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Dear Adrian

### **Certification work for Sevenoaks District Council for year ended 31 March 2019**

We are required to certify the Housing Benefit subsidy claim submitted by Sevenoaks District 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. As of 2018/19, the HB COUNT framework has been replaced by the Housing Benefit Assurance Process (HBAP). Although the HBAP framework does not require the auditor to provide a certification letter on the completion of the work, we have summarised the results of the work in this letter in line with the approach taken and style adopted in previous years, noting the fundamental similarities in the nature and scope of the work performed.

We have certified the Housing Benefit subsidy claim for the financial year 2018/19 relating to subsidy claimed of £25.9 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. Firstly, our initial testing identified errors with respect to the incorrect calculation of income, and with respect to the incorrect application of ineligible service deductions. Second, the issues identified from our work related to only one of the two areas where we identified issues in the previous year. Full details of these areas and the issues identified can be seen in Appendix A. The extrapolated financial impact on the claim was again relatively insignificant to the total subsidy receivable and has been reported to the DWP. An actual adjustment of £28 was made for known errors.

As a result of the errors identified, and the reporting arrangements that formed part of the agreed upon procedures set out in our letter of engagement, 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.

A final fee for the 2018/19 certification was agreed in December 2019. This reflected a £16,000 fee for core testing, and an additional £4,500 fee with respect to follow up work performed on errors identified in the current and prior year.

Yours sincerely

Grant Thornton UK LLP

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## Appendix A - Details of claims and returns certified for 2018/19

Claim or return	Value	Amended?	Amendment value	Comments
Housing Benefits Subsidy Claim	£25,852,654	YES	£28	See below for detailed comments on the issues identified in this year's Claim Form.

### Findings from certification of housing benefits subsidy claim

#### **Incorrect Claimant Income – Rent Allowances**

In the previous year we identified an error in relation to the calculation of the claimant's earned income within the Rent Allowances section of the Claim Form. Given the nature of the population the Council were required to test 40 cases where the claimant's earned income is included within the Housing Benefit calculation for 2018-19. Testing identified five cases where the Council has not used the appropriate earnings within the benefit calculation. The errors were classified as:

- two cases where the claimant was overpaid (total value £152)
- two cases where the claimant was underpaid
- a further case where there was no impact on the claimant's benefit entitlement

These issues mean that detailed testing will be needed in this area in 2019-20 to determine whether the issues has been adequately resolved.

#### **Incorrect Claimant Income – Non HRA Rent Rebate Earnings**

Initial testing of non-HRA Rent Rebate cases identified that the Local Authority has incorrectly calculated earnings for one case, resulting in an overpayment of benefit by £4.02. The authority reviewed all non-HRA Rent Rebate earnings cases and found one further claim to be incorrect, resulting in an underpayment of £0.29. These errors were quantified and amended on the final revised claim form.

#### **Ineligible Service Deduction Incorrectly Applied – Non HRA Rent Rebate Earnings**

Initial testing of non-HRA Rent Rebate cases identified that the Local Authority has incorrectly applied ineligible service deduction for one case, resulting in an overpayment of benefit by £6.46. The authority reviewed all non-HRA Rent Rebate earnings cases and found five further claims to be incorrect, resulting in an overpayment of £17.98. These errors were quantified and amended on the final revised claim form.

#### **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.