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Dear Duncan

Certification work for Southwark Council for year ended 31 March 2016

We are required to certify certain claims and returns submitted by Southwark 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 2016.

We have certified one claim for the financial year 2015/16 relating to expenditure of £221 million. Further details of the claims certified are set out in Appendix A.

There were no significant issues arising from our certification work which we wish to highlight for your attention. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The scale fee set by PSAA for the Council for 2015/16 is £17,717.

Yours sincerely

Paul Dossett

Paul Dossett
For Grant Thornton UK LLP

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

Claim or return	Value	Amended ?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£221,477,323	No	N/A	Yes	See below

Housing benefits subsidy claim (BEN01)

Audit testing was undertaken in line with the guidance. This requires us to carry out sample testing of 20 cases across the three types of benefit paid by the Council. The detailed testing covers all transactions for each case in the sample to confirm that benefit has been awarded in accordance with regulations and correctly recorded for subsidy purposes.

As part of our planning process, we identified a risk that 5 errors found in 2014/15 could also occur in the 2015/16 claim. Officers undertook additional testing of 40 cases for each error type. Further errors were identified in 15 of the 200 cases and this was reported in a qualification letter to the grant paying body, Department for Work and Pensions (DWP).

Our initial testing of 60 cases identified 1 error. The error was as a result of individual error in the interpretation of information supplied by the claimant and of the regulations for the benefit award. No errors identified were as a result of system failure.

The DWP requires additional testing for every error identified within the initial population testing. The extended sample should only cover the specific error identified and not all transactions. Testing of the initial sample of 60 cases identified one error in headline cell 011 non-HRA, where the Authority had incorrectly included the child tax credit in the benefit entitlement calculation. As a result the benefit had been underpaid by £179. There were 9 cases that were in receipt of child tax credit within the non-HRA sample of 20 cases.

As a result, an additional random sample of 40 cases was selected for testing from the sub-population of cases where the claimants were in receipt of child tax credit within the non-HRA total expenditure. Testing of the additional 40 cases did not identify any issues where the Authority had incorrectly included the child tax credit in the benefit entitlement calculation. As there is no eligibility to subsidy for benefit that has not been paid, the underpayment identified in the initial testing does not affect subsidy and has not been classified as an error for subsidy purposes.