

Our ref: WDC/2017-18 Certification Letter/GP030219  
Your ref:

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3 February 2019

Dear Mike

## Certification work for Warwick District Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Warwick 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 Ltd (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 2017/18 relating to subsidy claimed of £28 million. We identified a number of issues from our certification work and, as a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP in our Qualification Letter dated 29 November 2018.

Further details of the matters we reported upon are set out in Appendix A. Those which we particularly wish to highlight for your attention are that there:

- were four errors from the extended testing that we carried out on this year's subsidy return which recurred from 2016/17, and
- there were two areas where new errors were identified as a result of the testing undertaken.

As required by the DWP, additional testing was performed in respect of the errors. The DWP may require the Council to undertake further work or to provide assurances on the errors we have identified.

The indicative fee for 2017/18 for the Council was based on the actual 2015/16 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 2017/18 was £9,040. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £2,257, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely



Grant Thornton UK LLP

**Appendix A - Details of claims and returns certified for 2017/18**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment value</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£28,415,641	Yes	£14	Yes	See below

**Findings from certification of housing benefits subsidy claim**

There were four errors that had also been identified in prior years, these were as follows:

- 1) Fifteen errors were identified by officers in the way non-HRA expenditure had been split across cells. Many of these amendments were known in advance and were planned to be amended on the claim prior to its final submission. Due to the complexity of these claims, the Council had already made the decision to test 100% of these claims, which resulted in a cell amendment being made.
- 2) Testing of rent rebates identified four cases where the Council had incorrectly calculated a claimant's earnings due to incorrect information being used to calculate the average earnings. In three of the cases this resulted in underpaid benefit, which totalled £1.42, the fourth case resulted in overpaid benefit of £189. This was included in the Qualification Letter as required.
- 3) Testing of rent allowances identified two misclassifications of overpayments, in both cases the overpayments was classified as eligible when they should have been LA error. This was included in the Qualification Letter as required.
- 4) Testing of rent allowances identified two cases where earners hours have been incorrectly input into the system. In both cases, the resultant overpayment had been incorrectly classified. This was included in the Qualification Letter as required.

Testing also identified two errors that had not been present in prior years, these were as follows:

- 1) Rent rebates underlying entitlement. Through our testing, we have identified one instance where the Council has been unable to provide us with an audit trail that balances a rent rebate case to subsidy paid. The Council has discussed this with Civica and the imbalance is due to RTI assessments that result in underlying entitlement. This is a known issue with Civica and they are investigating the issue. This was included in the Qualification Letter as required.
- 2) Rent allowance incorrect application of family premium. Testing of the initial sample identified one case where the HB system's incorrect treatment of family premium resulted in misclassification of expenditure. Further testing of a sample of forty cases identified one further error of a similar nature. This was included in the Qualification Letter as required, with the Council also making a separate representation to the Department on this point.

**Appendix B: Fees for 2017/18 certification work**

<b>Claim or return</b>	<b>2015/16 fee (£)</b>	<b>2017/18 indicative fee (£)</b>	<b>2017/18 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	£9,540	£9,040	£11,297	£2,257	<p>The 2017/18 indicative was based upon work undertaken in 2015/16 when there was 100% testing on Non HRA to enable a cell amendment and then there were also 2 cases where 40+ testing was required. One case was in relation to rent allowance overpayments classification, the other was in relation to rent rebates and the calculation of earnings. Looking at the 2017/18 position, there was again 100% testing on Non HRA to enable a cell amendment but there were 4 cases where 40+ testing was required. These areas were rent allowance - calculation of earnings, rent allowance - calculation of family premium, rent allowance classification of overpayments and rent rebates - calculation of earnings.</p> <p>The rent allowance classification of overpayments and rent rebates - calculation of earnings are recurring errors but we have had to undertake 2 additional samples of 40+ when compared to the scale fee of 2015/16 and therefore as a result of the work required to audit the additional workbooks required a fee variation of £2,257 is being sought.</p>
<b>Total</b>	<b>£9,540</b>	<b>£9,040</b>	<b>£11,297</b>	<b>£2,257</b>	