

Certification of claims and returns annual report 2017-18

Arun District Council

October 2018

Ernst & Young LLP



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The Members of the Audit and Governance Committee
Arun District Council
Arun Civic Centre
Maltravers Road
Littlehampton
West Sussex
BN17 5LF

30 October 2018

Direct line: 023 8038 2159
Email: KSuter@uk.ey.com

Dear Members

Certification of claims and returns annual report 2017-18 Arun District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Arun 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 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 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 and did not undertake an audit of the claim.

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 £48,944,857. We met the submission deadline. We issued a qualification letter – details of the qualification matters are included in section 1. Our certification work found other errors but these had no effect on the subsidy claim.

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) in March 2017 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 Audit and Governance Committee meeting on 15 November 2018.

Yours faithfully

Kevin Suter
Associate Partner
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£48,944,857
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2017-18	£10,100
Fee – 2016-17	£8,203
Recommendations from 2016-17	Findings in 2017-18
None	N/A

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.

We follow a standard methodology for testing each benefit type, typically an initial sample of 20 cases. 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+ or extended testing may also be carried out as a result of errors that have been identified in the audit of previous years' claims.

We found one error in our initial testing of Rent Allowance benefits caused by the incorrect income in the assessment of benefit entitlement.

Extended testing identified three further cases where similar errors had occurred in consideration of claimant income in the assessment of entitlement to rent allowance benefit. We extrapolated the financial impact of our findings to determine the total financial impact of the errors on the claim. The total value of extrapolated errors was £5,288. No amendments were made to the claim in respect of this issue. This was because, given the nature of the populations tested, it was unlikely that even significant additional work would result in amendments to the claim that would allow us to conclude it was fairly stated. We reported the extrapolated value of these errors to the DWP 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.

2. 2017-18 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2017-18, these scale fees were published by the PSAA in March 2017 and are available on the PSAA's website (www.psa.co.uk).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	10,100	8,330	8,203

The proposed final fee includes £1,770 in respect of additional work required to review and capture extended testing undertaken due to errors identified during our testing and the impact on the qualification letter. We carried out one set of extended testing in 2017-18, compared to no extended testing in 2015-16, which is the year from which the indicative fee for 2017-18 was set by PSAA. The proposed additional fee is subject to approval by the PSAA.

3. Looking forward

2018-19

From 2018-19, the Council is 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 has now been published and the Council has appointed EY as its reporting accountant from 2018-19 for a period of five years, subject to the agreement of an engagement letter.

We were also appointed by PSAA in December 2017 as your statutory auditor therefore able to 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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