

**Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
Shropshire
SY2 6ND**

10th February 2017

Dear James,

Certification work for Shropshire Council for year ended 31 March 2016

We are required to certify the Housing Benefit Subsidy claim submitted by Shropshire 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 this certification in 2015/16 were prescribed by the Audit Commission which agreed the scope of the work with the Department for Work and Pensions, and issued auditors with a Certification Instruction (CI) for each specific claim or return. The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

In addition to the housing benefit subsidy claim we have certified two other claims and returns for the financial year 2015/16 where we were directly appointed by the Council. Further details of the claims certified are set out in Appendix A.

There were no issues arising from our certification work which we wish to specifically highlight for your attention. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification. We are satisfied that any recommendations raised in previous years have been addressed.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 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 under the Audit Commission regime (such as the national non-domestic rates return, teachers pensions return and pooling housing capital receipts return) have been removed. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £13,945. This is set out in more detail in Appendix B.

In addition, certification of grant claims outside of the audit commission regime, for which assurance is still required has been commissioned directly by the council, The fees charged for the two claims totals £6,975. Fees and the claims certified are set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£69,170,402	Yes	£4,807	Yes	Qualification Letter appended setting out basis of qualification, see appendix C.
Pooling of Housing Capital Receipts	£1,717,813.73	No	N/A	No	No issues noted
Teachers' Pensions	£13,160,746	No	N/A	No	<p>We identified trivial differences between the total pensionable pay multiplied by the employer's contribution rate and the total employer's contribution.</p> <p>A number of minor amendments were made to the return subsequent to the original document being submitted to us for audit. The Council was not able to provide evidence to support these amendments.</p> <p>The value of these differences and amendments were trivial. We therefore certified this claim.</p>

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£) (2013/14 to 2014/15)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£18,593	£13,945	£13,945	£(4,648)	25% national saving provided by PSAA
Teacher's Pensions	£4,200	£4,200	£4,200	£nil	
Pooling of housing capital receipts	£807	£2,775	£2,775	£1,968	Part A & B Testing required. Fee in line with previous year with no increase.
Total	£23,600	£20,920	£20,920	£(2,680)	

Appendix C: Housing Benefits Qualification letter

Our Ref: GT/Shropshire/2015-16/BEN01
Your Ref: MPF720A

Department for Work and Pensions
Housing Benefit Unit
Room B120D
Warbreck House
Blackpool
Lancashire
FY2 0UZ

28th November 2016

Dear Sir / Madam

Shropshire Council

**Housing benefit subsidy claim for the year ended 31 March 2016 (Form MPF720A)
Qualification Letter referred to in the Auditor's Certificate dated 28th November
2016**

Details of the matters giving rise to our qualification of the above claim are set out in the Appendix to this letter.

The factual content of our qualification has been agreed with officers of the Council.

No amendments have been made to the claim for the issues raised in this qualification letter.

Yours faithfully

For Grant Thornton UK LLP

Qualification

Cell 055 – Rent Rebates (Tenants of HRA Properties) - Total expenditure (Benefit granted)

Cell Total: £10,273,434

Cell Total £1,400,132 – sub population (Tax Credits)

Cell Population: 2959 cases

Cell Population: 498 cases – sub population (Tax Credits)

Headline Cell: £10,273,434

An issue was identified and reported in the 2014/15 qualification letter, affecting this cell on the claim. Incorrect tax credit used in the calculation of benefit entitlement. Testing of the initial sample in 15/16 did not identify any errors of this kind.

In agreement with the Council an additional sample of 40 cell 055 cases was selected for testing from the subpopulation of 055 for which claimants were in receipt of tax credits. This additional testing identified:

- 1 case where the Council had used the wrong amount of Child tax credit and Working tax credit in assessing claimant entitlement creating an overpayment of £3. This has been included in the extrapolation below. As a result of this error Cell 061 is overstated by £3 and Cell 065 is understated by £36, the headline cell is not affected.
- 1 case where the Council had used the wrong amount of Child tax credit and Working tax credit in assessing claimant entitlement creating an underpayment of £3. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy purposes.

The results of our testing is out in the table below:

Sample	Movement / brief note of error:	Original cell total: sub population (Claims with Tax Credit)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:	Revised Cell total if Cell adjustment applied
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	
Initial sample – 1 case	Incorrect Tax Credits	£1,400,132	(£nil)	£1,009			
Additional sample - 40 cases	Incorrect Tax Credits	£1,400,132	(£3)	£95,975			
Combined sample 41 cases	Combined – Incorrect Tax Credits	£1,400,132	(£3)	£96,984	(0.003%)	(£42)	
Adjustment	Combined sample - Cell 061 is overstated	£1,400,132	(£3)	£96,984	(0.003%)	(£42)	
Total Corresponding adjustment	Total understatement of Cell 065					(£42)	

The percentage error rate in our sample reflects the individual cases selected. Error found was £3. The benefit period of the errors was 2 weeks.

