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Dear James

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Certification work for Shropshire Council for year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Shropshire 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 £63.2 million. Further details are set out in Appendix A.

We identified two issues from our certification work which we wish to highlight for your attention. These are detailed in Appendix A. As a result of the errors identified, the claim was 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 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 £13,445. 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 2017/18

Claim or return	Value	Amended?	Qualified?	Comments
Housing benefits subsidy claim	£63,274,975	Yes	Yes	See below

Findings from certification of housing benefits subsidy claim

No proof of National Insurance Number

Testing of an initial sample of 20 rent rebate cases identified 1 case (total value £627.93) where the authority could not provide evidence of the claimant's National Insurance number. Multiple workbooks were produced during the course of my certification work and I noted no other instances where this was the case, which led us to believe that this was an isolated occurrence. Furthermore, the authority were able to provide subsequent confirmation that the correct NINO had been used which led me to conclude that this issue had not led to a miscalculation of subsidy claimed.

In light of the above, we will not perform specific testing in respect of this issue as part of our certification work on the 2018/19 housing benefits subsidy claim.

Use of incorrect earnings figures to calculate benefit entitlement (Rent Rebates)

Testing of an initial sample of 20 rent rebate cases identified one case (total value £1,902) where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income.

We therefore performed testing on an additional 40 cases from the sub population of rent rebates cases. This work identified;

- two cases where the Council had incorrectly input earnings resulting in either no impact on subsidy claimed or an underpayment of subsidy. As there is no eligibility to subsidy for benefit which has not been paid, these issues do not affect subsidy and have not, therefore, been classified as an error for subsidy purposes.
- five cases, from a sample of 40 cases, where the Council had incorrectly input earnings resulting in overpayments totalling £308. These findings, in conjunction with the results of our initial sample, resulted in an extrapolated error of £3,003.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2018/19 housing benefits subsidy claim.

Misapplication of capital tariff

We identified one case from an initial sample of 20 rent allowance cases where the Council had incorrectly applied a capital tariff resulting in an underpayment of benefit. However, owing to the nature of the error identified (which could possibly result in either an under or over payment of subsidy) it was agreed with the Council that a random sample of 40 further cases from the sub-population of rent allowance cases where capital was present would be performed in order to assess the impact on the claim.

From our additional testing we identified;

- five cases where the incorrect application of a capital tariff had resulted in either nil impact or an underpayment of benefit. As there is no eligibility to subsidy for benefit which has not been paid, these issues do not affect subsidy and have not, therefore, been classified as an error for subsidy purposes.
- two cases (total value £4,398) where the Council had incorrectly applied a capital tariff resulting in overpayment of benefits of £43. These findings, in conjunction with the results of our initial sample, resulted in an extrapolated error of £331.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2018/19 housing benefits subsidy claim.

Use of incorrect earnings figures to calculate benefit entitlement (Rent Allowances)

Testing of an initial sample of 20 rent allowances cases identified one case (total value £2,989) where the Council had incorrectly input earnings resulting in an overpayment of benefit of £98. This issue was also present in the prior period claim and was reported on in the 2016/17 qualification letter.

We therefore tested an additional sample of 40 cases from the sub-population of rent allowances cases where earnings were present in order to assess the impact on subsidy. This testing identified a further;

- five cases where the authority had incorrectly input earnings resulting in an underpayment of subsidy. As there is no subsidy payable on cases where benefit has been underpaid these are not considered errors for subsidy purposes; and
- six cases (total value £22,267) where the Council had incorrectly input earnings resulting in an overpayment of benefit totalling £113. When considered in conjunction with the results of our initial sample, this resulted in an extrapolated error of £12,885.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2018/19 housing benefits subsidy.

Use of incorrect occupational pension figures to calculate benefit entitlement

An issue was identified and reported on in the 2016/17 qualification letter affecting this element of the claim. We therefore performed testing on a random sample of 40 cases from the sub-population of rent allowance cases where an occupational pension was present.

This testing identified a further;

- one case where the incorrect rate of occupational pension income was applied resulting in an underpayment of benefit. As there is no subsidy payable on underpaid benefit, this is not considered an error for subsidy purposes;
- three cases (total value £6,998) where the incorrect rate of occupational pension income was applied resulting in an overpayment of £58. This resulted in an extrapolated error of £1,733.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2018/19 housing benefits subsidy.

Recommended actions for officers

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

Appendix B: Fees for 2017/18 certification work

Claim or return	2015/16 fee (£)	2016/17 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£13,945	£10,620	£13,445	£13,445	£0	n/a
Total	£13,945	£10,620	£13,445	£13,445	£0	n/a