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Dear Sal

Certification work for East Staffordshire Borough Council for year ended 31 March 2016

We are required to certify the Housing Benefit subsidy claim submitted by East Staffordshire 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) have taken 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 2015/16 relating to subsidy claimed of £27.9 million. Further details are set out in Appendix A.

Officers were especially helpful this year; completing the very detailed workbooks required by the DWP for the first time. This was in addition to their additional pressures as a result of the introduction of the new Housing Benefits system. We express our thanks to them for their assistance during our certification work.

We identified a number of issues from our certification work which we wish to highlight for your attention. Some of these relate to the introduction of the new Housing Benefit System during 2015/16 and we therefore consider the possibility of similar issues arising in the future to be low. The issues identified are summarised below:

- the Council introduced a new Housing Benefit System early during 2015/16. This resulted in additional work as we were required to consider both systems during our testing
- the introduction of the new system resulted in a small number of errors relating to misclassification of overpayments between the prior and the current year – officers are working with CAPITA to remedy this. The claim was amended as a result

continued overleaf...

- we identified a small number of other errors during our initial testing that required testing of additional cases per DWP requirements:
 - testing of 100% of the population was possible in some areas resulting in amendments to the claim
 - where the population was large, testing of a sample of further cases was undertaken (extended testing). On completion of testing, we undertook an extrapolation exercise to assess the potential financial impact on the claim. This was reported to DWP in the qualification letter.

Both the amendment to the claim, and 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 issues relating to the new Housing Benefits system, and the errors identified, the claim was amended and qualified, and we reported our findings to the DWP. You wrote to DWP providing further background to the issues reported in our qualification letter; and outlined the steps being taken to seek improvements. You also invited DWP to contact you to obtain further information on your plans.

The DWP may require the Council to undertake further work or provide assurances on the errors we have identified. You have not yet received any correspondence from DWP as at the date of writing this letter.

Further, we understand that officers have been proactive, looking at the results for 2016/17 subsidy to date to correct any errors identified prior to completion of the subsidy claim in April 2017. Specific targeting of areas where errors were identified from our certification work has been done; and review has also been made in other areas of the subsidy claim. Checking of the claim and correction of errors is continuing until 31 March 2017. We will review the impact of this as part of our work in certifying the 2016/17 claim.

Per Public Sector Audit Appointments Ltd (PSAA) directions, the indicative fee for 2015/16 for the Council was based on the final 2013/14 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 2015/16 was £15,972. Due to the significant additional work required to address the issues we identified, we have agreed an additional fee of £1,045, subject to confirmation from PSAA. The impact has been minimised due to the fact that officers completed the DWP workbooks for the first time this year. This is set out in more detail in Appendix B.

Yours sincerely

Mark Stocks

Partner
For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£27,945,592	Yes	(£28,553) (less subsidy due to the Council)	Yes	Due to the nature of the errors found an amendment was required to the claim. There were also errors that required reporting to the DWP in a qualification letter. Work completed was reported by 30 November 2016 as required by the certification instruction.

Recommended actions for officers

We recommend that the Council as part of its internal quality assurance process, should continue its focus in reviewing for accuracy the areas where we identified errors from our testing; as well as the wider claim.

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2014/15 Actual Fee	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£21,296	£15,524	£15,972 *	£17,017	£,1,045	Significantly more work was required during 2015/16 compared to the work completed in 2013/14. The impact of this was mitigated by the fact the Council completed the DWP workbooks for the first time this year.

* the 2015/16 indicative fee was based upon the 2013/14 fee. This was subject to 25% reduction by Public Sector Audit Appointments Ltd