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Dear Graeme,

Certification work for Waverley Borough Council for year ended 31 March 2014

We are required to certify certain claims and returns submitted by Waverley 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.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified two claims and returns, Housing Benefit Subsidy and Pooling of Housing Capital Receipts, for the financial year 2013/14 relating to expenditure of £30.8 million. Further details of the claims certified are set out in Appendix A.

We wish to highlight for your attention the following issues arising from our certification work on Housing Benefits Subsidy:

- In the initial rent allowance testing we found two errors:
 - (i) For one case a retirement pension figure was incorrect causing an underpayment of £236. We carried out 40+ testing on rent allowance cases that had retirement pension figures included as part of their income assessment. A further error was found in the 40+ testing which caused an underpayment of £5. Neither of these were adjusted within the claim because subsidy cannot be claimed on benefit that has not been awarded.
 - (ii) In another case, expenditure of £78 was incorrectly classified. Testing was carried out on the full population of cases that are administered under the Pre-1996 rules and a further three errors were found whereby amounts had been included in the wrong cell. A total adjustment of £10,774 was made.
- Where an authority operates a discretionary local scheme to disregard some or all of any war pension over and above the statutory disregards, the increased benefit paid as a result of the discretionary scheme does not count as qualifying expenditure and is to be excluded from the claim. Such cases are classed as modified schemes. We found errors in the modified scheme testing as some of the amounts were incorrectly classed as modified schemes. There were some local annuities where a 100% discount had been applied, but

should not have been. The system incorrectly treated them as modified schemes. We tested the full population and found errors totalling £5,031. This expenditure should have been classed as either HRA rent rebate (£4,055) or rent allowance (£976).

The amendments relating to the errors above increased the total housing benefit subsidy claimed to £29,256,770, from £29,200,500.

As the Council completed additional work to enable the claim to be amended no further action was required in respect of the issues identified.

Our certification work at another client using the CIVICA benefits system identified an issue in relation to the system which resulted the incorrect amount of subsidy being claimed. At the time the claim was certified CIVICA were investigating the issue to ascertain why the error occurred. As the investigation and resolution to the system issue was in progress the potential impact on the Council was unknown, therefore we included the issue in a qualification letter accompanying the certified claim. The issue raised in the letter was outside of the control of the Council as it related to the use of the CIVICA system and was reported for CIVICA clients. We understand that CIVICA intend to issue a correction patch which will correct any errors in the 2014/15 subsidy claim.

There are three recommendations arising from our certification work which we wish to highlight for your attention in relation to the Housing Benefits Subsidy claim. They are set out in more detail in Appendix A.

We have no issues to bring to your attention with respect to Pooling of Housing Capital Receipts.

We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The indicative fee for 2013/14 for the Council is based on the final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of Housing Benefit Subsidy claims have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2013/14 is £16,031 which is also the final fee for 2013/14. This is set out in more detail in Appendix C.

Yours sincerely



Emily Hill
For Grant Thornton UK LLP

Appendix A – Audit Action Plan

Priority:

High – Significant effect on control system

Medium – Effect on control system

Low – Best practice

Rec No	Recommendations	Priority	Management Response	Implementation date & responsibility
1.	The Council should complete a 100% check of the claimants whose cases are administered under the Pre-1996 rules every six months to make sure the expenditure is valid.	Medium	Agree	March 2015 & September 2015 Nicky Harvey, Benefit Manager
2.	The Council should complete a 100% check of the modified schemes every 6 months to make sure that the expenditure is valid.	Medium	Agree	March 2015 & September 2015 Nicky Harvey, Benefit Manager
3.	Once issued, the Council should run the CIVICA correction patch	High	Agree	As soon as the patch becomes available Nicky Harvey, Benefit Manager

Appendix B - Details of claims and returns certified for 2013/14

Claim or return	Value (£)	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	29,256,770	Yes	+56,270	No	The adjustments made in respect of the 100% check of the modified schemes and the results of the 40+ testing element and 100% review element on rent allowances meant an increase in subsidy for the Council.
Pooling of Housing Capital Receipts	1,548,652	No	N/A	No	None

Appendix C: Fees for 2013/14 certification work

Claim or return	2012/13 fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance to 2012/13 (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	15,049	15,175	15,175	+126	We have had to carry out 40+ testing and 100% cell reviews, but have been able to keep this within the original fee.
Pooling of Housing Capital Receipts (CFB06)	1,000	856	856	-144	No amendments were made in 2013/14 and no additional work was undertaken.
National non- domestic rates return (NNDR3)	3,551	N/A	N/A	-3,551	No requirement to certify this return in 2013/14
Total	19,600	16,031	16,031	-3,569	

