

Members of the Audit Committee  
Durham County Council  
County Hall  
Durham  
DH1 5UL

24 February 2017

Dear Members

### Results of certification work 2015-16

As the Council's appointed auditor, we acted as an agent of Public Sector Audit Appointments (PSAA) who have responsibilities to make certification arrangements for specified claims and returns. For 2015/16 the only claim or return within this regime was the Housing benefit subsidy return. This letter reports the findings from this work.

In 2015/16 the prescribed tests for our Housing benefits work were set out in the HBCOUNT module and BEN01 Certification Instructions issued by PSAA. For the Housing benefit subsidy return, on completion of the specified work we issue a certificate. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter. Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

The 2015/16 Housing benefits return was subject to a qualification letter. Detailed findings, including the extrapolation of errors identified, were reported in our qualification letter to the Department for Work and Pensions dated 28 November 2016. The table below details our findings.

Claim or return	Value of claim or return	Amended	Qualified (1)
Housing benefit subsidy	£178,546,580	No	Yes

#### (1) Qualification matters

Where an error was identified in sample testing and it was not possible to quantify the error the matter was reported as an extrapolated error in a qualification letter to the Department.

Our sample testing is split between initial testing and additional testing. Initial testing tests a random sample of 20 cases from each headline cell on the subsidy claim form for each of the three benefit types (non-HRA rent rebates, rent rebates and rent allowances). One error was identified in our 2015/16 initial testing. This error was due to the incorrect earning indicator being applied to a claimants earnings. Additional testing was completed and further errors identified which have been corrected in the 2016-17 system. We reported this error to the Department.

Certification Instruction BEN01 and the associated HBCOUNT approach instructs where initial testing does not match with cumulative audit knowledge and experience (CAKE) then additional testing must be completed. As in previous years, additional testing was completed by the Authority testing a further 40 cases looking at specific issues which arose in the prior year. We then carried out our own re-performance of a sample of these cases. This additional testing identified errors in 2015/16 relating to:

- Incorrect claimant income being used in the calculation of rent rebate. This resulted in one case of benefit overpayments. We reported in our qualification letter the extrapolated impact of this errors resulting in an overpayment. Five other cases with similar errors were identified as having no impact on subsidy.
- The charge being applied to non-dependent income was incorrect in the calculation of rent rebate. The impact of these errors was an underpayment of benefit. We are not required to extrapolate errors which result in the underpayment of benefits.
- Incorrect self-employed client information used in the calculation of rent allowance. Errors resulted in both under and over payment of benefit. We reported in our qualification letter the extrapolated impact of errors resulting in overpayments. We are not required to extrapolate errors which result in the underpayment of benefits.
- Errors in recording claimant's capital in rent allowance calculations. These errors had no impact on the subsidy claimed.
- Incorrect housing association rent used in a rent allowance calculation. The error identified resulted in an underpayment. We are not required to extrapolate on errors which result in the underpayment of benefit.

Where underpayments were identified the authority ensured those claims affected were amended and the entitled benefit was awarded to the claimant. A total of nine claims with a value of £834.68 were identified as being underpaid. Remedial actions have been taken by officers to prevent similar errors occurring in the future.

This year, in several areas, the additional work carried out on the prior year issues has resulted in no fails at all being identified for 2015/16.

As with previous years the number and severity of the issues identified and reported continues to decrease for the Housing Benefit return. This reflects the ongoing improvements in practices and arrangements for administering this complex scheme. I would like to express my thanks for the assistance of the Council's housing benefits team during the certification work.

## Fees

PSAA set an indicative fee for our work on the Council's Housing benefit subsidy return. This indicative fee, and the final fee charged for 2015/16, is detailed in the table below:

Claim or return	2015/16 indicative fee	2015/16 final fee	2014/15 final fee
Housing benefit subsidy	£20,062	£20,062	£32,210

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Yours faithfully



Cameron Waddell

Partner

Mazars LLP

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