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Dear Mark

Certification work for Maidstone Borough Council for the year ended 31 March 2018

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 HBCOUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit Subsidy Claim for the financial year 2017/18 relating to the subsidy claimed of £45.4 million. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. Additional sample testing was completed in several areas, including some areas identified for the first time in 2017-18 in compliance with DWP's methodology. Full details of these areas and the issues identified can be seen in Appendix A.

The Council took on the completion of the additional work this year to minimise the cost of additional audit fees. However, when we received the completed work from the Council towards the end of November, we determined that the evidencing and documentation of the work was not sufficient to meet the DWP requirements. Consequently, some of the work had to be re-performed. This re-performance meant the DWP deadline of 30 November was not achieved. We certified the claim on the 14th of December 2018.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. The extrapolated financial impact on the claim from the errors found was £34k. 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 £11,418. This is set out in more detail in Appendix B. We have agreed an additional fee with Management for the extra work performed this year. This is still subject to approval by PSAA Limited.

Yours sincerely

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Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£45,445,821	Yes	£441	Yes	Qualification letter reported errors found in several areas, more details on which can be seen below.

Findings from Certification of Housing Benefits Subsidy Claim

Claimant Earnings

In respect of Rent Allowances, our initial testing identified one case where the council had incorrectly calculated the claimant's applicable earnings, resulting in an overpayment of benefit. Under the HBCOUNT methodology, this required an additional 40 cases to be tested in this area. This additional testing identified four cases where benefit had been overpaid, leading to an extrapolated error of £33k. One further error was identified which generated an underpayment of benefit; this is not treated as an error for subsidy purposes.

Classification of Overpayments

From our work in previous years, we have identified issues with how the council classifies overpayments in respect of Rent Allowance cases. Whilst our initial testing of Rent Allowance cases did not identify any errors, our additional testing identified two cases where the overpayments had been incorrectly classified as an error due to the claimant, instead of the error correctly being classified as being caused by the council. These two misclassifications generated an extrapolated error of £835.

Applicable Working Tax Credits

Our initial testing on Rent Allowances identified one case where the council had calculated the incorrect Working Tax Credits to be applied to the claim, which generated an underpayment of benefit. As this type of error could also generate overpayments, we are required to perform additional testing. No further errors were identified from the additional testing performed, with no subsequent impact on the claim. We reported the finding to the DWP.

Duplication of Benefit Award

Our initial testing of Non-HRA Rent Rebates cases identified one case where the council had awarded benefit to the claimant on both a weekly and a monthly basis for a period during the course of the year, leading to an overpayment of benefit. The council ran a report to confirm that no further errors of this type had occurred during 2017-18 and posted an amendment in 2018-19 to correct the overpayment made.

Missing Evidence of Water Rate Deduction

We also identified a Rent Allowance case where the council was unable to evidence a water rate deduction applied to the claim, which went back a considerable number of years. As this error would only ever lead to an underpayment of benefit, no further work was required, but was reported to the DWP within our Qualification Letter.

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. Under the HBCOUNT methodology, all of these areas will require additional testing in 2018-19 to determine whether the actions undertaken by officers have been successful in resolving the issues identified.

Appendix B: Fees for 2017/18 Certification Work

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing Benefits Subsidy Claim (BEN01)	£11,418	£11,418	£21,418	£10,000	The additional fee is subject to approval by PSAA Limited.
Total	£11,418	£11,418	£21,418	£10,000	