



CHEL TENHAM

BOROUGH COUNCIL

Notice of a meeting of Audit Committee

Wednesday, 10 January 2018
6.00 pm
Pittville Room - Municipal Offices

Membership	
Councillors:	Colin Hay (Chair), Steve Harvey (Vice-Chair), Matt Babbage, Paul McCloskey, John Payne, David Willingham and Jon Walklett

The Council has a substitution process and any substitutions will be announced at the meeting

Agenda

7.	CERTIFICATION OF GRANTS AND RETURNS Grant Thornton – no decision required	(Pages 3 - 6)

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4 January 2017

Dear Paul

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

We are required to certify the Housing Benefit subsidy claim submitted by Cheltenham 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 £30.346 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 2015/16. There was one new area where we identified errors being Non HRA overpayment misclassification. The extrapolated financial impact on the claim, which we have reported to the DWP, was again 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 £9,015. Due to the additional work required to address the issues we identified, we are seeking a fee variation, which will be confirmed to Officers. This is 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 2016/17

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£30,346,014	Yes	£10,509	Yes	See below

Findings from certification of housing benefits subsidy claim

Child tax credit

We identified an error in one class of benefit where benefit had been underpaid as a result of the Authority miscalculating the claimant's child tax credit. We identified:

- 1 error out of 60 cases in receipt of child tax credits in respect of HRA Rent Rebates. As there is no eligibility for subsidy which has not been paid, the underpayment has not been classified as an error for subsidy purposes.

Earned income

We identified errors in two classes of benefit where benefit had been miscalculated as a result of the Authority miscalculating the claimants' earned income. We identified:

- 4 errors out of 60 cases where the claimant had earned income in respect of HRA Rent Rebates, leading to an extrapolated overpayment of £1,115.
- 5 errors out of 60 cases where the claimant had earned income in respect of Rent Allowances, leading to an extrapolated overpayment of £5,416.

Childcare disregard

We identified errors in one class of benefit where benefit had been miscalculated as a result of the Authority miscalculating the claimants' childcare disregard. We identified:

- 2 errors out of 60 cases where the claimant had childcare disregard in respect of Rent Allowances, leading to an extrapolated overpayment of £10.

Observations

The Authority uses the Civica benefit software. The software supplier provides a method for the Authority to reconcile benefit granted per the benefit software to benefit paid per the benefit software. The Authority adopts a slightly different approach to the reconciliation process than the standard method. However, we are satisfied that the reconciliation process in place at the Authority ensures that benefit paid is reconciled to subsidy due and includes all elements of the standard Civica reconciliation process

Modified schemes

We identified an error within the modified schemes testing. Officers were able to review the whole of the population and we agreed the amendment of £288 required to the claim as a result.

Non-HRA overpayments

We identified that the whole population of cell 028 (Non HRA Rent Rebate – Eligible Overpayments) had been classified as eligible when it should be classified as technical. Officers were able to review the whole population and we agreed the amendment of £10,221 required to the claim as a result.

Recommended actions for officers

We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

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)	£12,020	£9,015	£TBC	Subject to confirmation from PSAA	Additional work on Non HRA overpayments; additional testing of Modified Schemes.
Total	£12,020	£9,015	£TBC	Subject to confirmation from PSAA	