Given the nature of the population and the variation in the error found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated. We identified similar errors in the previous year.

Cell 094 Rent Allowances – Total expenditure (Benefit granted)

Cell Total: £58,699,137

Cell Total £11,871,775 – sub population (Earnings)

Cell Population: 16,276 cases

Cell Population: 4,363 cases – sub population (Earnings)

Headline Cell: £58,699,137

An issue was identified and reported in the 2014/15 qualification letter, affecting this cell on the claim. Incorrect earning from employment used in the calculation of benefit entitlement. Testing of the initial sample in 15/16 did not identify any errors of this kind.

Given the nature of the population and the errors found in the prior year, a sample of 40 cases from cell 094 where the assessment of benefit entitlement included earnings from employment was selected for testing from the subpopulation of earnings cases (worth a total of £100,909.46). This additional testing identified:

- 2 cases where the Council had incorrectly input earnings resulting in an underpayment totalling £65. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect subsidy and has not, therefore, been classified as errors for subsidy purposes.
- 5 cases where the Council had incorrectly input earnings resulting in an overpayment totalling £393. This has been included in the extrapolation below. As a result of this error Cell 102 is overstated by £196, Cell 103 is overstated by £197 and Cell 113 is understated by £393, the headline cell is not affected.

The results of our testing is out in the table below:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:	Revised Cell total if Cell adjustment applied
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	
Initial sample – 6 cases	Incorrect Income Calculation	£11,871,775	(£nil)	£12,251.55			
CAKE sample – 40 cases	Incorrect Income Calculation	£11,871,775	(£393)	£100,909.46			
Combined sample - 46 cases	Combined – Incorrect Income Calculation	£11,871,775	(£393)	£113,161	(0.35%)	(£41,230)	

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:	Revised Cell total if Cell adjustment applied
Adjustment:	Combined sample – Cell 102 is overstated	£11,871,775	(£196)	£113,161	(0.17%)	(£20,562)	
	Combined sample – Cell 103 is overstated	£11,871,775	(£197)	£113,161	(0.18%)	(£20,668)	
Total corresponding adjustment	Total understatement of Cell 113					(£41,230)	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found ranged from £6 to £135 and the benefit periods from 1 to 5 weeks. Similar errors were reported in my qualification letter in the previous year.

Given the nature of the population and the variation in the error found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated. Similar findings have been included in our qualification letters for the last 3 years.

Cell 094 Rent Allowances – Total expenditure (Benefit granted)

Cell Total: £58,699,137

Cell Total £2,771,042 – sub population (Occupational Pension)

Cell Population: 16,276 cases

Cell Population: 1,037 cases – sub population (Occupational Pension)

Headline Cell: £58,699,137

An issue was identified and reported in the 2014/15 qualification letter, affecting this cell on the claim. Incorrect occupational pension used in the calculation of benefit entitlement. Testing of the initial sample in 15/16 did not identify any errors of this kind.

In agreement with the Council an additional sample of 40 cell 094 cases was selected for testing (total value £111,897) from the subpopulation of 094 for which claimants were in receipt of occupational pensions. This additional testing identified:

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- One cases where the Council had incorrectly input occupational pension of the Claimant resulting in overpayment totalling £1, this has been included in the extrapolation below. As a result of this error cell 102 is overstated by £1 and cell 113 is understated by £1, the headline cell is not affected.
- One case where the Council had incorrectly input occupational pension of the Claimant resulting in underpayment totalling £114. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy purposes.

The results of our testing is out in the table below:

Sample	Movement / brief note of error:	Original cell total: sub population (claims with Occupational Pension)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:	Revised Cell total if Cell adjustment applied
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	
Initial sample – 3 cases	Incorrect Occupational pension cell 094	£2,771,042	(£nil)	£7523.12			
CAKE sample – 40 cases	Incorrect Occupational pension cell 094	£2,771,042	(£1)	£111,897			
Combined sample - 43 cases	Incorrect Occupational pension cell 094	£2,771,042	(£1)	£119,420	(0.001%)	(£23)	
Corresponding adjustment:	Combined sample – Cell 102 is overstated	£2,771,042	(£1)	£119,420	(0.001%)	(£23)	
Total corresponding adjustment	Total understatement of Cell 113					(£23)	

The percentage error rate in our sample reflects the individual cases selected. The value of the error found £103 and the benefit periods for 4 weeks. This is the second year that these errors have been reported within my qualification letter.

Given the nature of the population and the variation in the error found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Observations

We have no observations to report