



Grant Thornton

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7 January 2019

Dear Martin

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### **Certification work for Torbay Council for year ended 31 March 2018**

We are required to certify the Housing Benefit subsidy claim submitted by Torbay 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 £61.1 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. These are set out in Appendix A.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the DWP on 26 November 2018. 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 £8,125. Due to the additional work required to address the issues we identified, we have agreed with you an additional fee of £2,699, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

#### **Chartered Accountants**

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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	£61,134,160	Yes	+£84	Yes	

### **Findings from certification of housing benefits subsidy claim**

The claim was qualified due to the following issues:

#### **Claimant income**

We identified 1 error out of 20 cases tested where assessors had incorrectly calculated claimants' earned income from evidence provided in respect of claims in receipt of rent allowances. We tested a further 40 cases and identified a further 9 cases where benefit had been incorrectly paid due to errors in calculating claimants' average weekly wage, leading to an extrapolated error of £265,307. As a result, we will undertake specific testing in this area in 2018/19.

#### **Rental amount**

We identified 1 error out of 20 Non-HRA cases tested where the rental amount entered by assessors did not agree to the rent agreement due to a transposition error. We tested a further 40 cases and identified a further 2 cases where the incorrect rent figure had been applied, leading to an extrapolated error of £6,400. As a result, we will undertake specific testing in this area in 2018/19.

The claim was amended due to the following issue:

#### **CIVICA system issue**

We identified 1 error out of 20 cases where an adjustment being processed in April for a Non-HRA claim, prior to the previous year being closed, resulted in reinstated benefit being incorrectly classified in the claim. This was due to a bug within the CIVICA system. Officers were able to review the whole of the population in 2017/18 and we agreed the amendment required to the claim as a result. The audit team reviewed and re-performed a sample of the work of the Council with no issues arising.

#### **Recommended actions for officers**

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

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

<b>Claim or return</b>	<b>2015/16 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)	8,125	8,125	10,824	2,699	Additional work was necessary to certify the claim due to errors identified in the initial testing. Additional testing was carried out in three areas with 100% checks carried out in four areas. We reviewed the additional work and re-performed a sample in line with PSAA guidance.
Total	8,125	8,125	10,824	2,699	