



Grant Thornton

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Dear Janet

Certification work for London Borough of Lewisham for year ended 31 March 2016

We are required to certify the Housing Benefit subsidy claim submitted by London Borough of Lewisham ('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 housing benefits certification guidance (HB COUNT) issued by the Audit Commission in February 2015

We certified the housing benefits claim on 23rd November 2016 for the financial year 2015/16, relating to expenditure of £230.4 million. Further details of the claims certified are set out in Appendix A.

Overall we are satisfied that the Council has appropriate arrangements to compile a complete, accurate and timely benefit claim for audit certification. However, as in previous years the claim was amended and qualified. The issues arising from our certification work were consistent with similar issues reported in previous periods. The most common categories of errors were:

- Incorrect classification of cases.
- Incorrect classification of overpayments
- Incorrect calculation or input of income (earnings, tax credits, pension) leading to under or overpayments of benefits

In accordance with the Department of Work and Pensions approach (HBCOUNT), where we identify errors we are required to carry out extended testing. There were 12 extended samples during 2015/16 compared to 14 in 2014/15 and nine in 2013/14 (this is base year which PSAA uses to set the indicative fee). The Department requires extended testing as a basis to quantify and extrapolate errors on a consistent basis.

Extended testing is usually required where we have identified errors in the previous year's claim, to address the risk of systemic weaknesses which could still be present in the current year's claim. This is the main reason for the level of extended testing in 2015/16.

We found the quality of data in 2015/16 had improved compared with the previous year. If the Council continues to improve the quality of its data this should result in less certification work in future.

As previously observed and reported, the Council has a policy of disposing of records after six years meaning that in some cases the council no longer holds information to support the assessment performed and so is not able to demonstrate that benefit was correctly calculated. This related specifically to one case during 2015/16 and we reported this fact to the DWP. Similar findings have been reported each year since 2011/12 and the Department of Work and Pensions has to date taken no action.

Our proposed fee for 2015/16 is £35,458. This compares with a final fee of £54,980 in 2014/15 and £36,262 in 2013/14. The proposed fee is £9,889 more than the indicative scale fee set by PSAA for the Council for 2015/16 (£25,569). The indicative fee is based on 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The amount of work required in 2015/16 was more than in the base year, requiring more audit time than envisaged. There were 12 extended samples during 2015/16 compared to nine during 2013/14.

Further details of the claim and our audit fees are given in appendix A and appendix B.

We would like to thank officers in the benefits team , who were extremely helpful during the certification process and responded promptly to all our queries. This enabled us to certify the benefits claim a week ahead of the deadline.

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	230,457,738	Yes	£(65,990)	Yes	<p>Error types were consistent with prior periods, although the frequency of errors has reduced since 2014/15.</p> <p>The errors were predominantly misclassifications of cases in the claim and incorrect assessments of income.</p> <p>Overall around 11 per cent of all cases we reviewed contained an error.</p>

Appendix B: Fees for 2015/16 housing benefits certification work

Claim or return	2013/14 fee (£)	2014/15 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	36,262	54,980	25,569	35,458	9,889	The data quality of the cases tested has improved compared with 2014/15. Twelve samples of additional testing were required in 2015/16 compared with fourteen in 2014/15 and nine in 2013/14.
Total	36,262	54,980	25,569	35,458	9,889	