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Jon Triggs
Head of Resources
North Devon District Council
Brynsworthy Environment Centre
Brynsworthy
Barnstaple
EX31 3NP

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

T +44 (0)117 305 7600
F +44 (0)117 305 7784

www.grant-thornton.co.uk

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Dear Jon

Certification work for North Devon District Council for year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by North Devon 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) 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 £25.7 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 29 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 £13,387. 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	£25,667,485	Yes	+£1,129	Yes	The errors identified below resulted in additional subsidy as the DWP gives subsidy on an element of overpayments due to local authority error.

Findings from certification of housing benefits subsidy claim

The claim was qualified due to the following issue

Claimant income

We identified 1 error in 2016/17 where assessors had incorrectly calculated a claimant's earned income from evidence provided in respect of claims in receipt of rent allowance. We tested a further 40 cases in 2017/18 and identified 3 errors. 2 of these resulted in an underpayment of benefit and 1 had no impact on entitlement.

The claim was amended due to the following issues:

Service charges

We identified errors in 2016/17 where the incorrect amount was being applied for the water rates service charge on Non-HRA rent rebates cases.

We identified further errors in 2017/18 where the rental liability included ineligible service charges on Non-HRA rent rebates cases. We found 2 errors out of 20 cases tested.

Officers were able to review the whole of the population in 2017/18 and we agreed the amendment required to the claim. The audit team reviewed and re-performed a sample of the work of the Council with no issues arising.

Employment & Support Allowance (ESA)

We identified 1 error out of 20 cases last year where the wrong ESA rate had been used on a Non-HRA rent rebates case. 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.

Extended payment

We identified 1 error out of 20 cases tested last year where an extended payment of benefit was duplicated on a Non-HRA rent rebates case. 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.

Incorrect rent figure and other errors

We identified 1 error out of 20 cases tested last year where the incorrect rent figure was applied on a Non-HRA rent rebates case. The same case also had the incorrect amount being applied for the water rates service charge, incorrect disregards and applicable amounts had been applied and overpayments were misclassified. 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.

ATLAS update error

We identified 1 error out of 20 cases tested last year where the update of a claimant's benefits by the ATLAS system incorrectly adjusted amounts relating to 2014/15 on a rent allowance case creating an overpayment in 2016/17. 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

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	13,956	13,387	13,387	-	N/A
Total	13,956	13,387	13,387		