



Grant Thornton

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Dear Shelagh

Certification work for South Lakeland District Council for year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by South Lakeland 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 £17.0 million. Further details are set out in Appendix A.

We identified a number of errors in the initial testing from our certification work, which we have highlighted for your attention in Appendix A, along with the follow up issues from 2016/17. The claim form was amended for the majority of the errors identified, however a qualification letter was required to report the testing errors in Rent Allowances to the Department of Works and Pensions, including an extrapolation table of the potential errors. 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 £7,552. The Council requested that we complete the additional testing this year on their behalf, which has led to additional fees of £3,500 being agreed with the Council, resulting in a total fee of £11,052. This would be revisited if the Department for Work and Pensions required additional work in any areas noted in our qualification letter. Details of the fee are set out in more detail in Appendix B.

Yours sincerely

Grant Thornton UK LLP

John Farrar, for and on behalf of
Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amended value	Qualified?	Comments
Housing benefits subsidy claim	£17,022,734	Yes	£17,016,696	Yes	See below

Findings from the certification of the 2017/18 housing benefits subsidy claim

Follow up of 2016/17 issues

Non-HRA Rent Rebate

Our work on the 2016/17 claim identified a number of issues on Non-HRA Rent Rebate claims relating to misclassification of expenditure and overpayments. As part of the 2017/18 certification process the Council has reviewed all Non-HRA Rent Rebate claims and amended the subsidy claim to correct all errors identified.

The initial testing identified similar misclassification issues and also duplicate payment errors as a result of the change in system during the year. As the full population was tested (due to there being less than 100 cases), the subsidy claim was amended for these errors.

Rent allowance

In 2016/17, one case was identified where the Council had incorrectly classified expenditure as backdated. The Council had already identified this as a high risk area and reviewed all backdated claims. We re-performed a sample to agree the backdated amount and reasons for backdating, with no further action required.

The initial testing identified one case where incorrect child care costs had been included as part of the income calculation. We carried out 40+ testing in this area where further child care cost errors were identified, the results were included in an extrapolation table in the qualification letter.

The additional testing in this cell also identified one case which had been affected by a bug in the Civica system, this was included as an observation in the qualification letter and also within the extrapolation table.

Modified schemes

Last year, one case was identified where the Council had used an incorrect income figure resulting in the split between modified and normal expenditure being incorrect.

The initial testing identified four cases which were coded to Modified Schemes where there was no war pension, therefore all cases were to be checked for validity.

We have reviewed all modified scheme cases in 2017/18 for both income and validity and the Council has amended the claim form to account for the errors found.

Appendix B: Fees for 2017/18 certification work

Claim or return	2016/17 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£7,545	£7,552	£11,052	£3,500	The Council requested that we undertake additional testing on its behalf this year which was not in the original scope of our engagement nor within the baseline fee set by PSAA.
Total	£7,545	£7,552	£11,052	£3,500	