

Certification of claims and returns annual report 2016-17

New Forest District Council

26 January 2018

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Dear Members

Certification of claims and returns annual report 2016-17 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 New Forest District Council's 2016-17 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 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

We checked and certified the housing benefits subsidy claim with a total value of £41,741,865. We met the submission deadline. We issued a qualification letter, details of the matters identified are included in section 1.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2016-17 were published by the 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 Audit Committee on 26 January 2018.

Yours faithfully

Helen Thompson
Associate Partner
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£41,741,865
Amended/Not amended	Unamended
Qualification letter	Yes
Fee – 2016-17	£4,253
Fee – 2015-16	£5,491

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. We identified one such error and carried out extended testing in this area.

We have reported the extrapolated value of the error 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 issue reported was:

- testing of the initial sample of Rent Allowances identified one case (total value £29.35) where benefit had been overpaid as a result of the Authority miscalculating the claimant's average weekly income. Extended testing was required. This identified four further cases where benefit had been had been underpaid, four further cases (total value £133.75) where benefit had been overpaid, one case where benefit had been both overpaid and underpaid (total value £17.59) as a result of similar errors. The extrapolated error of benefit overpaid in our qualification letter was £8,618.

The Authority has agreed to correct all impacted cases through their benefits software in 2017-18 to ensure the correct payments have been made to claimants.

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 PSAA 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	4,253	4,253	5,492

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 £5,492. This was set by PSAA and is based on final 2015-16 certification fees.

Details of individual indicative fees are available at the following web address:
<https://www.psa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

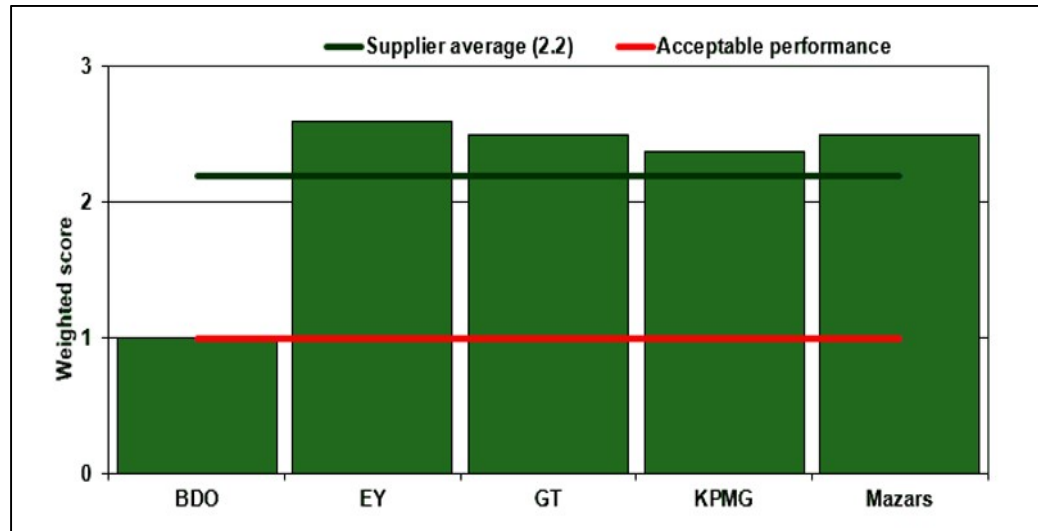
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Chief Financial Officer before seeking any such variation.

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 around January 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 also expect to be appointed by PSAA in December 2017 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.

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