



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

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.

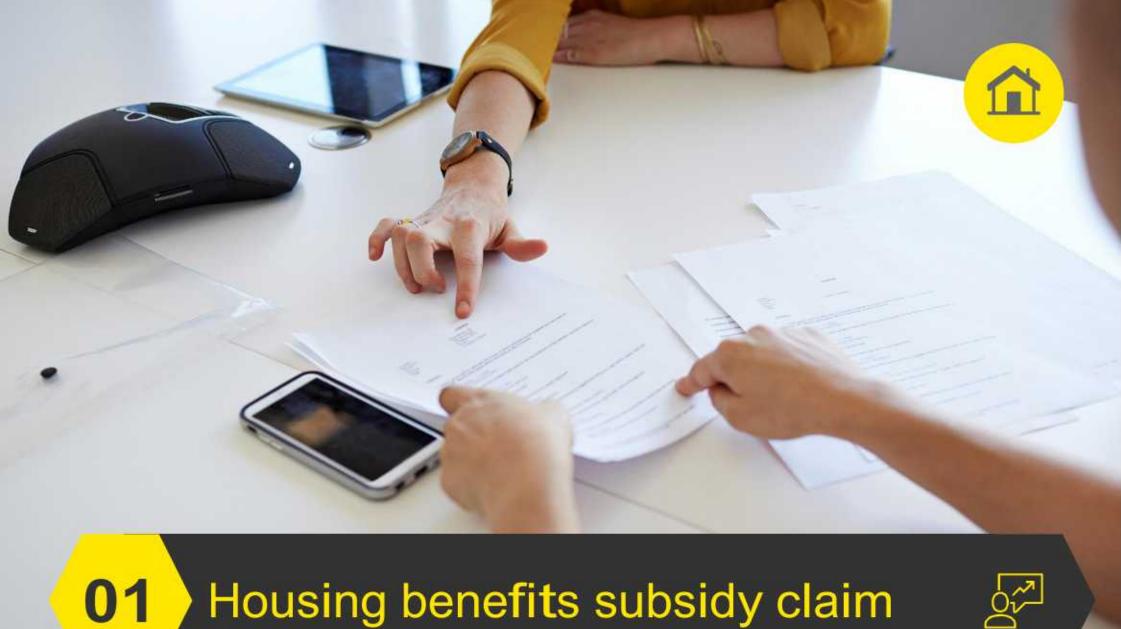
Yours faithfully

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

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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 to them 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.







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 our 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.



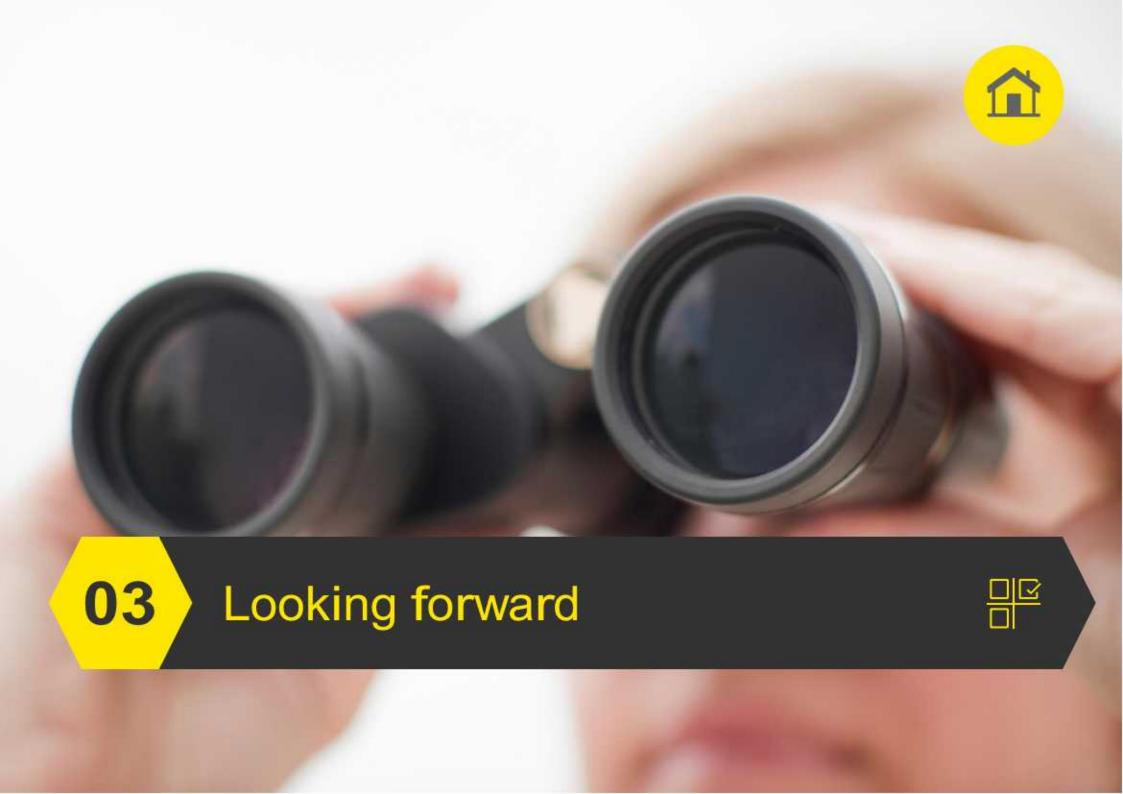
2017/18 certification fees

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	2017/18	2016/17
	Actual fee £	Indicative fee £	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.



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.

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