

Barry Hastie
Director of Finance and Corporate Services
Coventry City Council
One Friargate
Coventry
CV1 2GN

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT
T +44 (0)121 212 4000
F +44 (0)121 212 4014

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Dear Barry

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

We are required to certify the Housing Benefit subsidy claim submitted by Coventry 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 relating to subsidy claimed of £122.7million. Further details are set out in Appendix A.

We identified two issues from our certification work which we wish to highlight for your attention. These are detailed in Appendix A. 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 provide assurances on the errors we have identified.

We have noted that benefit granted on board and lodging, or non self-contained licensed accommodation where the Council is the landlord, increased significantly between 2015/16 and 2016/17, rising from £1,076,336 to £2,724,121. This was an increase of £1,647,785 (153%). It should also be noted that the Council was only able to claim subsidy of 20% of the figure of £2,724,121 reported above.

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 £15,698. This is set out in more detail in Appendix B.

Yours sincerely



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

Claim or return	Value	Amended?	Qualified?	Comments
Housing benefits subsidy claim	£122,757,124	No	Yes	See below

Findings from certification of housing benefits subsidy claim

Use of incorrect rent to calculate benefit entitlement

We identified one case (total value £1,266), from a sample of 60 cases, where the incorrect rent had been used to calculate entitlement to rent allowance. This resulted in an extrapolated error of £607,106. The Council provided us with a letter to the DWP setting out why they believed that this error was not representative of the full population of relevant rent allowances cases. We attached the Council's letter to our qualification letter when we sent it to the DWP.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2017/18 housing benefits subsidy claim.

Misclassification of rent allowance overpayments

We identified one case (total value £632), from a sample of 60 cases, where the overpayment had been misclassified as being eligible when it arose from local authority error. This resulted in an extrapolated error of £86,471.

We will have to perform specific testing in respect of this issue as part of our certification work on the 2017/18 housing benefits subsidy claim.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, increase its focus or level of testing in respect of the areas where we identified errors from our testing.

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)	£20,930	£15,698	£15,698	£0	n/a
Total	£20,930	£15,698	£15,698	£0	n/a