



Grant Thornton

An instinct for growth™

Sue Sturgeon
Managing Director
Guildford Borough Council
Millmead House
Millmead
Guildford
Surrey
GU2 4BB

Grant Thornton UK LLP
Fleming Way
Manor Royal
Crawley
RH10 9GT
T +44 (0)1293 554 130
www.grant-thornton.co.uk

16 January 2017

Dear Sue

Certification work for Guildford Borough Council for year ended 31 March 2016

We are required to certify the Housing Benefit subsidy claim submitted by Guildford 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 £35.3 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention. There were a number of errors from the extended testing that we carried out on this year's subsidy return which recurred from 2014/15. There was also one new area where we identified an error and needed to perform further testing this year. There was one area where we found no further errors in the current year, and will not have to carry out specific testing in the coming year.

As a result of the errors identified, the claim was amended as set out in Appendix A. We also qualified the claim and reported our findings to the DWP, including extrapolating the potential impact of the errors we found on the claim as a whole. The extrapolated financial impact on the claim was relatively insignificant to the total subsidy receivable of £35.3m. We have set out further details in Appendix A.

The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

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 the Audit Commission for the Council for 2015/16 was £13,925. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £12,500, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

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	£35,354,782	Yes	(£31,504)	Yes	See below

Findings from certification of housing benefits subsidy claim

Manual adjustments

In preparing the subsidy claim, the Council makes a number of manual adjustments to correct errors identified by the Housing Benefit Manager as part of checking the return. Due to the errors we identified and reported on last year, we tested all these adjustments as part of our work. As a result of our work and further discussions with officers, we agreed further amendments. We are satisfied that the claim as amended could be certified without qualification in this respect.

We have agreed with officers that in future years any such adjustments will be processed through the HB system. This will increase the transparency of amounts recorded on the system and make it easier for officers to explain the reasons for changes to the audit team.

Tax credits

As in last year, we identified various errors in how payments of child or working tax credits were taken into account in calculating claimants' income and therefore their entitlement to benefit. We identified:

- 7 errors out of 41 cases in receipt of tax credits in respect of HRA rent rebates leading to an extrapolated overpayment of £23,375.
- 4 errors out of 47 cases in receipt of tax credits in respect of rent allowances, leading to an extrapolated overpayment of £6,156.
- no errors in respect of the only non-HRA rent rebates case in receipt of tax credits, an improvement compared to 2014/15.

Claimant income

As in previous years, we identified errors in the calculation of claimants' income which affected the calculation of benefit entitlement. We identified:

- 1 error out of 44 cases in receipt of earned income in respect of HRA rent rebates, leading to an extrapolated overpayment of £17.
- 12 errors out of 42 cases in receipt of income from self-employment in respect of rent allowances, leading to an extrapolated overpayment of £5,345
- 1 error out of 41 cases in receipt of occupational pension income. This resulted in an underpayment of benefit and therefore there was no extrapolated error on the claim.

Software issue

Last year, we identified a software bug which caused two applicable amounts to be applied to a claim. We found that the bug had been fixed and did not impact on this year's return.

Manual ATLAS uploads

In our report on the 2013/14 and 2014/15 housing benefit subsidy claims, we reported that the Council had incorrectly processed ATLAS uploads requiring manual alignment. We did not identify any such errors this year and therefore will not have to undertake testing on this area in next year's claim.

Modified schemes

We found that the Council had not applied a fix provided by Civica on a timely basis with the result that a number of claims were incorrectly recorded as modified schemes. Officers were able to review the whole of the population and we agreed the amendment required to the claim as a result.

Recommended actions for officers

Rec No.	Recommendation	Priority	Response	Implementation date and responsibility
1	Process manual adjustments through the Civica system rather than 'offline' so that the audit trail is maintained.	High	Agreed	
2	Continue a higher level of checking calculations of benefit entitlement to focus on the errors identified from our testing.	High	Agreed	
3	Ensure all relevant fixes notified by Civica are applied to the system to correct known errors before running reports to generate the subsidy claim.	Medium	Agreed	

Appendix B: Fees for 2015/16 certification work

Claim or return	2014/15 fee (£)	2015/16 indicative fee (£)	2015/16 proposed fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£33,330	£13,925	£26,425*	(£6,905)	<p>Increase compared to scale fee due to additional work as set out in Appendix A.</p> <p>Overall decrease reflects higher proportion of work being performed by officers in 2015/16 compared to 2014/15.</p>

* Subject to approval by PSAA