



# Grant Thornton

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Donna Parham  
Assistant Director – Finance and Corporate Service  
South Somerset District Council  
Brympton Way  
Yeovil  
BA20 2HT

Grant Thornton UK LLP  
Hartwall House  
55-61 Victoria Street  
Bristol BS1 6FT

T +44 (0)117 305 7600  
F +44 (0)117 305 7784  
DX 78112 Bristol  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

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Dear Donna

### **Certification work for South Somerset District Council for year ended 31 March 2016**

We are required to certify the Housing Benefit subsidy claim submitted by South Somerset District 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) have taken 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 2015/16 relating to expenditure of £45.3 million. Further details of the claims certified are set out in Appendix A.

There were issues arising from our certification work which we wish to highlight for your attention and required 40+ testing to be undertaken. These are shown below:

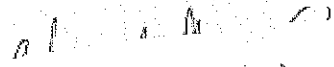
- Testing of rent allowances identified one case where an overpayment was incorrectly classified as a LA error and should have been classified as an eligible error
- Testing of rent allowances identified one case where benefit was overpaid and one case where benefit was underpaid, as a result of the authority inputting the claimant's tax credits incorrectly
- Testing of a prior year issue, where the claimant's weekly income had been incorrectly calculated within rent allowances, identified errors leading to four cases which resulted in an overpayment and two cases which resulted in underpayments
- Testing of a prior year issue, where the claimant's self-employed income had been incorrectly calculated within rent allowances, identified errors leading to one case which resulted in an overpayment and 10 cases which resulted in underpayments
- Testing of a prior year issue, where the claimant's pension credit savings credit had been incorrectly input within rent allowances, identified errors leading to one case which resulted in an overpayment and four cases which resulted in underpayments
- A further three errors were identified that resulted in testing of 100% of the population. The errors were
  - Working tax credits and child tax credits had not been updated within Northgate
  - Non-dependent earned income had been incorrectly calculated for eight cases
  - Self-employed income support was incorrectly calculated in one case

We have made one recommendation within the Audit Findings Report that '... management consider implementing a process for ensuring accuracy of income information entered into the benefits system. Management may consider a quality control process to review new or adjusted claims.' Given the number of errors identified in the audit of the certification claim we would like to re-enforce the recommendation and ensure that management address the issues outlined. With the exception of this we are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely returns for audit certification.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 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 the Audit Commission for the Council for 2015/16 is £8,052. This is set out in more detail in Appendix B.

As a result of the number of errors identified as part of the audit, extra resources have been required to ensure that the statutory deadline was met and that complete and appropriate testing has been undertaken to provide assurance over the accuracy of the figures to the Council and to the fee paying body. Therefore, a fee variation of £3,802 is proposed and will require approval by PSAA before it can be confirmed.

Yours sincerely



For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£45,903,608	Yes	0	Yes	See issues identified in letter above  The claim has been amended and this has no impact in the total subsidy claimed as the amendment is a reclassification of subsidy between cells

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	10,736	8,052	11,854	3,082	<p>Additional time required to carry out five lots of additional 40+ testing and three lots of 100% testing due to initial discovery sampling errors and continued errors identified in testing of prior year issues.</p> <p>This is compared to three lots of 40+ testing required in 13/14 on which the indicative fee is based</p>
Total	10,736	8,052	11,854	3,082	