

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: External Audit Grant Certification 2013/14

Meeting/Date: Corporate Governance Panel
25 March 2015

Executive Portfolio: Resources: Councillor J A Gray

Report by: Accountancy Manager

Ward(s) affected: All Wards

Executive Summary:

For 2013/14, the Council received central government grant for Housing Benefits.

Part of the control framework for such grants is that they are subject to external audit and the Councils auditors, PricewaterhouseCoopers undertake this work. As part of the auditors reporting requirements, they are required to issue an Annual Certification Report to those charged with governance, a copy is attached as Annex A.

In respect of Housing Benefits some minor errors were identified which meant that additional testing was required. The consequential impact of this additional testing is an increase to the original fee of £8,869.

Recommendation(s):

It is recommended that the Panel comment on the content of the auditor's 2013/14 Grant Certification Report

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1. PURPOSE

- 1.1 To report to the Panel, as those charged with governance, the conclusions and recommendations of the external audit of the 2013/14 certification audit of the Housing Benefits Scheme grant claims/returns.

2. BACKGROUND

- 2.1 For 2013/14, the Council received a significant block of grant for the Housing Benefits Scheme (£36.6m). The grant claims/returns for this funding scheme, are subject to external audit by the Council's appointed auditor, PricewaterhouseCoopers. The findings of the audit are required to be reported to "those charged with governance"; which is the Corporate Governance Panel at the Council. The auditor's report is attached to this report as Annex A.

3. RESULTS OF CERTIFICATION WORK

- 3.1 The testing performed by the Council's external auditor identified two issues in respect of the Council's compliance with the scheme regulations. The issues were found during the initial testing phase; one was related to an error and the other was due to manual processing; both of these are discussed below:

- i. Errors in the manual assessment of claimant circumstances were identified during testing and the total of these errors amounted to £205.

The management response in respect of these errors is noted below:

The Benefit section currently undertakes monthly training/refresher sessions for assessment officers in order to ensure officers are kept up to date with the latest rules and procedures and that areas where issues have been identified are addressed in order to prevent any recurrence. Additionally, 10% of new claims and changes of circumstances are checked for accuracy and earnings cases are specifically identified within this checking regime. Having reviewed the checks currently in place and considering the high volumes of cases handled by assessors every year, it is considered the value of errors identified is not unreasonable

- ii. The Council's benefits system is unable to automate a few types of transactions. As a result manual adjustments are required to both the claimant's benefit claim and to the subsidy claim report that is extracted from the system before the claim is submitted

The management response in respect of these errors is noted below:

Manual adjustments are checked by a senior officer before being entered onto the benefit system. This check not only validates the accuracy of the adjustment but also whether it is necessary, thus controlling the number of adjustments created. However, whilst every attempt is made to complete this work prior to the claim submission, this is not always possible due to the extremely tight deadlines.

4. KEY IMPACTS

- 4.1 Members should note that there is no materiality on external audit grant certification work for the Department of Works and Pensions. If an error is identified, the audit instructions require that additional testing must be undertaken and this will attract an additional charge.
- 4.2 The original indicative fee for the audit of the Housing Benefits Scheme grant claims was £15,312. However, as errors were found in the initial testing there was a requirement to undertake additional testing, this resulted in a further charge of £8,869 giving a total audit cost of £24,181.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report.

6. RESOURCE IMPLICATIONS

- 6.1 The overall budget for audit work in respect of 2013/14 was £0.118m and the actual fee for all audit work (accounts and grant certification, both planned and unplanned work) was £0.110m, so there was sufficient budget to meet this cost.

7. LIST OF APPENDICES INCLUDED


Annex A: The external auditors Annual Certification Report to those charged with governance 2013/14.

BACKGROUND PAPERS


Working papers in Financial Services.

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