



Mr T Richens  
Divisional Director: Business Support  
Bath and North East Somerset Council  
Guildhall  
Bath  
BA1 5AW

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol BS1 6FT

T +44 (0)117 305 7600  
F +44 (0)117 305 7784  
grantthornton.co.uk

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Dear Tim

## **Certification work for Bath and North East Somerset Council for year ended 31 March 2015**

We are required to certify certain claims and returns submitted by Bath and North East Somerset 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 one return, the Housing Benefit return, for the financial year 2014/15 relating to expenditure of £54.8 million. Further details of the claim certified are set out in Appendix A.

Whilst we are satisfied that the Council has appropriate arrangements to compile a complete, accurate and timely return for audit certification, there were issues arising from our certification work which we wish to highlight for your attention and which are set out below.

### **Issues arising:**

- Numerous issues were identified with rent rebates for non-HRA properties e.g. bed and breakfast in 2013-14. The Authority provided training on this issue, but this did not occur until the latter half of the 2014-15 financial year. In accordance with HB Count rules, as the population size was below 100, work was undertaken to test all 26 cases. Of these 26 cases, we identified errors in nine of them. As a result, the claim was increased by £1,416.
- We reported in the 2013-14 qualification letter that we had identified six errors where income was incorrectly recorded or miscalculated in relation to rent allowance claims. For 2014/15, our initial testing of the initial identified one case (value £2,215) where the associated income was incorrectly recorded or miscalculated. This did not affect

#### **Chartered Accountants**

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the underlying entitlement. However, testing of an additional 40 cases identified 12 additional errors (total net value £40) where the Authority had miscalculated the claimant's income.

- o Eight cases (total value £119) where benefit had been overpaid as a result of the Authority miscalculating the claimant's income;
- o Two cases (value £79) where benefit had been underpaid as a result of the Authority miscalculating the claimant's income;
- o Two cases where there was no change to the underlying entitlement.

The extrapolated impact arising from these errors was £6,293.

- Testing of modified schemes by the Authority identified that nine of the 22 cases failed i.e. evidence on file did not fully support the payment of benefit. We re-tested all of the failures and a sample of the passes and concurred with the Authority's assessment. As a result, the claim was increased by £1,838.
- Testing of an initial sample of overpayments identified one case (value £109) where the Authority had incorrectly classified an overpayment as local authority error. The correct classification was claimant error. Testing of an additional sample of 40 cases identified 5 further cases where the over payment was incorrectly classified as LA error and should have been classified as claimant error. The value of the extrapolated error was £15,796.

The indicative fee for 2014/15 for the Council is based on the final 2012/13 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification under the Audit Commission regime (such as the national non-domestic rates return, teachers pensions return and pooling housing capital receipts return) have been removed. The indicative scale fee set by the Audit Commission for the Council for 2014/15 is £18,340. We are not varying from the indicative fee. This is set out in more detail in Appendix B.

Yours sincerely



For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2014/15

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£54,795,841	Yes	+£3,254	Yes	Increase in rent rebates subsidy of £1,416  Increase in rent allowances subsidy of £1,838

**Appendix B: Fees for 2014/15 certification work**

<b>Claim or return</b>	<b>2012/13 fee (£)</b>	<b>2013/14 fee (£)</b>	<b>2014/15 indicative fee (£)</b>	<b>2014/15 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	20,845	22,349	18,340	18,340	Nil	Not applicable

**NOTE – The fee for 2012/13 is quoted as the fee for 2014/15 was based on the 2012/13 fee adjusted for the fact that the 2012/13 fee included work on council tax benefit.**