

# Certification of claims and returns annual report 2016-17

Rushmoor Borough Council

15 December 2017

Ernst & Young LLP



Licensing and General Purposes Committee  
Rushmoor Borough Council  
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30 January 2018  
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Dear Members

## **Certification of claim annual report 2016-17 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 2016-17 housing benefit 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. 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 £36,777,346. We met the submission deadline. We issued a qualification letter; details of the qualification matters are included in section 1. It was not necessary to amend the claim.

Fees for certification work are summarised in section 2. 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](http://www.psaa.co.uk)).

We welcome the opportunity to discuss the contents of this report with you at the Licensing and General Purposes Committee on 30 January 2018. We would like to thank the Council's officers for their help. The certification process requires considerable input from them to be carried out efficiently and we are most grateful for their assistance.

Yours faithfully

**Andrew Brittain**  
Associate Partner



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# 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£36,777,346
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2016-17	£7,511
Fee – 2015-16	£8,652

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 year's claims. We found errors and carried out extended testing in two areas.

We 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. These are the main issues we reported:

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

- Cell Total: £18,958
- Cell Population: 68
- Headline Cell: £18,958

Testing of the initial sample identified no errors.

## **Cell 94 Rent Allowances – Total expenditure (Benefit Granted)**

- Cell total: £36,867,592
- Cell population: 7,550
- Headline Cell: £36,867,592

Testing of the initial sample identified:

- 2 cases where benefit was overpaid (£187.96 and £5.51) due to incorrect rent figures; and
- 1 case was overpaid (£65.81) due to incorrect earnings figures.

In view of this an additional random sample of 40 cases was selected from the sub-populations of rent and earnings cases in 2016/17. Testing of the additional sample identified 4 cases where benefit had been overpaid as a result of earned income errors and 4 where the benefit was underpaid as a result of earned income errors. In line with the guidance the error was extrapolated and the value of the total extrapolated error was found to be £29,726.70. 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. 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. There is no impact on the claim but a total extrapolation of £29,726.70 which the DWP may decide to claw back from the Council.

## 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](http://www.psaa.co.uk)).

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	7,511	7,511	8,652

No changes to the 2016-17 fees are proposed.

### 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 £8,652. 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/>

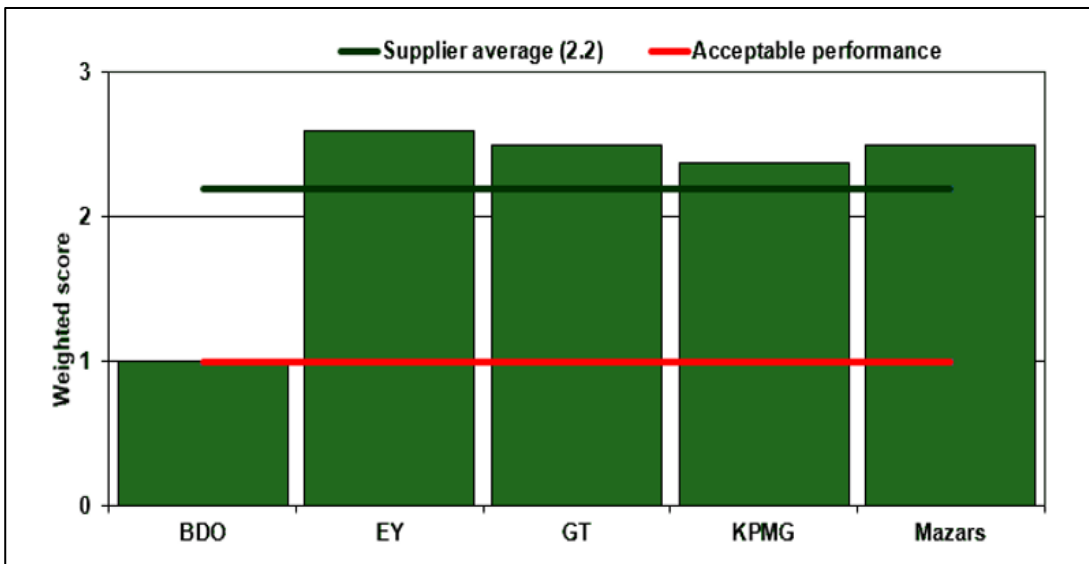
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Head of Financial Services before seeking any such variation.

#### 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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