

East Cambridgeshire District Council

Certification of claims and returns annual report 2017/18

January 2019

Resources and Finance Committee
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
Cambridgeshire
CB7 4EE

15 January 2019

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on East Cambridgeshire District Council's 2017/18 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017/18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

Summary

Section 1 of this report outlines the results of our 2017/18 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £18,192,861. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments did not have any effect on the grant due.

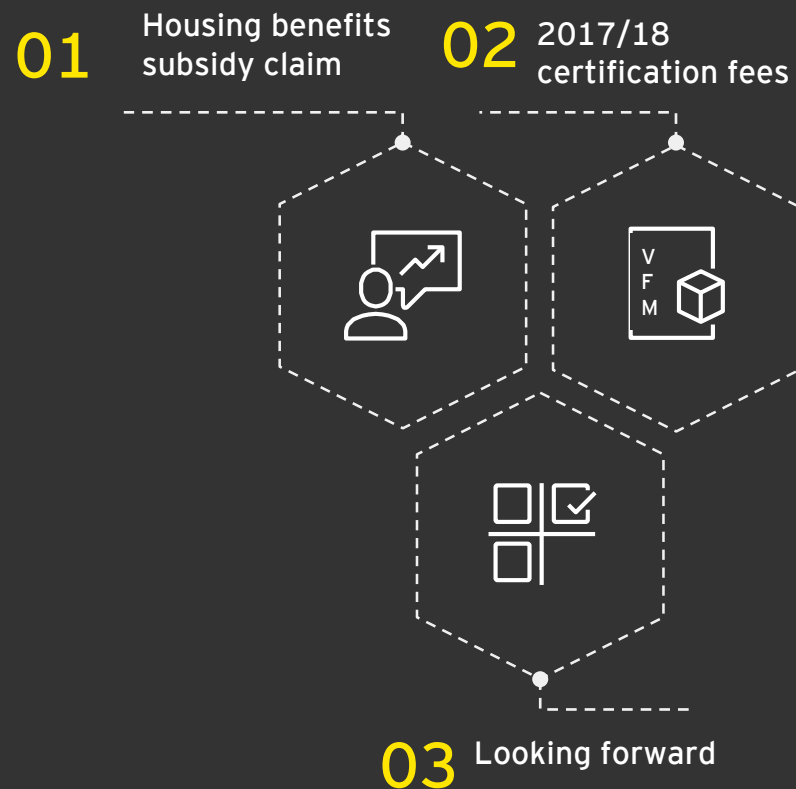
Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2017/18 were published by the Public Sector Audit Appointments Ltd (PSAA) and are available on the PSAA's website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the January Resources and Finance Committee.

Yours faithfully

Suresh Patel
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

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This report is made solely to the Resources and Finance Committee and management of East Cambridgeshire District Council. Our work has been undertaken so that we might state to the Resources and Finance Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Resources and Finance Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£18,192,861
Amended/Not amended	Amended - no impact on subsidy
Qualification letter	Yes
Fee - 2017/18	£14,038 (subject to PSAA approval)
Fee - 2016/17	£15,632

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to follow a programme of work specified by DWP. Detailed case testing is carried out on an initial sample of 20 cases per benefit type. More extensive '40+' or extended testing is undertaken if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims.

We found errors and carried out extended testing in five areas, which represents a small increase in the level of error from the previous year.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

The main issues we identified are summarised in the table on the following page.

Errors have been identified in the calculation of earnings across all seven authorities within Anglia Revenues Partnership (ARP) in 2017/18 and also in previous years. Therefore ARP have implemented additional quality control procedures for all claims with earnings since 1 April 2018 to reduce the overall level of error in this area.

Housing benefits subsidy claim

Benefit type	Nature of error identified
Rent allowance	<p>Testing of the initial sample did not identify any errors in the calculation of earnings, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified thirteen input errors on earned income resulting in six overpayments and seven underpayments of benefit.</p> <p>This issue was therefore reported in our qualification letter.</p>
Rent allowance	<p>Testing of the initial sample did not identify any errors in the calculation of State Retirement Pension, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified two errors where state retirement pension had been miscalculated. Both cases resulted in underpaid benefit.</p> <p>This issue was therefore reported in our qualification letter.</p>
Rent allowance	<p>Testing of the initial sample identified one case where carers allowance had not been included in the assessment leading to an overpayment of benefit. Additional testing of the entire sub-population of cases with carers allowance identified four further errors.</p> <p>The subsidy claim form was amended for the total overpayment of benefit identified.</p>
Rent allowance	<p>Testing of the initial sample identified one case where miscellaneous income had been incorrectly input resulting in an underpayment of benefit. Additional testing of the entire sub-population of cases with miscellaneous income identified one further error of this nature also leading to an underpayment of benefit. As underpaid benefit does not attract subsidy, no amendment was required to the subsidy claim form.</p>
Rent allowance	<p>Testing of the initial sample did not identify any errors in relation to incapacity benefit, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing did not identify any further errors. Therefore, no further action was required.</p>



02

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017/18	2017/18	2016/17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	14,038	12,004	15,632

The indicative fee for 2017/18 is based on the actual fee for 2015/16 when there was a low level of error identified from extended testing in four areas. For 2017/18 extended testing was undertaken in five areas, which also represents an increase from the level of testing undertaken in 2016/17, however there were fewer errors identified in 2017/18 which required reporting in our qualification letter.

Our final proposed fee remains subject to approval from PSAA.



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Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim.

We welcome the opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

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