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Dear Lee

Certification work for Tunbridge Wells Borough Council for year ended 31 March 2018

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 2017/18 relating to subsidy claimed of £33.7 million. Further details are set out in Appendix A.

We highlight four issues arising from our certification work for your attention. Additional sample testing was completed in these areas, including some areas identified for the first time in 2017-18 in compliance with DWP's methodology. These issues are covered in further detail within Appendix A.

The Council took on the completion of the additional work this year to minimise the cost of additional audit fees. However, when we received the completed work from the Council towards the end of November, we determined that the evidencing and documentation of the work was not sufficient to meet the DWP requirements. Consequently, some of the work had to be re-performed. This re-performance meant the DWP deadline of 30 November was not achieved.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP in a Qualification Letter dated 14 December 2018. The certified, amended claim was relatively insignificant to the total subsidy receivable in 2017-18.

All these areas will require additional testing in 2018-19 to determine whether the issues have been sufficiently resolved.

On 28 December 2018, the DWP required the Council to undertake further work in respect of one claim reported in our Qualification Letter where we were unable to determine if subsidy had been correctly awarded. We reported our findings to the DWP on 15 February 2019. The additional work did not result in an amendment to the claim certified on 14 December 2018.

The indicative fee for 2017/18 for the Council was based on the final 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 £12,144. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £10,000, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

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

Claim	Draft claim	Final claim	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£33,654,334	£33,653,687	Yes	(£647)	Yes	See below for detailed comments on the issues identified in this year's Claim Form.

Findings from certification of housing benefits subsidy claim

Insufficient supporting information

Our testing in the prior year identified that 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, generating an underpayment. One error from this year's testing of the initial 20 cases was identified with no impact on subsidy.

Testing of the additional 40+ sample identified no further errors of this type. The identification of this error means testing will be needed on this cell in 2018/19.

Incorrect Calculation of Earnings (Earned Income and Self Employed Earnings)

Our testing in the prior year identified that the Council had applied the incorrect earned income and self employed earnings to periods of benefit in payment which resulted in an underpayment of benefit. This year's initial discovery testing did not reveal any errors. This area was brought forward as part of our CAKE testing.

Testing of 100 per cent of earned income and self employed earnings identified no further errors of this type.

Incorrect Calculation of Earnings (Earned Income and Self Employed Earnings)

Our testing in the prior year identified that the Council had applied the incorrect earned income to periods of benefit in payment which resulted in an underpayment of benefit. This year's initial discovery testing identified the following errors:

- 1 case (total value £1,565) where the incorrect calculation of earnings resulted in an overpayment of benefit (error value £247)
- 2 cases where the incorrect calculation of earnings resulted in an underpayment of benefit
- 1 case where inconsistent treatment in the calculation of earnings does not allow me to determine if subsidy had been correctly awarded. This has not been included in the table below.

Testing of the additional 40+ sample from a sub population of earned income identified similar errors where earned income was incorrectly applied. The result of our testing is as follows:

- 3 cases (total value £16,128) where the incorrect calculation of earnings resulted in an overpayment of benefit (error value £12)
- 3 cases where the incorrect calculation of earnings resulted in an underpayment of benefit.

The extrapolated impact of these overpayments errors on the affected cell is £12,438, and as above means we will have to undertake specific testing on this area in 2018/19. (Note: in line with DWP guidance, underpayments of subsidy are not classified as an error for subsidy purposes).

On 28 December 2018, the DWP required the Council to undertake further work in respect of one claim where we were unable to determine if subsidy had been correctly awarded. Benefit assessors revisited the claim and concluded an error had been made in the calculation of earnings resulting in an overpayment of benefit. We reviewed the evidence provided and reported the facts to DWP on 14 February 2019. (As noted above, underpayments of subsidy are not classified as an error for subsidy purposes).

Over / under paid benefit – Applicable rent

Our initial testing identified an error where the Council had applied the incorrect applicable rent to periods of benefit in payment which resulted in an underpayment of benefit for the periods in payment. Testing a further sample of 40 affected cases identified the following:

- 2 cases (total value £9,412) where the incorrect applicable rent amount resulted in an overpayment of benefit (error value £70), and
- 1 case where the incorrect applicable rent amount resulted in an underpayment of benefit.

The extrapolated impact of these overpayments errors on the affected cell is £7,809, and as above means we will have to undertake specific testing on this area in 2018/19. (As noted above, underpayments of subsidy are not classified as an error for subsidy purposes).

B: Fees for 2017/18 certification work

Claim or return	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£12,144	£22,144	£10,000	As mentioned on Page 1, the additional fee agreed with officers is subject to confirmation from PSAA.