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Dear Mark

**Certification work for Maidstone Borough Council for year ended 31 March 2017**

We are required to certify the Housing Benefit subsidy claim submitted by Maidstone 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 £46.7 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. Our initial testing identified three new areas where we identified errors, which are covered in further detail within Appendix A. All three of these areas will require additional testing in 2017-18 to determine whether the issues have been sufficiently resolved. 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 £10,433. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £5,000, 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	£46,681,240	Yes	Classification amendments only – no impact on overall subsidy claimed	Yes	See below for detailed comments on the issues identified in this year's Claim Form.

### Findings from certification of housing benefits subsidy claim

#### **Overpayment Classification – Non-HRA Rent Rebates**

During our initial testing we identified one case where an overpayment (value of £73) had been incorrectly raised when the claimant had entitlement to benefit for the period in question. Testing of a further sample of 40 similar overpayments did not identify any further errors. Upon extrapolating the initial error, we identified the potential impact of this error is to overstate the affected cell by £152. The identification of this error means testing will be needed on this cell in 2017/18.

#### **Applicable Rent – Rent Allowances**

Our initial testing identified an error where assessors had incorrectly calculated the applicable rent for inclusion within a claimant's benefit calculation. This generated an overpayment of £20. Testing of a further sample of 40 affected cases identified a further two cases where the incorrect applicable rent had been applied, leading to further overpayments totalling £3. The extrapolated impact of these errors on the affected cell is £3,710, and as above means we will have to undertake specific testing on this area in 2017/18.

#### **Overpayment Classification – Rent Allowances**

Thirdly, our initial testing on Rent Allowances identified one case where the overpayment had been incorrectly classified, with the Council classifying the overpayment as being caused by the claimant, when in fact it was caused by the Council and should have been classified as such. Testing of a further 40 cases identified one further error where the Council had incorrectly classified the overpayment.

The value of these two errors totalled £515, and generated an extrapolated impact on the affected cell of £21,142. Again this will mean that specific testing will be needed in this area in 2017/18.

#### **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)	£13,041	£10,433	TBC	TBC	As mentioned on Page 1, we will be requesting additional fee in respect of the additional testing performed where errors have been identified. We are currently in discussions with officers to agree this amount before we request formal approval from PSAA.