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Dear Claire

Certification work for City of Wolverhampton Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by City of Wolverhampton 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 2016/17 relating to subsidy claimed of £109.955 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. There was an extrapolated error from the extended testing that we carried out on this year's subsidy return, which recurred from 2015/16 in relation to incorrect earnings. There were two new areas where we identified errors, which were in relation to PCGC Income Classification and Child Care Costs. The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

As a result of the errors identified, the claim was amended and 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.

Chartered Accountants

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The indicative fee for 2016/17 for the Council was based on the final 2014/15 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 2016/17 was £16,455. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2016/17

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£109,954,975	Yes	£471,959	No	See below

Findings from certification of housing benefits subsidy claim

Incorrect earnings

As part of our 2015/16 testing of the initial sample we identified 2 cases where benefit had been underpaid as a result of the Authority using the incorrect earnings figure in the benefit calculation.

However, because using the incorrect earnings figure could result in an overpayment, further work had to be undertaken in 2016/17 to address the issue.

Testing of our initial sample identified zero errors in relation to the calculation of benefits where earnings were present.

Additional testing was undertaken and 3 cases were identified (total value £5,144) where the earnings had been incorrectly calculated. The value of the errors found ranged from £0.22 to £121.78 and the benefit periods ranged from 1 week to 52 weeks.

This is the second year that the Local Authority have had this issue.

PCGC Income Classification

Testing of the initial sample identified 1 case where the Authority had incorrectly classified the claimant's income as PCSC (Pension Credit Savings Credit) instead of applying PCGC (Pension Credit Guarantee Credit). As the claimant was entitled to full benefit regardless this did not have a financial impact on the claim.

However if the incorrect income code was applied this could result in an overpayment therefore it was deemed additional testing was to be undertaken.

Additional testing identified a total of zero cases that were incorrect therefore no overall financial impact to the claim form.

This was a new error identified for 2016/17.

Child Care Costs

Testing of the initial sample identified 1 case where benefit had been overpaid as a result of the Authority incorrectly calculating Child care costs.

Additional testing (100%) was undertaken and a further 11 fails were identified (6 overpaid and 5 underpaid). The claim form has been correctly amended by the Authority for the 6 overpayments: however as there is no eligibility to subsidy for benefit which has not been paid, the 5 underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes. Any underpaid benefit will be claimed in the 2017/18 subsidy year.

This is the first year that the error has been identified.

Personal Independent Payment (PIP)

Last year, we identified an instance whereby the Authority had entered the wrong PIP value on the system. We found that the authority had undertaken a systematic review of all such cases during the year to ensure that the entries were correct and therefore we found no errors in the 2016/17 claim form of this nature.

Incorrect rents

Last year, we identified that the authority had used the incorrect rent figure in the benefit calculation in two instances from the samples we selected. We did not identify any such errors this year.

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£21,940	£16,455	£16,455	£16,455	N/A
Total	£21,940	£16,455	£16,455	£16,455	N/A