



**Grant Thornton**  
 An instinct for growth™

Alison Taylor  
 Chief Finance Officer  
 Carlisle City Council  
 Civic Centre  
 Rickergate  
 Carlisle  
 CA3 8QG

Grant Thornton UK LLP  
 4 Hardman Square  
 Spinningfields  
 Manchester  
 M3 3EB

T+44(0161) 234 6394

9 December 2016

Dear Alison

**Certification work for Carlisle City Council for year ended 31 March 2016**

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) have taken 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 2015/16 relating to expenditure of £29.105 million. Further details of the claims certified are set out in Appendix A.

We are satisfied that overall the Council has appropriate arrangements to compile complete, accurate and timely claims for audit certification, although there are some issues arising from our certification work which we wish to highlight for your attention.

Certifying the 2015/16 Housing Benefit Subsidy claim involved testing an initial sample of 20 cases from the headline cell for non HRA (cell 011) and 20 cases for Rent Allowance (cell 094), along with 5 modified scheme cases (cell 214). Our initial testing identified the following errors:

- One Rent Allowance case where the incorrect bedroom rate had been applied, resulting in an underpayment of benefit;
- One Rent Allowance case where the incorrect income had been used in the assessment, resulting in an underpayment of benefit;
- One Rent Allowance case where the Council incorrectly classified a LA error overpayment as claimant error, this had no impact upon the award of benefit; and
- One Rent Allowance case where the payment frequency was incorrect and the claim was paid to an earlier date than due, resulting in an underpayment of benefit.

Where errors are identified in the initial sample, another sample of up to 40 cases is tested for the error identified, unless the error could only ever result in an underpayment. We undertook 2 sets of additional testing covering :

- Rent Allowance income; and
- Rent Allowance overpayment classifications.

Two further errors were noted in the Rent Allowance income testing, with an underpayment of £0.10 and an overpayment of £0.08. There were three errors in the Rent Allowance overpayment classification testing totalling £33.87.

In addition to our initial and additional testing, we are required to consider what the Council has done to address the issues raised in our 2014/15 certification. The testing required to be carried out in 2015/16 as a result of these covered 4 sets of testing of 40 cases where the issues still existed:

- Rent Allowance incorrect rental uplift applied;
- Rent Allowance case incorrectly opened as a Non HRA case;
- Non HRA rent rebate where Employment Support Allowance (ESA) ( C ) was incorrectly input as ESA (IR); and
- Non HRA rent rebate where the incorrect prior year rental was applied.

The only issue arising from the testing was one overpayment for £17.65 identified in the Rent Allowance rental uplift testing.

The claim submitted for audit did not require amendment. However, the claim was subject to a qualification letter for the errors identified in initial and 40+ testing. A qualification letter was required when further testing cannot determine an amendment to the claim form as we cannot fully quantify the error in the population to conclude that the cell in question is fairly stated.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 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 the Audit Commission for the Council for 2015/16 is £11,352, which represents a 25% reduction on the 2013/14 fee applied to all fees for 2015/16.

The level of work required in 2015/16 was higher than the level of work required in 2013/14, due to the additional number of 40+ cases to test. The proposed fee variation for the additional work is £5,500, which has been agreed with management. The fee is not considered as final until it is confirmed by the PSAA.

Yours sincerely

For Grant Thornton UK LLP

**Appendix A - Details of claims and returns certified for 2015/16**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	29,104,820	no	0	Yes	

**Appendix B: Fees for 2015/16 certification work**

<b>Claim or return</b>	<b>2013/14 fee (£)</b>	<b>2015/16 indicative fee (£)</b>	<b>2015/16 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	15,136	11,352	16,852	0	Subject to PSAA approval of the £5,500 additional fee.
Total	15,136	11,352	16,852	0	