

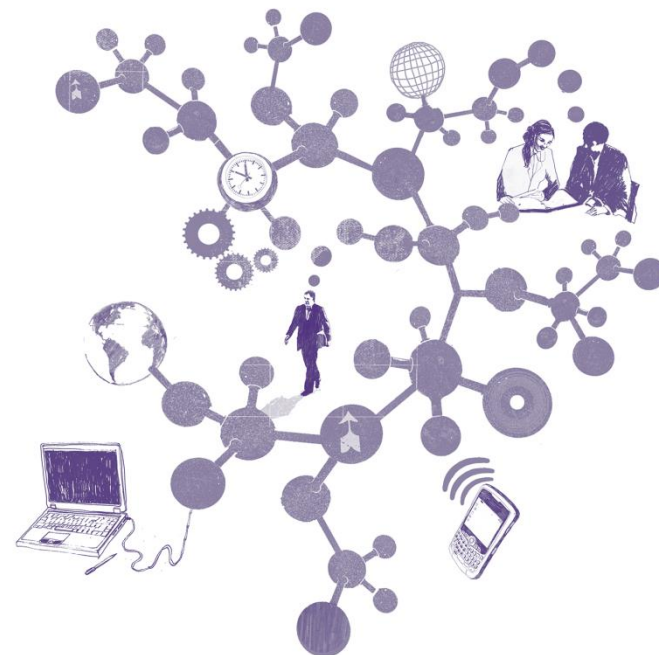
Certification report 2016/17 for Swale Borough Council

Year ended 31 March 2017

February 2018

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Section 1: Summary of findings

01. Summary of findings

Summary of findings

Introduction

Certain claims and returns submitted by local authorities require auditor certification to help confirm the authority's entitlement to funding.

For 2016/17 the only claim requiring auditor certification at Swale Borough Council ('the Council') was the Council's claim for housing benefit subsidy.

Auditors are required to report the outcomes of certification work to those charged with governance. This report summarises the outcomes from our certification work on the Council's housing benefit subsidy claim for 2016/17.

Approach and context to certification

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) have taken on the transitional responsibilities for HB COUNT (the framework used for the certification of housing benefit subsidy claims) issued by the Audit Commission in February 2015.

Our certification work has been completed using the HB COUNT framework.

In 2016/17 the Council's draft claim was for housing benefit subsidy of £54.1m, based on benefit granted of £54.4m.

Key messages

The Council's draft and final certified claims for housing benefit subsidy were submitted within the deadlines specified by the Department for Work and Pensions (DWP).

There were no amendments to the 2016/17 claim prior to certification. We reported on a number of issues to DWP in a qualification letter.

Further information on the outcomes from our certification work is provided at Appendices A and B.

Previous year recommendations

We review action taken on recommendations arising from our previous year certification report. We concluded that you had taken appropriate action on the recommendations made in our 2015/16 report.

Certification fees

For each Council an indicative scale fee for certification work is set by PSAA. The 2016/17 indicative scale fee for the Council's housing benefit subsidy claim reported in our Audit Plan of May 2017 was £18,611.

We are not proposing any amendment to the indicative scale fee. Our final fee for the 2016/17 certification work will therefore be £18,611 (Appendix C).

Summary of findings

The way forward

The recommendations arising from our certification work are at Appendix D.

Acknowledgements

We would like to take this opportunity to thank officers for their assistance and co-operation with our 2016/17 certification work.

Grant Thornton UK LLP
February 2018

Appendices

Appendix A: Work performed 2016/17

Claim or return	Comments
Housing benefit subsidy claim	<p>Overall approach</p> <p>The PSAA certification framework requires sample testing of benefit claims to confirm benefit has been awarded in accordance with regulations and correctly recorded for subsidy purposes. Two initial samples are tested (all transactions in year)</p> <ul style="list-style-type: none">- 20 rent allowance cases- 20 rent rebate (tenants of non-HRA properties) cases. <p>Where errors are identified from this initial testing, and there is not enough information to agree a claim amendment or assess the impact of the error across the population as a whole, then additional testing is performed (either on a further sample of 40 cases, or on all relevant cases, depending on the number of cases where the error could have occurred) for the issue giving rise to the error.</p> <p>Under the PSAA framework auditors are also required to perform sample testing to cover previous year issues and confirm that these do not affect the current year's claim.</p> <p>Where the impact of errors can be quantified exactly then the claim is amended. Where the potential impact on subsidy can only be estimated or extrapolated then the issue is reported to DWP using a qualification letter.</p>

