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Dear Lee

### **Certification work for Tunbridge Wells Borough Council for year ended 31 March 2017**

We are required to certify the Housing Benefit subsidy claim submitted by Tunbridge Wells 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 £34.8 million. Further details are set out in Appendix A.

We identified five issues from our certification work which we wish to highlight for your attention. These issues are covered in further detail within Appendix A. All these areas will require additional testing in 2017-18 to determine whether the issues have been sufficiently resolved. The amended claim, which we have certified was relatively insignificant to the total subsidy receivable.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP. The DWP may 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 £8,925. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £5,000, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

*Grant Thornton UK LLP*

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

Claim	Draft claim	Final claim	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£34,787,653	£34,787,434	Yes	(£219)	Yes	See below for detailed comments on the issues identified in this year's Claim Form.

### Findings from certification of housing benefits subsidy claim

#### **Overpayment Classification – Non-HRA Rent Rebates**

During our initial testing we identified one case where an overpayment had been incorrectly coded as eligible overpayment rather than technical overpayment. The benefits team reviewed all overpayments cells (cells 026, 027 and 028) and identified further errors. The claim was amended for the errors identified. The identification of this error means testing will be needed on this cell in 2017/18.

#### **Incorrect Calculation of Earnings – Non HRA Rent Rebates**

Our initial testing identified an error where assessors had incorrectly applied the wrong earned income to periods of benefit in payment which resulted in an underpayment of benefit for the periods in payment. The benefits team reviewed all 31 cases of earned income. The additional testing identified no further errors, however we note that one claim had insufficient supporting information to support the earned income. The error identified did not result in subsidy being over claimed. The identification of this error means testing will be needed on this cell in 2017/18.

#### **Rent Rebates (Tenants of Non-HRA Properties)**

Our initial testing identified a claim where the Council was unable to locate the evidence used for the child tax credit and working tax credit amounts used in the calculation of HB entitlement during 2016/17. Identifying a sub-population where insufficient evidence being retained by the Council for further testing has not been possible. In view of these findings we were unable to agree a balanced amendment to the claim in respect of this case. We reported the facts to the grant funding body.

#### **Incorrect Calculation of Earnings – Rent Allowances**

Our initial testing identified one case where the Council had applied the incorrect earned income to periods of benefit in payment which resulted in an underpayment of benefit for the periods in payment. Testing of a further 40 cases identified one further error where the Council had incorrectly applied earned income which generated an underpayment of benefit in the period. Both errors did not result in subsidy being over claimed. The identification of this error means testing will be needed on this cell in 2017/18.

#### **Rent Allowances – Modified schemes Observation**

Our testing of modified schemes identified one case where the Council had applied the incorrect war disablement pension to periods of benefit in payment which resulted in an underpayment of benefit for the periods in payment. The error did not result in subsidy being over claimed. We reported the facts to the grant funding body.

**Appendix B: Fees for 2016/17 certification work**

Claim or return	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£8,925	TBC	TBC	As mentioned on Page 1, we will be requesting additional fee in respect of the additional testing performed where errors have been identified. We are currently in discussions with officers to agree this amount before we request formal approval from PSAA.