

Certification of claims and returns annual report 2015-16

New Forest District Council

27 January 2017

Ernst & Young LLP



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Ref: NFDC/ Claims/ 2015-16

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Dear Members

Certification of claims and returns annual report 2015-16 New Forest District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on the Council's 2015-16 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 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 2015-16, 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.

Statement of responsibilities

The 'Statement of responsibilities of grant-paying bodies, authorities, Public Sector Audit Appointments and appointed auditors in relation to claims and returns', issued by PSAA, serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

We checked and certified the housing benefits subsidy claim with a total value of £43,088,594. We met the submission deadline for this work.



Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2015-16 were published by the PSAA in March 2015 and are now available on the PSAA's website (www.psa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee on 25 January 2017.

Yours faithfully

Helen Thompson
Executive Director
For and on behalf of Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£43,087,999
Amended/Not amended	Amended
Qualification letter	No
Fee – 2015-16	£5,492
Fee – 2014-15	£5,670

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 DWP require appropriately qualified auditors to certify housing benefit subsidy claims, and determine the methodology auditors follow when certifying them.

Our certification guidance stipulates the level of initial testing auditors are required to perform and 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 to determine if errors detected in the prior year's claim have reoccurred.

We then either report the extrapolated value of detected errors in a qualification letter or, if appropriate, agree an amendment to the claim with the Council.

We detected two errors as a result of our work and report them below.

1. From an initial sample of 20 non HRA cases we identified one error. In a bed and breakfast accommodation the 2014 Fuel Rate for 2 rooms of £32.96 was used instead of the 2015 rate of £34.46 which this resulted in an overpayment of £1.93. The Benefits Service Manager subsequently checked all HRA cases with the 2 room fuel rate and identified two further cases with the 2 bedroom fuel rate. Only one of these two cases was incorrect. However, there was no impact on the claim or the subsidy received. As we could isolate the error to these cases, '40+' or extended testing was not required and an amendment of £1.93 was made to the claim in 2015-16.
2. From an additional sample of 20 HRA cases, we identified one error. An overpayment had been misclassified as a Technical Overpayment, whereas it should have been an Eligible Overpayment. The Benefits Service Manager subsequently reviewed all similar HRA records classified as Technical Overpayments. A further four claims were also found to be incorrectly misclassified resulting in the 2015-16 claim being amended by £20.40.

2. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published in March 2015 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	5,492	5,492	5,670

3. Looking forward

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 2016-17 is £4,352. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17.

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

<http://www.psa.co.uk/audit-and-certification-fees/201617-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 Service Manager- Finance & Audit before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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