



# Grant Thornton

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Dear Asad

## **Certification work for Burnley Borough Council for year ended 31 March 2018**

We are required to certify the Housing Benefit subsidy claim submitted by Burnley 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 2017/18 relating to total subsidy claimed of £31.2 million. Further details are set out in Appendix A.

There were a number of issues from our certification work which we wish to highlight for your attention.

- Initial testing identified one error (incorrect treatment of Widow's Supplementary Pension). No such error had been identified in the previous year. Extended testing in this area identified no further errors of this nature, but three other errors were identified (one relating to incorrect treatment of carers allowance and two where the War Disablement Pension had been input incorrectly).
- There were eight errors arising from extended testing on other areas that we carried out on this year's subsidy return as a result of errors identified in the previous year. Six of these relate to incorrect classification of overpayments, and two relate to incorrect calculation of weekly earnings.

The extrapolated financial impact of the errors on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

Due to 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 original scale 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 £6,732, however the final fee has been determined as £9,675. 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?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£31,174,159	Yes	£31,174,482	Yes	See below

### Findings from certification of housing benefits subsidy claim

#### Initial testing

Our initial testing of a sample of 30 individuals' benefit claims identified one error:

- 1 case where Widow's Supplementary Pension had been incorrectly treated leading to misclassification between cells.

#### Extended testing

Under the HB COUNT approach, we are required to carry out additional testing on the area identified above and also in areas where errors were identified in the previous year (2016/17). These are set out below:

- Additional testing of 40 cases for classification of Rent Allowance eligible overpayments identified six cases (total value £498.41) of misclassified overpayments. Five of these related to overpayments that had been recorded as cell 114 rather than cell 113, and one related to overpayments that had been recorded as cell 114 rather than cell 112.
- Additional testing of 40 Rent Allowance cases for calculation of relevant weekly earnings identified two cases (total value £2,400.64) where the average weekly earnings had been incorrectly calculated.
- Additional testing of 40 Rent Allowance cases for correct award of carers premium identified no further errors of this nature.
- Additional testing of 16 Modified Cases for correct treatment of Widow's Supplementary Pension identified no further errors of this nature, however identified two cases (total value £914,44) where the incorrect War Disability Pension figure had been used. In addition, one case (total value £2,939.91) was identified where carers allowance had been incorrectly treated.

#### Observations

We have no other observations to report.

#### Other matters

The Authority uses the Northgate benefits software. The software supplier provides the Benefits Subsidy Balancing Workbook to reconcile benefit granted per the benefit software to benefit paid per the benefit software.

This includes a difference of £7.41 on the "PTEN OP" tab of the balancing workbook, which has led to an under claiming of subsidy by the same amount. We reported a similar issue to you in the previous year.

**Appendix B: Fees for 2017/18 certification work**

<b>Claim or return</b>	<b>2016/17 fee (£)</b>	<b>2017/18 indicative fee (£)</b>	<b>2017/18 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	£9,675	£6,732	£9,675	£2,943	Additional 40+ testing has taken place in 2017/18 in line with the additional testing in 2016/17.
Total	£9,675	£6,732	£9,675	£2,943	