

Huntingdonshire District Council

Certification of claims and returns annual report 2017/18

15 January 2019



Corporate Governance Committee
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
Cambridgeshire
PE29 3TN

15 January 2019

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on Huntingdonshire District Council's 2017/18 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 reporting accountants 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 2017/18, 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.

Summary

Section 1 of this report outlines the results of our 2017/18 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £32,837,347. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2017/18 were published by the Public Sector Audit Appointments Ltd (PSAA) and are 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 March Governance and Audit Committee.

Yours faithfully

Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

Contents



This report is made solely to the Governance and Audit Committee and management of Huntingdonshire District Council. Our work has been undertaken so that we might state to the Governance and Audit Committee and management of Huntingdonshire District Council those matters we are required to state in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance and Audit Committee and management of Huntingdonshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£32,837,347
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2017/18	£18,136
Fee – 2016/17	£17,522

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 reporting accountants to follow a programme of work specified by DWP. Detailed case testing is carried out on an initial sample of 20 cases per benefit type. More extensive '40+' or extended testing is undertaken 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 certification of previous years claims.

We found errors and carried out extended testing in two areas, which is consistent with the level of error from the previous year.

We have 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:

- ▶ Testing of the initial rent allowance sample did not identify any errors in the calculation of earnings, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified nine input errors on earned income. This resulted in three overpayments and six underpayments;
- ▶ In the prior year, errors were discovered in the classification of eligible overpayments. This resulted in an additional testing in 17/18. Testing of the initial rent allowance sample didn't identify any errors in the classification of eligible overpayments. However, testing of the 40+ identified two errors where LA error overpayments had been incorrectly classified as eligible overpayments. The effect of the error has been reported in the extrapolation table in the qualification letter.



02

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017/18 Actual fee £	2017/18 Indicative fee £	2016/17 Actual fee £
Housing benefits subsidy claim	18,136	18,136	17,522

The indicative fee for 2017/18 is based on the actual fee for 2016/17 and the impact of any additional work undertaken.

For 2017/18, the level of errors identified did not result in an additional fee charge. Therefore the actual fee and indicative fee have been kept the same in 17/18.

Our final proposed fee remains subject to approval from PSAA.



03

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim.

We welcome the opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.

All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com