



Certification Report

Year ending 31 March 2019

Swale Borough Council
February 2020



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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 2018/19 the only claim requiring auditor certification at Swale Borough Council ('the Council') was the Council's claim for housing benefit subsidy.

This report summarises the outcomes from our certification work on the Council's housing benefit subsidy claim for 2018/19.

Approach and context to certification

We perform work under a framework for reporting accounts issued by the Department for Work and Pensions (DWP) in accordance with the International Standard on Related Services (ISRS) 4400 "Engagements to perform agreed-upon-procedures regarding financial information". Our engagement requires us to complete the work specified under the Housing Benefit (Subsidy) Assurance Process (HBAP) Modules 1, 2, 3, 5 and 6.

In 2018/19 the Council's draft claim was for housing benefit subsidy of £43.7m (2017/18, £51.2m).

Key messages

Our certification work identified one issue which required minor amendments to the claim form. There was no change to the total subsidy claimed.

Our testing for a sample of cases identified a small number of errors. Under the HBAP framework we extrapolated the potential impact of these errors on the overall claim and reported this to DWP using a qualification letter. The nature of the errors was such that there was no impact on total subsidy claimed.

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

DWP has now settled the Council's claim without amendment to the total subsidy claimed.

Certification fees

Our fee for 2018/19 was £20,500 (2017/18 £23,626).

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 2018/19 certification work.

Grant Thornton UK LLP

February 2020

Appendices

Appendix A: Work performed 2018/19

| Claim or return | Comments |
|-------------------------------|---|
| Housing benefit subsidy claim | <p>Overall approach</p> <p>The HBAP 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 HBAP 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 2018/19 (cont.)

| Claim or return | Comments |
|---|--|
| Housing benefit subsidy claim (continued) | <p>Claim Amendments</p> <p>In 2017/18 we identified one case where dependant's allowance had been incorrectly calculated. Given the error found in the previous year additional testing was performed on cases with dependant's allowance calculations in 2018/19. As there were under 100 (88) cases with dependant's allowance calculations in 2018/19 the HBAP framework requires all cases to be tested; as all cases are tested any errors can be addressed by a claim amendment rather than by an extrapolation reported to DWP. We identified one minor error where a claim amendment was required. There was no impact on total subsidy claimed.</p> <p>Outcomes from claims testing</p> <p>A summary of the outcomes from our 2018/19 testing of individual claims is included at Appendix B.</p> <p>(a) We identified a number of underpayments. We report these to DWP, but the errors have no impact for subsidy purposes as subsidy cannot be claimed for benefit which has not been awarded.</p> <p>(b) For errors where the impact on subsidy cannot be quantified exactly then we extrapolate the impact on the claim and report this to DWP using a qualification letter. It is for DWP to decide on any further action required.</p> <p>In 2018/19 we identified only two issues requiring extrapolations. In both cases the extrapolations increased the total for local authority overpayments, but as this total remained below a threshold set by DWP there was no potential impact on subsidy.</p> <p>Other issues</p> <p>The value in the 'in-year reconciliation' cell for each benefit type should agree with the value in the "total expenditure" cell. For rent allowance expenditure the values in these cells differed by £158. Officers investigated this issue but were unable to explain the difference.</p> |

Appendix B: Outcomes from testing of benefit claims

| | Cases tested | Errors identified | |
|--|--------------|-------------------|---|
| Follow up testing was performed in the following areas to address issues arising from our 2017/18 certification work. | | | |
| 2017/18 Follow up testing: Rent allowances | | | |
| Calculation errors relating to earned income | 40 | 4 | One error resulted in an overpayment of benefit and three errors in an underpayment. For the overpayment the impact was extrapolated and reported to DWP. |
| Calculation errors relating to extended payments | 40 | 1 | The error led to an underpayment of benefit. |
| 2017/18 Follow up testing: Rent rebates (tenants of non-HRA properties) | | | |
| 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 | 0 | |
| Calculation errors relating to earned income | 40 | 1 | The error led to an underpayment of benefit. |
| Calculation errors relating to dependant's allowance | 88 | 3 | As the population was under 100 cases all cases are tested. One error resulted in an overpayment of benefit and two errors in an underpayment. A claim amendment was made to correct the overpayment. |

Appendix B: Outcomes from testing of benefit claims

| | Initial testing: Errors identified | Additional testing sample | Additional testing: Errors identified | |
|---|---------------------------------------|---------------------------|--|--|
| 2018/19 Initial testing: Rent Allowances | | | | |
| Testing on an initial sample of 20 benefit cases identified the following errors; | | | | |
| Weekly rent liability incorrect. | 1 | 40 | 1 | One error resulted in an overpayment of benefit and one error in an underpayment. For the overpayment the impact was extrapolated and reported to DWP. |
| Dependent's allowance incorrectly calculated. | 1 | 40 | 0 | The error led to an underpayment of benefit. |
| 2018/19 Initial testing: Rent rebates (tenants of non-HRA properties) | | | | |
| Testing on an initial sample of 20 benefit cases identified no errors. | | | | |

Appendix C: Fees

| Claim or return | 2017/18 fee | 2018/19 fee |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Housing benefit subsidy claim | 23,626 | 20,500 |
| Total | 23,626 | 20,500 |

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 2018/19 certification testing. | Medium | All benefit records for individual claimants have been amended for all errors identified from 2018/19 certification testing. | Revenues and Benefits Manager |



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