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Dear Jayne

Certification work for Bromsgrove District Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Bromsgrove District 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) took 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 2016/17 relating to subsidy claimed of £16.4 million. We identified the following issues from our certification work that we highlight for your attention.

There were three lots of additional testing arising from the findings from the previous year. We also found errors in three new areas, and completed additional testing. In 2014/15 we tested 180 individual cases and identified 11 errors (6% error rate). In 2015/16 we tested 160 cases, identifying 12 errors (8% error rate). This year, we tested 209 cases, identifying 16 errors (8% error rate). The level of testing required, and the number of errors found, have been relatively consistent for three years. However, the Council only has one type of benefit included in the claim - Rent Allowances, whereas many councils have three (HRA Rent Rebates and Non HRA Rent Rebates as well). Therefore, there is more work and a higher number of errors than we would expect.

Further work was required on the testing completed by officers. Our re-performance of a sample of cases found nine cases which officers had assessed as "Pass", but which we determined to be "Fail". This resulted in us increasing our re-performance to all cases tested by officers in this area.

Sample testing found the following issues relating to Rent Allowances included in the subsidy claim:

- capital balance not fully evidenced
- earnings not evidenced
- non-dependent deductions not evidenced

- misclassification of overpayments

We reported these matters to the DWP. Further details are set out in Appendix A.

From our work on the Housing Benefit Analytical Review Tool (HBART), we found a significant unexplained variance. We raised this issue with officers who confirmed that it was due to two large overpayments totalling £229,451.67 on one claim, both created on the same day. These overpayments were immediately rectified and not paid out to the claimant. However, the overpayments were included in error in the Housing Benefit subsidy claim form submitted for audit. The audited subsidy claim form was amended removing the £229,451.67. We reported this issue to the Department for Work and Pensions (DWP) in our qualification letter.

We sent the amended claim and our qualification letter to the DWP on 28 November 2017. The DWP may require the Council to undertake further work or provide assurances on the errors we identified.

The indicative 2016/17 audit scale fee, set by PSAA, is £7,545. We have agreed an additional fee of £5,147 (subject to PSAA confirmation), due to the additional work required to address the issues identified. This is set out in more detail in Appendix B.

Yours sincerely



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Appendix A - Details of claims and returns certified for 2016/17

Claim or return	Initial Value	Amended?	Amendment value	Final Value	Qualified?	Comments
Housing benefits subsidy claim	£16,519,078	Yes	-£91,900	£16,427,178	Yes	The main reason for this amendment was due to the HBART work previously mentioned. The overstated amounts attracted 40% subsidy.

Findings from certification of housing benefits subsidy claim

Workbook completion

PSAA provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work which officers have completed. This reduces the cost of the work compared to auditors doing it all, and also gives officers better information on any training needs or quality issues regarding the initial claim assessments.

This year we provided specific workbook completion training to a number of council officers to support enhanced quality. Based on our initial risk assessment we re-performed 30% of the individual claims in the workbooks. However, we found errors in the completion in the workbook, which led us to increase our re-performance level, eventually to 100%. In total we identified nine cases which officers had assessed as "Pass" when completing the workbooks, but which we assessed as "Fail". We have provided further support and guidance to officers with the aim of further enhancing the quality of workbook completion next year.

Capital balance not fully evidenced

Testing of the initial sample identified one case (error value £39.46) where the capital tariff income value could not be substantiated. Our request to test an additional random sample was declined as officers disagreed that the case was a fail. We have reported this matter to the DWP in our qualification letter.

Earnings not evidenced

Testing of the initial sample identified one case (error value £2,841) where the partner's earnings could not be substantiated. Testing of an additional random sample of 40 cases identified a further 12 cases where the earnings were either not evidenced or were input onto the system incorrectly: four of these error cases related to overpayment of benefit (total error value £546.47), six cases resulted in underpayment of benefit, and two cases where benefit was not affected.

Non-dependent deductions not evidenced

Testing of the initial sample identified one case (error value £91.19) where supporting evidence was not obtained for a non-dependant living at the claimant's property. The Council made later requests to the claimant to provide this information but it was still not obtained. Further testing of 44 cases did not identify any other non-dependent earnings not evidenced.

Overpayments

Due to errors identified in previous years, an additional sample of 40 cases was selected at random for testing. This testing identified one error where an overpayment was incorrectly classified as an eligible overpayment rather than a local authority error overpayment (error value £184.10).

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£7,545	£7,545	£12,692 (TBC)	£5,147	The variance has arisen owing to the additional work we have to complete in 2016/17 compared to 2014/15 (the baseline for the indicative fee).

