



Grant Thornton

An instinct for growth™

Andrew Lovegrove
Chief Finance Officer
Herefordshire Council
Plough Lane
Hereford
HR4 0LE

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

www.grant-thornton.co.uk

12 December 2017

Dear Andrew

Certification work for Herefordshire Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Herefordshire 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 £46.9 million. Further details are set out in Appendix A.

We identified some issues from our certification work which we wish to highlight for your attention.

We undertook testing this year of a sample of 40 cases in relation to an error in Rent Allowances which we reported in 2015/16. This error occurred due to the incorrect Local Housing Allowance (LHA) rate being applied. We identified no errors from the testing undertaken in 2016/17.

From our initial testing of 20 rent allowance cases we identified one case where the incorrect rent had been applied when assessing the eligible housing benefit. Benefit had been overpaid in this case. In line with guidance a further sample of 40 cases were tested to ensure that the correct rent had been applied. We identified no fails from this extended testing. We extrapolated the error on the single fail and reported this in our qualification letter to the Department for Work and Pensions (DWP). The extrapolated financial impact on subsidy is relatively insignificant to the total subsidy receivable.

The signed claim we originally received for audit purposes had been populated by running the incorrect system report. The correct reports were subsequently run and an amended claim has been submitted to DWP. The impact on subsidy claimed was relatively small.

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 £5,415.

We would like to take the opportunity to thank the benefits team for their assistance in completing the work. The team were supportive and responsive to our audit requirements and whilst the claim was qualified, there were relatively few errors identified or matters raised in our report to DWP.

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	£46,918,874	Yes	£24,429 increase	Yes	<p>Amendment as the original subsidy return was prepared using the incorrect reports.</p> <p>Qualification:</p> <ol style="list-style-type: none"> 1) Error in rent allowance claimed due to incorrect rent used when determining subsidy. Cell 102 overstated £9,450 (100% subsidy), cell 113 understated £9,450 (nil subsidy) 2) Benefit software reconciliation: reported imbalance of £300 due to cheques returned which could not be written off within the system.

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)	£7,220	£5,415	£5,415	£nil	<p>Due to staff turnover in the benefits department, we agreed with officers that we would complete the initial testing, whereas this has been completed by council staff in previous years.</p> <p>This has involved agreed additional work by external audit. The indicative fee is based on the 2014/15 claim where there was greater 40+ testing. We have made an assessment that the additional work in completing the workbooks is</p>

					<p>offset by less work due to reduced 40+ testing and we are not proposing an adjustment to the indicative fee.</p> <p>All indicative fees are available on the PSAA website:</p> <p>https://www.psaa.co.uk/audit-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/</p>
Total	£7,220	£5,415	£5,415	£nil	