

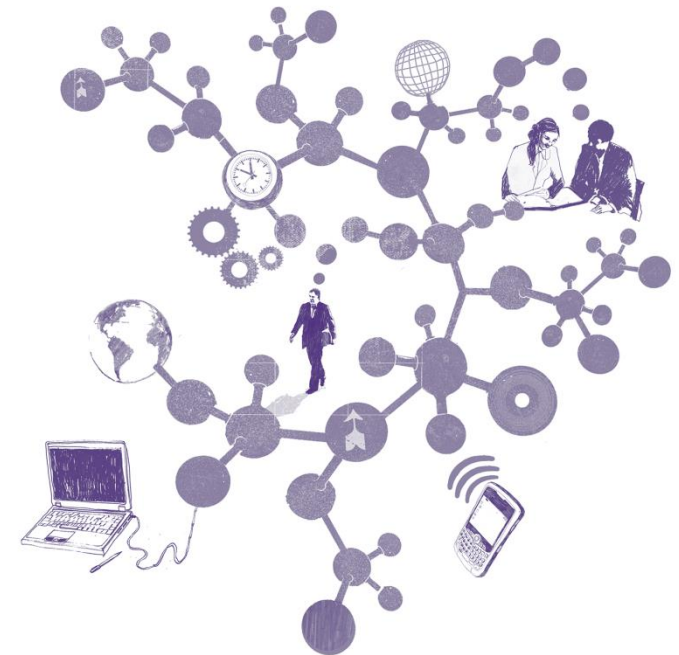
Certification report 2013/14 for Shropshire Council

Year ended 31 March 2014

January 2015

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Section 1: Summary of findings

01. Summary of findings

The Council submitted two grant claims through the Audit Commission regime. These were both completed by the deadline and the staff engaged well with the audit process.

The Council has undertaken further work which is currently being considered by the DWP to inform the level of housing subsidy it will receive for 2013/14.

Summary of findings

Introduction

We are required to certify certain claims and returns 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.

We have certified two claims and returns for the financial year 2013/14 relating to expenditure of £72.373 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 in June 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
Submission & certification	All claims were submitted for audit and certified in line with the relevant timescales	 Green
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	No amendments were required to the Pooling of Housing Capital Receipts claim. Amendments were made to the Housing Benefit Subsidy Claim. Our work also identified errors and uncertainties which required reporting to the Department for Work and Pensions in a qualification letter.	 Amber
Supporting working papers	The Council provided excellent working papers to support the claims and all staff fully participated in the audit process.	 Green

Certification fees

The indicative certification fee set by the Audit Commission for 2013/14 for Shropshire 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 per cent, to reflect the removal of council tax benefit from the scheme. This is set out in more detail in Appendix C.

The way forward

We set out recommendations to address the key messages above and other findings arising from our certification work at Appendix B. The Council should consider the reduction in permanent staffing levels within the department against the level of errors identified.

Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. 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 the 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	Amended?	Amendment (£)	Qualified?	Comments
Housing Benefit Subsidy claim (BEN01)	£70.800 million	Yes	(798)	Yes	<p>A number of errors were identified and reported to the DWP by the certification deadline of 28 November 2014. The extrapolated impact of these errors would have taken the Council above their Local Authority and Admin error threshold, potentially resulting in a reduction in subsidy of £0.37 million.</p> <p>We worked with officers to identify a way forward and reduce the financial impact of these errors. The Council undertook 100% testing on a sub-population of cases impacted by Social Sector Size criteria rules. The results of this work were reported to the DWP by 19th December 2014.</p> <p>This work has resulted in the cumulative impact of the extrapolations on the Local Authority error threshold falling below the limit. This has reduced the financial impact on subsidy to £24,587 subject to agreement with DWP. Details of this testing will be reported to the Audit Committee separately.</p>
Pooling of Housing Capital Receipts return (CFB06)	£1.573 million	No	N/A	No	Standard testing was undertaken

Appendix B: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Review staff resources for processing Housing Benefit claims, balancing the number of staff and experience within the team against the use of temporary staff and level of errors identified	Medium		February 2015 Head of Revenues and Benefits
2	Improve processing times to reduce the level of Local Authority error overpayments and ensure that the Council remains below the threshold as set by DWP	High		February 2015 Head of Revenues and Benefits

Appendix C: Fees

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance year on year (£)	Explanation for significant variances
Housing Benefit Subsidy claim (BEN01)	17,430	18,593	18,593	1,163	Additional work required as a result of errors identified in 2012/13 as required by the DWP and built into the fee set by the Audit Commission.
Pooling of Housing Capital Receipts return (CFB06)	1,460	807	807	(653)	Reduced work required from cyclical approach to detailed testing. Only Part A undertaken in 2013/14 whereas Part A&B undertaken in 2012/13.
Total	18,890	19,400	19,400	510	



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