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Dear Alison

Certification work for Carlisle City Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Carlisle City 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, which had £27.2 million of subsidy claimed. Further details are set out in Appendix A.

We identified two errors in the income testing from our certification work, which we wish to highlight for your attention, and these are noted in Appendix A. A qualification letter was required to report the income testing errors to the Department of Works and Pensions, but as one error identified resulted in an underpayment, and another had nil impact on benefit, no extrapolation table of the potential error was required. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

There were other areas of error noted in 2015/16, so we were required to carry out extended testing in 2016/17. The areas related to an incorrect rent value in an assessment, and incorrect overpayment classifications. We are pleased to report our initial and extended testing in 2016/17 did not raise any issues in these two areas. Therefore, we will not have to carry out any specific testing on these in the coming year.

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 £14,093. As the work to certify the 2016/17 was broadly similar to the level of work required in 2014/15, there is at this stage no additional fee required. We may revisit this if the Department for Work and Pensions require us to undertake 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

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

| Claim or return | Value | Amended? | Amendment value | Qualified? | Comments |
|--------------------------------|-------------|----------|-----------------|------------|-----------|
| Housing benefits subsidy claim | £27,199,198 | No | £0 | Yes | See below |

Findings from the certification of the 2016/17 housing benefits subsidy claim

Incorrect income in assessments was a qualification letter reporting issue in 2015/16, so an additional random sample of forty cases were tested during 2016/17. Testing of the initial sample in 2016/17 did not identify any income errors. From the forty extended cases, two errors were identified. One case where benefit had been underpaid by £264 due to a monthly earned income being incorrectly recorded as a 4 weekly income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore been classified as an error for subsidy purposes. There was also one other case which had no effect on benefit or subsidy. This was due to the Council inputting the claimant's working and child tax credit incorrectly. Similar findings have been included in our qualification letters to Department of Works and Pensions for the last five years.

In our 2015/16 qualification letter we reported a cell 102 error due to an incorrect rental used in the assessment. We also reported various cell 114 overpayment errors. There were no matters arising in 2016/17 from the initial testing and the 40 extended cases tested for both these areas.

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) | £18,790 | £14,093 | £14,093 | nil | Although there is no variance between the indicative and actual fee, the reduction from 2014/15 to 2016/17 represents the 25% reduction nationally applied to audit fees by Public Sector Audit Appointments Ltd (PSAA). |
| Total | £18,790 | £14,093 | £14,093 | nil | |