

# Certification of claims and returns annual report 2016-17

Huntingdonshire District Council

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Ernst & Young LLP



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

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Direct line: + 447854 279 476  
Email: [NHarris2@uk.ey.com](mailto:NHarris2@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2016-17 Huntingdonshire District Council**

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Huntingdonshire District Council's 2016-17 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 £34,337,092. We met the submission deadline and issued a qualification letter on 27 November 2017. Details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification work is 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 Corporate Governance Committee on 28 March 2018.

Yours faithfully

Neil Harris  
Associate Partner  
Ernst & Young LLP  
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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£34,307,250
Amended/Not amended	Amended – subsidy increased by £29,842
Qualification letter	Yes
Fee – 2016-17	£17,522
Fee – 2015-16	£18,136
Recommendations from 2015-16	Findings in 2016-17
The main reason for the amendments to the value of claim presented for certification is the delay in determining required manual adjustments. We would recommend that manual adjustments are incorporated in the value of the claim presented for submission.	This has remained the case for 2016/17, with the majority of the amendments to the claim being related to manual adjustments. We continue to recommend that manual adjustments are incorporated in the value of the claim presented for submission.

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 years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. 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:

### Rent Allowance

We identified one case (total value £4,009.34) out of 60 cases tested where claimant income was incorrectly calculated due to incorrect calculation of number of miles used for travelling expenditure. In this case the error led to an underpayment of £31.97 of the claimant's benefit entitlement. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified has no impact on the subsidy and has not, therefore, been classified as error for subsidy purposes. Similar findings were issued in the qualification letter issued last year.

### Overpaid rent allowance

Testing of the initial sample did not identify any errors. In 2015/16 we reported errors due to incorrect classification of eligible overpayment. We determined given the number of errors found in 2015/16 we would undertake 40+ testing irrespective of the results from our initial sample. Testing of the additional sample of 40 cases identified two cases (total value £588) where the authority misclassified LA error as eligible error by £393. The extrapolated error, representing the estimated misclassification between LA error and eligible error totalled £21,885. Similar findings were included in qualification letters issued in the last year.

## 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	17,522	17,522	18,136

### 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 £18,136. 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/>

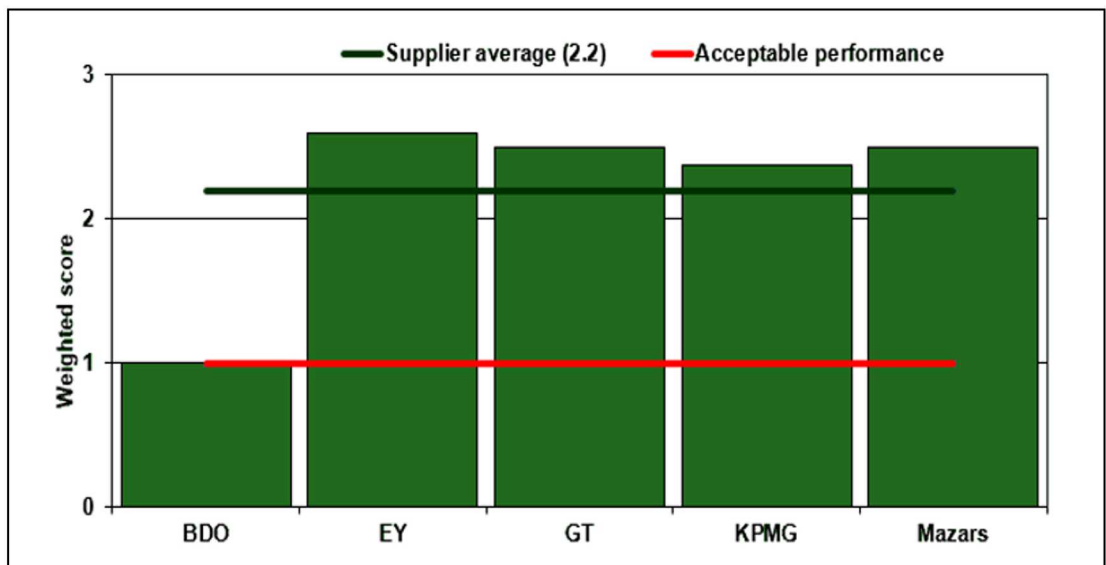
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Head of Resources before seeking any such variation.

#### 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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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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