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Dear Claire

Certification work for City of Wolverhampton Council for the year ended 31 March 2018

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 Ltd (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 £102.548 million. Further details are set out in Appendix A.

We identified one issue from our certification work, which led to qualification. There was an extrapolated error from the extended testing that we carried out on this year's subsidy return, which recurred from 2016/17 in relation to incorrect earnings. 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 qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or to provide assurances on the errors we have identified.

There were also two "Observations" made from our additional testing, which were also in relation to incorrect earnings. While these did not lead to qualification, they were still required to be reported to the DWP. However, because they did not affect the headline cell or subsidy (due to being either prior year overpayments or underpayments respectively), they were not included in the extrapolation table.

There was one further finding, which the claim was amended for, and which therefore did not feature in the qualification letter. A claim was paid before evidence was obtained to confirm rent liability, which subsequently led to an overpayment. From discussions with officers, we understand this policy was adopted for part of the 2017/18 financial year in respect of temporary accommodation cases. However, the Council has now reverted to the policy of only paying the benefit once all supporting rent evidence has been obtained. The value of the amendment was £42.96.

The indicative fee for 2017/18 for the Council was based on the actual 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 £14,128. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, slightly slanted style.

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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	£102,547,965	Yes	£N/A	Yes	See below

Findings from certification of housing benefits subsidy claim

Incorrect earnings

As part of our 2016/17 testing we identified 3 cases where benefit had been overpaid as a result of the Authority using the incorrect earnings figure in the benefit calculation.

Testing of our 2017/18 initial sample did not identify any errors in relation to the calculation of benefits where earnings were present.

Additional testing was undertaken and 5 cases were identified (total value £15,729) where the earnings had been incorrectly calculated. The value of the errors found ranged from £0.30 to £48.80 and the benefit periods ranged from 1 week to 23 weeks.

This is the third year that the Local Authority has had this issue.

Prior year findings

PCGC Income classification

In 2016/17 we identified 1 case where the Council had incorrectly classified the claimant's income as PCSC (Pension Credit Savings Credit) instead of applying PCGC (Pension Credit Guarantee Credit). While, in this particular instance, this did not affect the amount of subsidy claimed it could have resulted in an overpayment if an incorrect income code was applied. We did not identify any such errors this year.

Child Care Costs

In 2016/17 we identified 1 case from the initial sample and a further 11 cases from our extended testing, whereby benefit had been paid incorrectly due to the Council incorrectly calculating childcare costs. Not all of these cases had an impact on subsidy as some were underpayments and therefore did not constitute errors for extrapolation purposes. We did not identify any errors in relation to childcare costs this year.

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.

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)	£19,128	£14,128	£14,128	£0	N/A
Total	£19,128	£14,128	£14,128	£0	N/A

Yours sincerely