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Dear Sharon

## **Certification work for Tonbridge and Malling Borough Council for year ended 31 March 2017**

We are required to certify the Housing Benefit subsidy claim submitted by Tonbridge and Malling 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) 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 £34.95 million. Further details are set out in Appendix A.

We identified a small number of issues from our certification work which we wish to highlight for your attention. Firstly, one new error was identified in 2016/17 relating to modified schemes. Secondly, the issues identified from our work related to two areas where we identified issues in the previous year. Full details of these areas and the issues identified can be seen in Appendix A. This does represent an improvement from the previous year however both areas where issues were identified will require additional testing in 2017/18 to determine whether the issues have been sufficiently resolved.

As a result of the errors identified, the claim was amended for the financial impact and qualified as required, and we reported our findings to the DWP. It is worth highlighting that the total value of errors identified was relatively insignificant when compared with the total subsidy receiveable by the Council. The DWP may, however, require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for 2016/17 for the Council was based on the final 2014/15 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 PSAA for the Council for 2016/17 was £13,950, and we are proposing an additional fee of £2k in respect of the additional testing required for 2016/17.

Yours sincerely

Grant Thornton UK LLP

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

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£34,954,475	Yes	£23,747	Yes	See below for detailed comments on the issues identified in this year's Claim Form.

### Findings from certification of housing benefits subsidy claim

#### **Modified schemes**

We found that the Council had not applied the correct income for War Widow(er) pensioners with the result that four claims were incorrectly calculated. Officers were able to review the whole of the population and we agreed as no amendment was required the calculations would be corrected on the system in 2017/18.

#### **Incorrect Claimant Self-Employed Income – Rent Allowances**

In the previous year, we identified an error in relation to the calculation of the claimant's self-employed income within the Rent Allowance section of the Claim Form. Given the nature of the population, the Council were required to test 40 cases where the claimant's self-employed income is included within the Housing Benefit calculation for 2016-17. Testing identified seven cases where the Council has not used the appropriate earnings within the benefit calculation. The errors were classified as:

- two cases where the claimant was overpaid (total value £1,355)
- five cases where the claimant was underpaid (total value £2,062)
- a further case where there was no impact on the claimant's benefit entitlement

These issues mean that detailed testing will be needed in this area in 2017-18 to determine whether the issues has been adequately resolved.

#### **Classification of Expenditure in Cells 12/13 and 14/15 – Non-HRA**

In the previous year, we also identified an error in relation to the classification of expenditure on cases living in self-contained lodging (cells 12 & 13), and short-term leased and self-contained licensed accommodation (cells 14 & 15) within the Non-HRA section of the Claim Form. Given the nature of the population the Council opted to test 100% of the cases within these cells to determine whether they were correctly classified. Testing identified 15 cases (out of 125) where the expenditure up to and above the cap had been incorrectly classified between Cells 12 & 13 and Cells 14 and 15.

The value of these errors totalled £23,747, which was amended on the claim form. Again, this will mean that specific testing will be needed in this area in 2017/18.

#### **Recommended actions for officers**

We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

### **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)	£18,600	£13,950	£15,950	£2,000	Additional work undertaken by auditor on 40+ testing that was to be completed by TMBC