDR3)	1,870	N/a	N/a		No requirement to certify this return in 2013/14
Total	13,300	3,872	not greater than 11,685	7,813	

