



Grant Thornton

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Dear Jo,

### **Certification work for Three Rivers District Council for year ended 31 March 2015**

We are required to certify certain claims and returns submitted by Three Rivers 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.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified one claim for the financial year 2014/15 relating to expenditure of £25.2 million. Further details of the claim certified is set out in Appendix A.

There are three issues arising from our certification work which we wish to highlight for your attention:

- The Council's housing benefit system IT providers, Capita, performed a series of system upgrades during October that resulted in the system experiencing a significant amount of downtime. Unfortunately, after the upgrades had been performed the system was still subject to interruption which adversely affected the time spent on the claim.
- The housing benefit claim was subject to a qualification letter on two issues:
  - testing of the initial sample of 20 rent allowance cases found that one case had incorrectly not had a £15 deduction applied to the benefit calculation, as the case contained Local Housing Allowance. We requested a sub population of all cases that contained local housing allowance for additional testing. The Council's IT providers were unable to provide a sub population and we were unable to test an additional sample and extrapolate the impact of the error.
  - the reconciliations of benefit granted per the system and the benefit granted per the claim form did not agree for both Non HRA rent rebates and rent allowance although the Council has correctly selected the lower of the two figures for populating the headline cells.
- The draft housing subsidy was subject to amendment with a negative amendment to the overall balance owed by the Council of £73. The reason for the amendment was because we discovered an error whereby the claimants incapacity benefit allowance

had been incorrectly input, further testing of the complete sub population identified the total error to be deducted from the claim.

The actual fee for 2014/15 for the Council is in excess of the planned fee reflecting the additional work performed during the audit coupled with the IT system interruptions and downtime experienced during the audit. 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**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£25.2 million	Yes	(73)	Yes	<p>Claim amended for the removal of all cases of incorrectly calculated benefit due to the incorrect amount of incapacity benefit being used within the benefit calculation.</p> <p>Claim qualified as the reconciliation of benefit granted per the system to benefit granted per the claim form contained a small reconciling difference.</p> <p>Claim qualified as one case of rent allowance tested failed due to a £15 deduction not being applied when it should have been. The Council's IT providers were unable to provide a sub population for us to test.</p>

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

<b>Claim or return</b>	<b>2014/15 planned fee (£)</b>	<b>2014/15 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	12,600	23,764	-	Increase in fee due to additional testing performed, the lack of housing benefit system availability and the issue of a qualification letter.
Total	12,600	23,764	-	