

# Certification report 2013/14 for Tamworth Borough Council

Year ended 31 March 2014

January 2015

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Agenda Item 5

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## Section 1: Summary of findings

### 01. Summary of findings

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The Council continues to have good arrangements in place for the compilation and submission of its claims and returns.

# Summary of findings

## Introduction

We are required to certify certain claims and returns submitted by Tamworth 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 two claims and returns for the financial year 2013/14 relating to expenditure of £23.8 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 27 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 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>	The Council continues to have good arrangements in place for the submission and certification of claims and returns	●
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	The Housing Benefits claim was amended by £179.00 and subject to qualification. The impact of the qualification is an estimated reduction in subsidy of £7,345. This is less than half of one percent of the value of the claim.	●
<b>Supporting working papers</b>	Detailed working papers were again provided. Officers again responded promptly to our queries. The Benefits Manager undertook detailed testing of cases from the Benefits claim which was then reviewed by us for accuracy.	●

## Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Tamworth Borough 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 indicative fees for certification of housing benefit subsidy claims were later reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix B.

Our testing of the housing benefit claim in 2013/14 identified two errors resulting in further ("40+") testing being required on two cells on the return. No further errors were found on completion of the testing of the additional 80 cases. We did not undertake "40+" testing in 2011/12, and therefore this additional work resulted in additional cost.. As a result of this, we are discussing a variation to the scale fee with the Audit Commission of an additional £1,500 to reflect the further work required.

## The way forward

The Council should continue with the good arrangements it has in:

- submitting claims and returns
- providing detailed working papers to us
- responding promptly to our queries.

This will reduce the potential risk of penalties for late submission, and 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.

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**January 2015**

# Appendices

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefit subsidy claim	£21,865,311	Yes	-£179.00	Yes	<p>The qualification arose because we were unable to certify that the claim was fairly stated due to two errors found. We would be required to test every claim to quantify the error and amend the claim. We are therefore required to extrapolate the errors using a formula provided by DWP to estimate the impact on subsidy. The estimated impact is £7,345 which is less than one half of a percent of the total subsidy claimed.</p> <p>These are very insignificant findings compared to the case load and value of errors found compared to total subsidy claimed.</p>
Capital receipts return	£1,944,279	No	n/a	No	N/a

## 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	17,760	13,932	15,432*	-£2,328	This reflects the removal of the requirement to certify subsidy relating to council tax benefit as this was abolished this year.
Capital receipts return	1,487	568	568	-£919	We were not required to undertake the full programme of detailed testing this year. (Last year the value of the return triggered the need to do full testing; this is required once every three years).
National non domestic rates	600	0	0	-£600	We are no longer required to certify this claim
<b>Total</b>	<b>£19,847</b>	<b>£14,500</b>	<b>£16,000</b>	<b>-£3,847</b>	

- \* The original total indicative fee for our certification work was £16,400. The Audit Commission's original indicative fee for the certification of the housing benefits subsidy claim was £15,832. The Audit Commission subsequently revised this to £13,932 as the council tax benefit was abolished. The indicative fee was based on 2011/12 when we were not required to undertake additional ("40+") testing. This year "40+" testing was required in two areas. Therefore a fee variation was required to reflect the additional work required compared to 2011/12. This results in total fee of £15,432. This additional fee is currently awaiting Audit Commission authorisation.





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