

Certification of claims and returns annual report 2015-16

Rushmoor Borough Council

January 2017

Ernst & Young LLP



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Licensing and General Purposes Committee
Rushmoor Borough Council
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30 January 2017
Ref: HB1

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Dear Committee Members,

Certification of claims and returns annual report 2015-16 Rushmoor Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Rushmoor Borough Council's 2015-16 claim.

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.

Public Sector Audit Appointments Ltd (PSAA) made arrangements for certifying claims and returns in respect of the 2015-16 financial year. 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 £37,327,041. We met the submission deadline.

Fees for certification work are summarised in section 2. The fees for 2015-16 are available on the PSAA website (www.psaa.co.uk).



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We welcome the opportunity to discuss the contents of this report with you at the Licensing and General Purposes Committee on 30 January 2017.

Yours faithfully

Andrew Brittain
Executive Director
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£37,327,041
Amended/Not amended	Amended – The claim form was amended but due to rounding the amendment resulted in no impact on subsidy claimed. See further details below.
Qualification letter	Yes
Fee – 2015-16	£8,652
Fee – 2014-15	£7,960

Cell 11: Rent Rebates – Total Expenditure (Benefit Granted)

Cell Total £41,377

Cell Population 75

Headline Cell £41,377

Testing of the initial sample identified:

- Two cases in which weekly rent had been incorrectly entered in the assessment of benefit entitlement for a period of 2 weeks and 4.43 weeks leading to an aggregate overpayment of housing benefit of £0.15p impacting the headline cell 11 and underlying cell 13. The weekly rent liability had been correctly calculated but incorrectly entered into the Northgate housing benefits system resulting in this small overpayment of benefit. As the error in inputting benefit calculation data resulted in an overpayment of benefit and the population was small it was decided to undertake 100% testing, specifically testing that the calculation of rent liability had been undertaken correctly.

We tested 100% of non-HRA cases and identified no further errors in our testing. However due to the value of the errors there was no adjustment to subsidy and therefore the claim was not required to be amended.

Cell 094: Rent Allowances – Total Expenditure (Benefit Granted)

Cell Total £37,617,907

Cell Population 7846

Sub Population £2,389,815

Cell Population 569

Headline Cell £37,617,907

Testing of the initial sample identified:

- One case in which weekly earned income had been incorrectly entered in the assessment of benefit entitlement for a period of 1 weeks leading to an aggregate underpayment of housing benefit of £0.06p impacting the headline cell 94 and underlying cell 102. The weekly earned income had been correctly calculated but incorrectly entered into the Northgate housing benefits system resulting in this small underpayment of benefit. However, such an error in inputting benefit calculation data could equally have given rise to an overpayment of benefit. Given the nature of the population and the error found an additional random sample of 40 cases with earnings was selected for testing from a sub-population of cell 102 (£2,389,815).

Testing of the additional sample identified 3 cases where benefit had been overpaid. This was due to the miscalculation of earnings and resulted in an overstatement of cell 102 by £44.29. In line with the guidance the error was extrapolated and the value of the extrapolated error was found to be £406. No adjustments to the claim have been made in respect of these findings. The percentage error rate in our sample reflects the individual cases selected. The value of the errors found ranged from £0.10p to £26.19 and the benefit periods affected ranged from 1 week to 4 weeks.

Given the nature of the population it is unlikely that even significant additional work would result in an amendment to this cell that will allow us to conclude it is fairly stated.

We have reported these observations to the DWP in a qualification letter.

2. 2015-16 certification fees

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

Claim or return	2014-15	2015-16	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	7,960	8,652	8,652

3. Looking forward

The duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work is delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £7,511. 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 Director of Finance and Resources before seeking any such variation.

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