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Dear Jayne

**Certification work for Bromsgrove District Council for year ended 31 March 2019**

We have been appointed by the Council 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.

We have certified the Housing Benefit subsidy claim for the financial year 2018/19 relating to subsidy claimed of £14.9 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention.

There was one lot of additional testing arising from errors found in the previous year. This related to the incorrect input of earnings. Our testing of an additional 40 cases identified seven errors.

Our initial testing of 20 cases identified seven errors, resulting in two further lots of 40 cases being tested, and two issues where additional testing was not undertaken, but the issue reported to the Department for Work and Pensions (DWP). The additional testing identified a further seven errors.

The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The fee of £12,500 agreed for 2018/19 for the Council was based on the final 2016/17 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. We are not proposing to vary the fee from this.

Yours sincerely

Grant Thornton UK LLP

## Appendix A

### Findings from certification of housing benefits subsidy claim

#### **Workbook completion**

DWP 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.

We are pleased to report that, this year, as last, we agreed with all of the judgements and conclusions made by officers and did not need to extend our testing.

#### **Incorrect input of earnings**

In 2016/17 we reported "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". In 2017/18 we reported "This year our additional sample of 40 cases identified eight cases which were incorrectly entered, plus one in our original sample of 20 cases. This should remain an area of focus for continued improvement in data entry." This year our additional sample of 40 cases identified seven cases which were incorrectly entered, plus one in our original sample of 20 cases. Once again, we would recommend that this is an area of focus for officers.

#### **Amount of testing and errors found**

The table below shows the number of cases tested and the number of errors found in recent years.

<b>Year</b>	<b>Cases tested</b>	<b>Errors found</b>	<b>% error rate</b>
2014-15	180	11	6
2015-16	160	12	8
2016-17	209	16	8
2017-18	100	9	9
2018-19	140	21	15

The errors found last year related solely to the incorrect input of earnings. This year, in addition, they also related to incorrect input of rent, incorrect uplift of the State Retirement Pension and incorrect classification of overpayments.

#### **Other items reported to DWP**

As noted above, there were two issues where additional testing was not undertaken, but the issue reported to the DWP.

Initial testing identified one case in which housing benefit was awarded based on the claimant having nil income when in fact the claimant was in receipt of Child Tax Credits and Child Benefit for a period of eight weeks. We were provided with a report which showed claims held on the system paid on 'nil income'. However, the claim identified from the initial testing was not listed and therefore we had no assurance that the report was complete. In line with the guidance we asked for additional testing from

the headline cell to be carried out. This request was declined. We have reported this in our letter to the DWP and understand that the Council will send a separate statement to the DWP giving further details.

Initial testing identified three cases where the Statement Retirement Pension income uplift was incorrectly applied. The Council has not carried out additional testing for this error and instead has contacted the software supplier to run an appropriate report to establish the exact total error value across all cases as opposed to extrapolating the initial testing results. The report from the supplier was not received by the end of November 2019. It is anticipated that the software fix will correct these errors in the 2019/20 benefit year.