Appendix A: Work performed 2016/17

Claim or return	Comments
Housing benefit subsidy claim (continued)	<p>Outcomes from claims testing</p> <p>A summary of the outcomes from our 2016/17 certification testing of individual claims is included at Appendix B.</p> <p>For errors where the impact for subsidy purposes cannot be quantified exactly then extrapolations are performed and reported to DWP using a qualification letter. It is for DWP to decide what action to take on the issues reported. However, the issues reported in our 2016/17 qualification letter as below are unlikely to have a significant impact on subsidy payable.</p> <p>(a) Underpayment errors are reported to DWP, and require adjustments for individual claimants, but will have no impact for subsidy purposes as subsidy cannot be claimed for benefit which has not been awarded.</p> <p>(b) For rent allowances one extrapolation was required. The impact was to increase local authority overpayments (paying nil subsidy) by £620, with a corresponding reduction at a line paying full subsidy.</p> <p>However, the amount of subsidy receivable for local authority overpayments also depends on the aggregate value of those overpayments relative to a threshold set by DWP. After adjusting for the reported extrapolation the value of local authority overpayments remained below this DWP threshold, and as such continued to attract full subsidy.</p> <p>(c) For non HRA rent rebates one extrapolation was required. The impact was to increase the amount at cell 12 (paying full subsidy) by £147, with a corresponding reduction at cell 13 (paying nil subsidy).</p>

Appendix B: Outcomes from testing of benefit claims

	Cases tested	Errors identified	
2015/16 Follow up testing: Rent allowances			
Follow up testing was performed in the following areas to address issues arising from our 2015/16 certification work.			NB: Where testing identifies that benefit has been underpaid there is no impact on subsidy as subsidy cannot be claimed on benefit that has not been awarded.
Calculation errors relating to child care payments	40	0	
Calculation errors relating to child tax credits	40	0	
	40	1	One error resulted in an underpayment of benefit.
Calculation errors relating to working tax credits			
Calculation errors relating to earned income	40	6	Five cases resulted in an underpayment of benefit and one case in an overpayment. For the overpayment the impact across all relevant claims was extrapolated and reported to DWP.
	40	0	
Calculation errors relating to private pensions			
Calculation errors relating to Carer's Premium	40	0	
Rent liability incorrect as based on incorrect LHA rate	40	0	

Appendix B: Outcomes from testing of benefit claims

	Cases tested	Errors identified	
2016/17 Follow up testing: Non HRA Follow up testing was performed in the following areas to address issues arising from our 2015/16 certification work.			NB: Where testing identifies that benefit has been underpaid there is no impact on subsidy as subsidy cannot be claimed on benefit that has not been awarded.
Errors where the authority had underclaimed subsidy because, although eligible rent exceeded the LHA cap, the authority had not applied the full LHA cap, or had used an amount lower than the full LHA cap in calculations.	40	1	In one case a payment had been included at cell 13, paying nil subsidy, but should have been included at cell 12, paying 100% subsidy. The impact was extrapolated and reported to DWP.
Wrong end date applied to claim.	40 (entire population)	2	Two errors resulted in an underpayment of benefit.

Appendix B: Outcomes from testing of benefit claims

	Initial testing: Errors identified	Additional testing sample	Additional testing: Differences identified	
2016/17 Initial testing: Rent Allowances Testing was performed on an initial sample of 20 benefit claims. This testing identified the following errors;				Where testing identifies that benefit has been underpaid there is no impact on subsidy as subsidy cannot be claimed on benefit that has not been awarded.
Family premium incorrectly removed before the end of a period of entitlement	1	Not required	N/A	One error resulted in an underpayment of benefit. Removing an applicable amount to which a claimant is entitled where there has been no change of circumstances will always lead to an underpayment of benefit. For errors which will always lead to an underpayment no additional testing is required under the HBCOUNT framework.

Appendix B: Outcomes from testing of benefit claims

	Initial testing: Errors identified	Additional testing sample	Additional testing: Errors identified	
2016/17 Initial testing: Rent rebates (tenants of non-HRA properties) Testing was performed on an initial sample of 20 benefit claims.	None	N/A	N/A	

Appendix C: Fees

Claim or return	2015/16 fee	2016/17 indicative fee	2016/17 actual fee	Variance with previous year	Explanation for variance
	£	£	£	£	
Housing benefit subsidy claim	23,626	18,611	18,611	(5015)	Reduced work required on 2016/17 claim.
Total	23,626	18,611	18,611	(5015)	

Appendix D: Action plan

Priority

High - Significant effect on arrangements

Medium – Some effect on arrangements

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
	Housing benefit subsidy scheme			
1	Officers should consider the nature of the errors identified from certification testing and consider the need for any training or supervision to help reduce errors in future years.	Medium	Training will be carried out to help reduce errors in the future	Revenues and Benefits Manager
2	Benefit records for individual claimants should be amended in the current year for all errors identified from 2016/17 certification testing.	Medium	All benefit records for individual claimants have been amended for all errors identified from 2016/17 certification testing.	Revenues and Benefits Manager Already completed.



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