



# Grant Thornton

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Dear Peter

## **Certification work for Cheshire East Council for year ended 31 March 2014**

We are required to certify certain claims and returns submitted by Cheshire East 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:

- housing benefit subsidy with a value of £87 million
- transport grant with expenditure of £4 million.

Further details of the claims certified are set out at Appendix A along with the matters arising from our certification work. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

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. The indicative scale fee set by the Audit Commission for the Council for 2013/14 is £22,501. This is set out in more detail at Appendix B.

Yours sincerely

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

Claim or return	Value	Details of Amendment or qualifications
Housing benefits subsidy claim	£87,392,503	<p>The claim was amended by £144 to correct for an isolated error identified where an overpayment of benefit, arising in specific circumstances, was misclassified on the claim form.</p> <p>The claim was also subject to a qualification letter to the DWP. This was required to highlight an anomaly in the housing benefit system that resulted in the misclassification of expenditure between two cells. This has no effect on the value of benefit paid but does result in the subsidy claim being understated.</p> <p>Due to the nature and complexity of this issue, we did not quantify the value or the number of cases affected.</p> <p>The Council may wish to address this matter in future:</p> <ul style="list-style-type: none"> <li>• either by securing a software solution in liaison with Northgate; or</li> <li>• by making a manual adjustment to the claim for the specific cases known to be affected by this misstatement (our testing indicated that this misclassification between cells 12 and 13 occurs where the case is subject to part week occupancy and also has an identified overpayment amount)</li> </ul> <p>Alternatively the Council may consider that the increase in subsidy that could be claimed would not be commensurate with the time to address this issue. A similar matter was reported in the 2012/13 annual grant report.</p>
Transport Grant – Alderley Edge Bypass	£3,969,176	We certified the final claim without amendment or qualification.

**Appendix B: Fees for 2013/14 certification work**

Claim or return	2012/13 fee (£)	2013/14 indicative fee per audit plan (£)	2013/14 revised indicative fee (£)	2013/14 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim	36,930	25,164	22,144	22,144	0	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.
Transport Grant – Alderley Edge Bypass	1,390	357	357	357	0	
Teachers' pension return	1,230	1,379	N/a	N/a	N/a	Certification work for this claim was removed from the Audit Commission framework.
National non-domestic rates return	2,050	N/a	N/a	N/a	N/a	There is no requirement to certify this return in 2013/14.
Total	41,600	26,900	22,501	22,501	0	No variation from the indicative fee.

The original audit plan reported a grant certification indicative fee of £26,900 but this reduced to £22,501 to reflect the changes in the certification requirements covered by the Audit Commission arrangements.