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Dear Paul

Certification work for Cheltenham Borough Council for year ended 31 March 2016

We are required to certify the Housing Benefit subsidy claim submitted by Cheltenham 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.

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

We have certified the Housing Benefit subsidy claim for the financial year 2015/16 relating to expenditure of £31.706 million. Further details of the claims certified are set out in Appendix A.

The issues arising from our certification work which we wish to highlight for your attention are shown below:

<p>Cell 55: Rent rebates (tenants of HRA properties) – Incorrect Child Tax Credits</p>	<p>In 2014/15 we identified errors in the values input for Child Tax Credits and undertook 40+ testing. Given the nature of the population and the errors found in the previous year, additional testing was undertaken in relation to this error in 2015/16.</p> <p>A sample of 40 cases from the sub population of cases in cell 55 with child tax credit were selected for testing. This additional testing identified:</p> <ul style="list-style-type: none"> • One case with an incorrect child tax credit figure which had no impact on the entitlement. • One case where the application of an incorrect child tax credit figure led to an underpayment of the headline cell. <p>As there is no eligibility for subsidy which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.</p>
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<p>Cell 55: Rent rebates (tenants of HRA properties) – Incorrect calculation of income</p>	<p>In 2014/15 we identified errors in the calculation of earnings applied to cases in this cell and undertook 40+ testing. Given the nature of the population and the errors found in the previous year, additional testing was undertaken in relation to this error in 2015/16.</p> <p>A sample of 40 cases from the sub population of cases in cell 55 with earnings attached were selected for testing. This additional testing identified:</p> <ul style="list-style-type: none"> • One case with an incorrect earnings figure which had no impact on the entitlement. • Two cases where the application of an incorrect earnings figure led to an underpayment of the headline cell. This led to a corresponding overstatement of the overpayment cells. <p>As there is no eligibility for subsidy which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.</p>
<p>Cell 94: Rent allowances – Incorrect child care disregard overpayment</p>	<p>In 2014/15 we identified errors in the child care disregards applied to cases in cell 94 and undertook 40+ testing. Given the nature of the population and the errors found in the previous year, additional testing was undertaken in relation to this error in 2015/16.</p> <p>A sample of 40 cases from the sub population of cases in cell 94 with child care disregards were selected for testing. This additional testing identified:</p> <ul style="list-style-type: none"> • One case where the application of an incorrect child care disregard led to the overpayment of £13 in cell 099 • One case where the application of an incorrect child care disregard led to an overpayment of £11.25 in cell 099
<p>Cell 94: Rent allowances – Incorrect earnings calculation</p>	<p>In 2014/15 we identified errors in the earnings calculations applied to cases in cell 94 and undertook 40+ testing. Given the nature of the population and the errors found in the previous year, additional testing was undertaken in relation to this error in 2015/16.</p> <p>A sample of 40 cases from the sub population of cases in cell 94 with earnings were selected for testing. This additional testing identified:</p> <ul style="list-style-type: none"> • One case where incorrect earnings calculations resulted in an overpayment of £0.03 in cell 103 incorrect earnings also resulted in underpayments in cell 113 for this case. • One case where incorrect earnings calculations resulted in an underpayment of cell 103 and a

	corresponding overstatement of cell 114. As there is no eligibility for subsidy which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.
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We are satisfied that the issues identified in 2015/16 were either isolated or relatively minor in nature, and that the Council has appropriate arrangements in place to compile a complete, accurate and timely claims for audit certification.

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 Housing Benefit subsidy claim that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £8,361. This is set out in more detail in Appendix B. Fees for schemes no longer requiring certification under the Audit Commission regime (pooling housing capital receipts return) are not included within this fee.

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 (Total subsidy claimed)	31,688,097	Yes	(980)	Yes	See above for summary of qualification issues.

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	11,148	8,361	8,361	-	The 2015/16 fee represents a 25% decrease in the fee set in 2013/14.
Total	11,148	8,361	8,361	-	

