

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Grant Certification 2015/16

Meeting/Date: Corporate Governance Committee – 22nd March 2017

Executive Portfolio: Strategic Resources: Councillor J A Gray

Report by: Benefits Development & Support Team Manager

Ward(s) affected: All Wards

Executive Summary:

In 2015/16, the Council received over £35m in Housing Benefit grant from central government. This grant is subject to external audit as part of the control framework. The Council's auditors, Ernst & Young, complete this work.

The auditors are required to report their findings to 'those charged with governance' through the Annual Certification Report. This report is attached at Appendix 1.

Minor errors were identified which resulted in some additional testing and a qualification letter was subsequently produced for the Department for Work and Pensions. The errors identified resulted in minor amendments to the amount of grant due.

Recommendation(s):

It is recommended that the Committee comment on the content of the external auditor's Annual Certification Report 2015/16.

1. PURPOSE OF THE REPORT

- 1.1 To report to the Committee, as those charged with governance, the conclusions and recommendations of the Annual Certification Report 2015/16.

2. BACKGROUND

- 2.1 In 2015/16, the Council received £35.4m of Housing Benefit grant. This grant is subject to external audit by the Council's appointed external auditor – Ernst & Young. The findings are required to be reported to 'those charged with governance', which is the Corporate Governance Committee. The report from Ernst & Young is attached as Appendix 1.

3. ANALYSIS

- 3.1 The testing performed by the Council's external auditor identified several errors which are detailed below:

- i. Rent rebates expenditure was qualified as two cases from a total of 60 tested were found where assessors had incorrectly calculated the claimant's rental liability due to the incorrect application of ineligible service charges. The two errors amount to an overpayment of £42.21 and an underpayment of £0.15. Extrapolating the error across the claim resulted in a subsidy adjustment of £137.
- ii. Rent allowance expenditure was qualified as three overpayments of Housing Benefit had been incorrectly classified. Overpayments are classified in terms of which person is deemed to have made the error or delayed in notifying a change in a claimant's circumstances, and this can impact the amount of subsidy due.

Two cases from a total of 60 tested had been incorrectly classified as claimant error instead of Council error. The two errors amounted to a total overpayment of £37. The third case had been incorrectly classified as Council error instead of claimant error. This error amounted to £126. Extrapolating the three errors across the claim resulted in a subsidy adjustment of £2,931.

The total financial impact on the claim as a result of the errors set out in points i and ii above was a reduction in subsidy of £1,676 paid to HDC.

The total value of the 2015/16 errors is £205. When compared to:

- the total benefits budget of £35m, the error is minimal.
- the preceding year (the total error was £216), the 2015/16 error is not out of line.

4. KEY IMPACTS

- 4.1 Members should note that there is no materiality on external audit grant certification work for the Department for Work and Pensions (DWP). If an error is identified, the audit instructions require that additional testing must be undertaken.
- 4.2 However, the additional testing carried out this year did not result in an increase in charges to HDC. The actual fee for 2015/16 amounted to £18,136 which

agreed to the indicative figure quoted. The actual fee for 2014/15 was £23,363 meaning 2015/16 charges were £5,227 lower.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The Benefits Section undertakes on-going accuracy checks and carries out monthly training sessions for the team in order to minimise the number of errors and this process will continue. Within the context of the overall claim, the number and value of the errors identified are minimal.

The Benefit Section has noted the comments by Ernst & Young indicating the main reason for amendments to the final claim resulted from manual adjustments being made post submission of the form to the DWP. Manual adjustments are necessary where the Council's benefit software is unable to automate a few types of transaction and consequently, a manual adjustment is required and needs to be accounted for before the audited claim can be agreed. Every attempt is made to complete the manual adjustment work prior to the claim submission but, due to the extremely tight deadlines, this is not always possible.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Annual Certification Report is a regulatory requirement. By maximising the amount of subsidy HDC is able to claim links to the Council's objective of 'becoming more efficient in the way we deliver services, providing value for money services'.

7. RESOURCE IMPLICATIONS

- 7.1 As the actual audit fees are the same as the indicative figures provided there are no additional resource implications.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The findings from the Annual Certification Report are required to be reported to those "charged with governance", which is the Corporate Governance Committee.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Annual Certification Report 2015/16

CONTACT OFFICER

Barnleigh Huggins, Benefit Development & Support Manager

☎ 01480 388479

barnleigh.huggins@huntsdc.gov.uk

John Taylor, Head of Customer Services

☎ 01480 388119

john.taylor@huntsdc.gov.uk

Amanda Burns, Benefits Manager

☎ 01480 388122

amanda.burns@huntsdc.gov.uk