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Dear Jayne

Certification work for Redditch Borough Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Redditch 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 £23.2 million. We identified the following issues from our certification work that we highlight for your attention.

There were eleven lots of additional testing arising from the findings from the previous year. We also found errors in two new areas, and completed additional testing. In 2015/16 we completed 20 lots of additional testing. This year, we tested 409 cases, identifying 28 errors (7% error rate). The level of testing required, and the number of errors found is decreasing, but there is more work and a higher number of errors than we would expect.

Further work was required on the testing completed by officers. Our re-performance of a sample of cases found two cases which officers had assessed as "Pass", but which we determined to be "Fail". This resulted in us increasing our re-performance to all cases tested by officers in this area.

Sample testing found the following issues included in the subsidy claim:

- Earnings incorrectly entered
- Incorrect treatment of a working tax credit payment
- Misclassification of overpaid benefit
- Childcare costs incorrectly calculated
- Earnings not properly evidenced
- Incorrect rent figure

- System error relating to tax credits via ATLAS (transmissions/notifications from the DWP to Local Authorities for the LA to process in claims taken from the DWP's database)
- Incorrect manual adjustments to the claim form

We reported these matters to the DWP. Further details are set out in Appendix A.

We sent the amended claim and our qualification letter to the DWP on 28 November 2017. The DWP may require the Council to undertake further work or provide assurances on the errors we identified.

The indicative 2016/17 audit scale fee, set by PSAA, is £23,291. We are not seeking to vary this fee.

Yours sincerely



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

Claim or return	Initial Value	Amended?	Amendment value	Final Value	Qualified?	Comments
Housing benefits subsidy claim	£23,260,709	Yes	-£558	£23,260,151	Yes	Amendments mainly relate to findings from addressing points in the 2015/16 DWP query letter

Findings from certification of housing benefits subsidy claim

Workbook completion

PSAA provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work which officers have completed. This reduces the cost of the work compared to auditors doing it all, and also gives officers better information on any training needs or quality issues regarding the initial claim assessments.

This year we provided specific workbook completion training to a number of council officers to support enhanced quality. Based on our initial risk assessment we re-performed 30% of the individual claims in the workbooks, a level determined due to the workbooks, in the main, being completed by Assessors who had not previously completed them. However, we found errors in the completion in the Rent Allowance workbook, which led us to increase our re-performance level, eventually to 100%. We identified two cases which officers had assessed as "Pass" when completing the workbooks, but which we assessed as "Fail". We have provided further support and guidance to officers with the aim of further enhancing the quality of workbook completion next year.

Incorrect earnings

Testing of the initial sample for Rent Rebates Non-HRA Properties identified two cases where earnings were incorrectly input. All cases with earnings were then tested with no further errors identified. Testing of a sample of 40 cases for Rent Rebates HRA Properties to assess errors identified in previous years identified seven where earnings were input incorrectly.

Working tax credit payment

Testing of the initial sample identified one case where benefit was underpaid due to the incorrect treatment of a one-off working tax credit payment. Testing of an additional random sample of 40 cases identified three cases where similar working tax credit errors were found.

Incorrect treatments of Childcare costs

Testing of the initial sample identified one case where Childcare costs had been input incorrectly. Testing of an additional random sample of 40 cases identified a further three cases where Childcare costs were treated incorrectly.

Earnings not evidenced

Testing of the initial sample found one case where the earnings evidence could not be accessed on the Council's document management system, although supporting notes indicated that a payslip had been seen, they did not state the earnings figures. We therefore concluded that there was insufficient evidence to support this element of the benefit calculation. Testing of an additional random sample of 40 cases had supporting evidence but for one case the earnings figure had been incorrectly input

Tax credits system error

Testing of the initial sample found one case with a system error relating to the automated addition of tax credits. Testing of an additional random sample of 40 cases identified a further two cases in which the treatment of tax credits was incorrect.

Rent figure not updated

Testing of the initial sample found one case where the rent rate had not been updated for 2016/17. Testing of an additional random sample of 40 cases identified a further three cases where rent had been incorrectly stated.

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£23,291	£23,291	£23,291	£0	N/A

