

Duncan Whitfield
Strategic Director of Finance and Governance
Southwark Council
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1 February 2019

Dear Duncan

Certification work for Southwark Council for the year ended 31 March 2018

We are required to certify the Housing Benefit Subsidy Claim submitted by Southwark 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 HBCOUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit Subsidy Claim for the financial year 2017/18 relating to the subsidy claimed of £169 million. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. Additional testing was completed in four areas, two of which were identified from our initial testing during the year and two of which were carried forward from previous years. The extrapolated financial impact on the claim from the errors found, which we have reported to the DWP, was £24k.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. 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 £17,717. This is set out in more detail in Appendix B.

Yours sincerely

Grant Thornton UK LLP

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

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing Benefits Subsidy Claim	£168,950,254	No	N/A	Yes	Qualification letter reported errors found in several areas, more details on which can be seen below.

Findings from Certification of Housing Benefits Subsidy Claim

Claimant Income

We identified several errors where assessors had incorrectly calculated the claimants' earnings from the evidence provided in respect of claims for both Non-HRA and HRA Rent Rebates. In respect of Non-HRA Rent Rebates, we identified three cases where benefit had been overpaid, leading to an extrapolated error of £6.7k. A further five errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

In respect of HRA Rent Rebates, whilst no issues were identified from our initial testing, as errors were found in the prior year this was brought forward to our work in 2017-18. This additional work identified one claim where benefit had been overpaid, leading to an extrapolated error of £200. A further five errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

Allowance of Child Care Costs

We identified during our initial testing one case where the Council had incorrectly included Child Care Costs in the calculation of benefit when these were no longer applicable, leading to an overpayment of benefit. The impact of this overpayment was an extrapolated error of £15.9k. A further three errors were identified from the additional testing performed in respect of this area, however these either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

State Retirement Pension

In previous years we have identified issues in the calculation of State Retirement Pension included on Rent Allowance benefit claims. Whilst no issues were identified from our initial testing in 2017-18, our additional testing identified three cases where benefit had been overpaid, leading to an extrapolated error of £1.6k. A further four errors identified in this area either had no impact on the benefit paid, or identified that benefit had been underpaid, neither of which is classified as an error for subsidy purposes.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing. Under the HBCOUNT methodology, all of these areas will require additional testing in 2018-19 to determine whether the actions undertaken by officers have been successful in resolving the issues identified.

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)	£17,717	£17,717	£17,717	N/A	N/A
Total	£17,717	£17,717	£17,717	N/A	