



Grant Thornton

Mike Davis
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Dear Mike

Certification work for Dover District Council for year ended 31 March 2015

We are required to certify certain claims and returns submitted by Dover 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 Ltd (PSAA) have taken on the transitional responsibilities for Housing Benefit Subsidy certification requirements (HB COUNT) issued by the Audit Commission in February 2015.

We have certified one claim for the financial year 2014/15 relating to expenditure of £39.9 million. Further details of the claim certified are set out in Appendix A.

We wish to highlight the following issues arising from our certification work which we identified as a result of our detailed testing on the Council's Housing Benefit Subsidy Return. As part of our initial testing we identified six errors as detailed below. Under the HB COUNT approach, where we identify errors of this type we are required to undertake additional testing before we determine if we are able to adjust or issue a qualification letter.

- Non-HRA Rent Rebates: initial testing identified one case where the Local Housing Allowance Cap had been incorrectly applied. Additional testing of 40 cases identified no further errors.
- Non-HRA Rent Rebates: initial testing identified one case where classification between cells was incorrect. Additional testing of the full population resulted in a proposed amendment.
- HRA Rent Rebates: initial testing identified one case where benefit was overpaid as a result of miscalculating the claimant's pension income. Additional testing of 40 cases identified no further errors.
- HRA Rent Rebates: initial testing identified one case where the overpayment has been incorrectly classified between overpayment types. Additional testing of 40 cases identified one further error.
- Rent Allowances: initial testing identified one case where self-employed earnings had been miscalculated. Additional testing of 40 cases identified 8 further errors.
- Rent Allowances: initial testing identified one case where the Authority had overpaid benefit as a result of miscalculating the claimant's pension income. Additional testing of 40 cases identified no further errors.

These were reported in the qualification letter which was sent to the Department for Work and Pensions and PSAA on 27 November 2015, in advance of the statutory deadline.

In addition, we are required to complete testing of an additional 40 cases for errors identified in prior years that could remain in the population. We completed additional testing for the following areas:

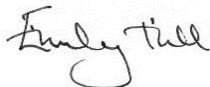
- Non-HRA Rent Rebates: testing of 40 cases to confirm correct rent liability identified no errors
- HRA Rent Rebates: testing of 40 cases to confirm correct pension applied in the calculation identified no errors.

Aside from the above issues, we are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

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 £22,040. This is set out in more detail in Appendix B.

Our initial testing identified a greater number of errors than had been identified in additional years which required significant extended testing under the HB COUNT requirements. The HB COUNT process assumes that additional testing will normally be completed by the client with a review of this work by the audit team. Due to the capacity and availability of the East Kent Services housing benefits team during the certification period, particularly due to the timing of the implementation of the new housing benefits system we agreed to complete the additional testing ourselves to ensure that the deadline was achieved. Due to the additional work that we had to perform in 2014/15 in order to be able to certify the Council's Housing Benefit Subsidy Return, we propose an additional fee of £29,000, which reflects an additional seven workbooks required to be completed by auditors compared to 2012/13. This fee proposal is currently being considered by PSAA, and we will only proceed with billing this amount following approval from PSAA.

Yours sincerely



Emily Hill
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 Return (BEN01)	£39,925,988	No	N/A	Yes	As mentioned above, identified errors led to eight 40+ workbooks completed by auditors. These were required for us to certify the return with an appropriate qualification letter.

Appendix B: Fees for 2014/15 certification work

Claim or return	2012/13 fee (£)	2014/15 indicative fee (£)	2014/15 actual fee (£)	Variance (£)	Explanation for variances
Housing Benefits Subsidy Return (BEN01)	25,040	22,040	51,040*	26,000	The increased fee reflects the increase from one 40+ workbook in 2012/13 to eight 40+ workbooks required in 2014/15 and the completion of this additional work by the audit team rather than by East Kent Services. The level of this additional fee, proposed at £29,000, is subject to PSAA approval.
Total	25,040	22,040	51,040*	26,000	

*subject to PSAA approval