



KC

KPMG LLP
Audit
3 Assembly Square
Britannia Quay
Cardiff
CF10 4PL
United Kingdom

Tel +44 (0) 292 046 8087
lan.pennington@kpmg.co.uk

Private & Confidential
Mr R Partington
Managing Director
Telford & Wrekin Council
Addenbrooke House
Ironmaster Way
Telford Centre
TF3 4NT

Our ref TWC/13-14/GrantLet

RECEIVED 01 MAY 2016 contact Adam Bunting
07876 137 589

28 April 2014

Dear Richard

Certification of 2013/14 Grant Claims and Returns

We are writing to you to confirm our arrangements for certifying your 2013/14 grant claims and returns. We issued our Annual Audit Fee 2013/14 letter on 26 April 2013, which set out that the indicative composite fee for the certification work in 2013/14 was £13,586 (plus VAT).

However, the Audit Commission has since then announced some changes in the programme of claims and returns they are making certification arrangements for in 2013/14. The revised indicative fee for 2013/14 is £12,319. The changes to the indicative fee have been explained in our Annual Audit Fee 2014/15 letter, and include a reduction of 12% for the indicative fee for the Housing Benefit Subsidy claim to reflect the reduction in work from the abolition of Council Tax Benefit.

This is based on certifying the following scheme as notified by the Audit Commission in March 2014:

- Housing benefit subsidy claim

To assist you in providing high quality working papers to enable us to deliver the certification work we have provided a *Prepared by Client List (PBC)* for that claim. The PBC sets out what working papers we will require to carry out the certification work.

The indicative composite certification fee set by the Audit Commission is based on a number of assumptions. We may need to charge additional fee where:

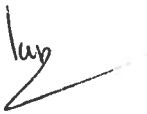
- Claims require more work in 2013/14 than previously because they now fall above the Commission's audit thresholds;
- Claims require detailed testing of the claim or return entries under 'Part B' of the Certification Instruction tests in 2013/14, because of either a change in the control environment or the Audit Commission's cyclical testing requires it in 2013/14;
- As a result of our testing, the claim or return is amended or qualified; or

- We do not receive accurate and complete claims and supporting working papers to our agreed timetable which leads us to carry out additional certification work.

Where any of these factors apply to your certification work, we will discuss the impact on your fee at an early stage. Where we have to complete additional work and request a fee variation from the Audit Commission our additional fee will be billed at the Audit Commission's standard hourly rates less the 40% reduction in fees.

If you have any queries about our certification work for the coming year, please contact Adam Bunting.

Yours sincerely



Ian Pennington
Director

Appendix A
Prepared by Client list for Housing Benefit grant claim

Our certification work on your Housing Benefit claim is determined by the Audit Commission’s HBCOUNT approach. This approach does not enable auditors to reduce the amount of testing by relying on the control environment. Instead auditors are required to carry out:

- Standard tests, covering such areas as analytical review and reconciliation of the claim form to the benefits system;
- Initial testing of 20 claims from each of the applicable benefit types (Rent Allowance, HRA Rent Rebates, Non-HRA Rent Rebates);
- Initial testing on un-cashed cheques and modified schemes
- Specific testing on any cells qualified in the previous year; and
- Extended ‘40+’ testing of an additional 40 cases in all cells where our initial testing identifies errors.

As agreed with Becky Owen-Jones (Benefits Welfare and Assurance Group Manager), our expectations are that the Authority will:

- Provide access to a computer terminal, the benefit system, and the Authority’s document management system;
- Ensure that staff are available to assist with queries throughout our work;

Adam Bunting will liaise with the benefits team throughout the process in order to ensure that any issues are addressed in a timely manner.

Our detailed requirements are as follows:

	Requirements	Reference
1	The completed original claim form signed by the chief financial officer	CI Test 2
2	An electronic (PDF) copy of the claim form	CI Test 3
3	Screen prints or system reports showing the 2013/14 up-rating for Housing Benefit cross referenced to Audit Commission’s up-rating checklist (to be provide by Adam Bunting)	Module 2
4	A transaction breakdown of all headline cells, to include the HB reference number and benefit paid. The total of the breakdown should agree to the headline cell. Where this is different a reconciliation and explanation should also be provided	Module 3
5	A comparison of 2013/14 subsidy cell values to 2012/13. Please provide an explanation for values that have increased/decreased by more than 5%	Module 4
6	System report(s) showing the latest version and patches installed for the software used to produce the final subsidy claim	Module 5
7	System report(s) used to reconcile the subsidy paid to subsidy received	Module 5
8	System report(s) showing each section of the subsidy form	CI Test 4

9	The reconciliations for each headline cell for benefits granted to benefits paid	CI Test 5
10	A breakdown of all current year un-cashed cheques and other payments	CI Test 8a
11	A breakdown of all prior year un-cashed cheques and other payments included in the claim form	CI Test 8b
12	A breakdown of all modified schemes included in the claim form	CI Test 9
13	DWP letter showing the amount of administration subsidy and payments on accounts included in the claim form for 2013/14	CI Test 10/11
14	General ledger report showing the payments on accounts included in the claim form received in 2013/14	CI Test 11