

Certification of claims and returns annual report 2016-17

East Cambridgeshire District Council

16 January 2018

Ernst & Young LLP



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16 January 2018

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Dear Members

Certification of claims and returns annual report 2016-17 East Cambridgeshire District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on East Cambridgeshire District Council's 2016-17 claims.

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 auditors 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 2016-17, 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 and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2016-17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £19,111,633. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1.

Fees for certification are summarised in section 3. The housing benefits subsidy claim fees for 2016-17 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2016 and are now 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 29 January 2018 Resources and Finance Committee.



Yours faithfully

Suresh Patel
Associate Partner
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1. Housing benefits subsidy claim

| Scope of work | Results |
|--|---------------------------------|
| Value of claim presented for certification | £19,111,633 |
| Amended/Not amended | Amended |
| Qualification letter | Yes |
| Fee – 2016-17 | TBC (scale fee is £15,632) |
| Fee – 2015-16 | £12,004 (scale fee was £15,206) |

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 auditors to complete more extensive '40+' or extended testing 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 audit of previous years claims. We found errors in previous year and carried out extended testing in some areas.

We have reported overpayments, underpayments, uncertainties and the extrapolated value of 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. These are the main issues we reported:

Testing of the initial samples did not identify any fails. However due to prior year qualification issues in regard to earned income calculations and state pension calculations, an additional random sample of 40 cases for each was tested. This identified the following errors:

- Three cases where the Authority had overpaid benefit as a result of miscalculating the claimant's income;
- Five cases where the Authority had underpaid benefit as a result of miscalculating the claimant's income; and
- One case where the Authority had overpaid benefit as a result of incorrectly assessing the claimant's state retirement pension.

2. 2016-17 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2016-17, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2016 and are now available on the PSAA's website (www.psaa.co.uk).

| Claim or return | 2016-17 | 2016-17 | 2015-16 |
|--------------------------------|-----------------|---------------------|-----------------|
| | Actual fee £ | Indicative fee £ | Actual fee £ |
| Housing benefits subsidy claim | TBC | 15,632 | 12,004 |

3. Looking forward

2017/18

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 (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2017/18 is £12,004. This was set by PSAA and is based on final 2015/16 certification fees, when the Council received a refund of fee of £3,202.

Details of individual indicative fees are available at the following web address:

<https://www.psaa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

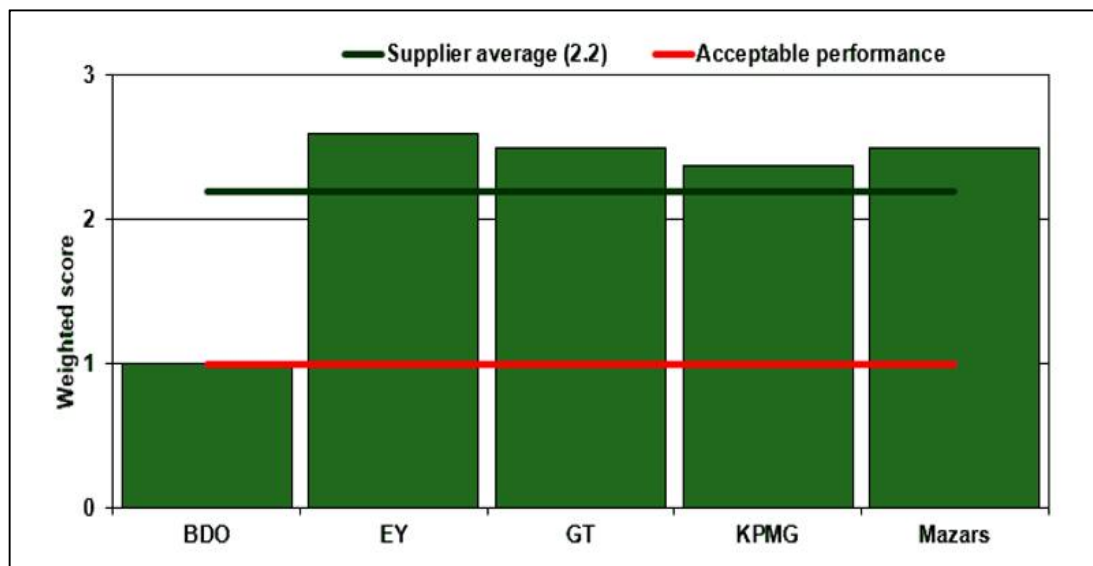
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Corporate Director before seeking any such variation.

2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published in early 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As we have again been appointed by PSAA as your statutory auditor, we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

Looking forward

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