



Grant Thornton

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Dear Martin

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Certification work for Torbay Council for year ended 31 March 2017

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 2016/17 relating to subsidy claimed of £64.9 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. 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 £9,630. Due to the additional work required to address the issues we identified, we have agreed with you an additional fee of £2,607, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

For 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	£64,861,258	Yes	£368	Yes	See below

Findings from certification of housing benefits subsidy claim

The claim was qualified due to the following issues:

Claimant income

We identified one error where assessors had incorrectly calculated claimants' earned income from evidence provided in respect of claims in receipt of rent allowances. We found 1 error out of 20 cases tested. 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 £26,600. As a result we will undertake specific testing in this area in 2017/18.

Non-HRA residency end date

We identified one error where benefit was overpaid due to the Council not terminating the claim until 2 days after the residency had ended. had incorrectly calculated claimants' earned income from evidence provided in respect of claims in receipt of rent allowances. We found 1 error out of 20 cases tested. We tested a further 40 cases and identified no further errors, meaning that the extrapolated error was £287. We will undertake specific testing in this area in 2017/18.

Overpayment classification

We identified one error where a rent allowances overpayment was incorrectly classified as eligible rather than Local Authority error. This resulted from Extended Payment (EP) case where claimant did not provide requested job information, but was paid benefit after the EP ended. Officers were able to review the whole of the population 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

Child tax credit

We identified one error where the incorrect child tax credit figure was used. Officers were able to review the whole of the population 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.

Modified schemes

We identified one error where the incorrect value for the Employment and Support Allowance (ESA) transitional addition was used, causing an overstatement of the modified amount Officers were able to review the whole of the population 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.

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)	12,840	9,630	12,237*	2,607	Additional work was necessary to certify the claim due to errors identified in the initial testing. Additional testing was carried out in two areas with 100% checks carried out in three areas. We reviewed the additional work and re-performed a sample in line with PSAA guidance.
Total	12,840	9,630	12,237	2,607	

* Includes a fee variation of £2,607, which is subject to the approval of the PSAA