

Jayne Pickering
Director of Finance and Resources
Redditch Borough Council
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Redditch

9 January 2015

Dear Jayne

Grant Thornton UK LLP
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Certification work for Redditch Borough Council for year ended 31 March 2014

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

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 two claims and returns for the financial year 2013/14 relating to expenditure of £27,223,811.

Capital receipts return

This claim was certified without amendment and no qualification letter was issued. There are no matters of concern arising from the audit. However, we expect to be billing more for the audit than stated in our audit plan. The certification instruction refers to 'part a' minimum testing and extended 'part b' testing. Part 'b' testing is undertaken where we consider that there may be some weakness in controls, otherwise once every 3 years. This is the third year of the cycle and therefore 'part b' testing was completed. The additional fee has been agreed with your officers but has yet to be approved by the Audit Commission. The fee will reduce again next year, reflecting testing for 'part a' only. See Appendix B for detail of fee.

Housing Benefits Subsidy

The claim was amended by £944 and the claim was also qualified. The qualification letter provides detail of the errors identified and the extrapolated impact. Whilst errors were identified in our testing, the extrapolated impact on the subsidy claimed was relatively insignificant in relation to the value of the claim.

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. There were a number of issues encountered in conducting the audit and as a result 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 greater than the indicative fee in the audit plan. The need for an additional fee has been accepted and agreed by your officers, but has yet to be approved by the Audit Commission. See Appendix B for further detail.

Overall we are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification, although improvements need to be made around supporting the audit process.

The indicative fee for 2013/14 for the Council is 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 £12,298 This is set out in more detail in Appendix B.

Yours sincerely

Zoe Thomas
Audit Manager
For Grant Thornton UK LLP

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

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	24,972,388	Y	944	Y	errors were found on several individual claims and these have been reported in detail in the qualification letter issued to the DWP on 27 November 2014.
Pooling of Housing Capital Receipts	2,251,423	N	N/a	N	part a and b testing completed this year – no issues arising.

Appendix B: Fees for 2013/14 certification work

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Maximum Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	15,569	11,752	no greater than 14,038	2,286	additional work required to complete the audit due to inadequate working papers
Pooling of housing capital receipts	256	546	no greater than 1,403	857	part 'a' and 'b' testing required this year.
National non-domestic rates return (NNDR3)	1,221	N/a	N/a		no requirement to certify this return in 2013/14
Total	17,046	12,298	No greater than 15,441	3,143	fee variations yet to be approved by the Audit Commission.