

Certification of claims and returns annual report 2015-16

Dacorum Borough Council

8 February 2017

Ernst & Young LLP



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Dear Members

Certification of claims and returns annual report 2015-16 Dacorum Borough Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Dacorum Borough Council's 2015-16 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 2015-16, 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.

In addition to this, we also acted as reporting accountants in relation to the Housing Pooled Capital Receipts return outside the PSAA's regime.

Summary

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £48,433,532. We met the submission deadline. We issued a qualification letter and 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.

We provided separate reports to the Council in relation to the housing pooling return with a total value of £12,733,540. Our work found one error which the Council corrected. The amendments had a marginal positive effect on the amount payable to the Council.



Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website (www.psaa.co.uk).

Yours faithfully

Andrew Brittain
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£48,433,532
Amended/Not amended	Amended – subsidy reduced by £8,696
Qualification letter	Yes
Fee – 2015-16	£22,220
Fee – 2014-15	£23,390

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 the following areas:

- Rent rebates – Initial testing identified one case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further four instances where the claimants income had been incorrectly assessed. These resulted in the overpayment of benefit (one case) and the underpayment of benefit (three cases). We reported the effect of the overpayment errors (a potential reduction in benefit eligible for subsidy of £756) in our qualification letter.
- Rent rebates overpayments – Because of errors identified in the previous year, we tested a sample of forty cases to establish whether the correct classification had been made between those classified as claimant error and those classified as local authority error. This testing identified three instances where overpayments had been classified incorrectly. We reported the effect of these errors (a potential reduction in benefit eligible for subsidy of £28,550) in our qualification letter.
- Rent Allowances - Initial testing identified one case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further two instances where the claimants income had been incorrectly assessed. These resulted in the overpayment of benefit (one case) and the underpayment of benefit (one case). We reported the effect of the overpayment errors (a potential reduction in benefit eligible for subsidy of £185) in our qualification letter.
- Rent Allowances overpayments – Initial testing identified one case where the authority had misclassified an eligible overpayment as an LA error overpayment. Because of the error identified by our initial testing, extended testing on a sample of forty cases was undertaken. This testing identified a further seven instances where the overpayments had been misclassified. We reported the effect of these errors (a potential reduction in benefit eligible for subsidy of £322) in our qualification letter.

In addition, the Council undertook full population testing on Non HRA rent rebate cases at The Elms as they had identified errors in initial testing on these properties. This testing

identified errors which the Council amended. They had a small net impact on the claim (a reduction of subsidy of £8,696.)

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.

2. Other assurance work

During 2015-16 we also acted as reporting accountants in relation to the following schemes:

- ▶ Housing pooling return.

We have provided separate reports to the Council in relation to these returns. This work has been undertaken outside the PSAA regime. The fees for this are included in the figures in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

3. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	22,220	23,036	23,390
Housing Pooled Capital Receipts	4,350	4,350	4,050

We were able to give the Council a refund of £816 on the scale fee for 2015-16 as there was one less set of full population testing in 2015/16 compared to 2013/14. This refund is still subject to approval by PSAA.

4. Looking forward

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 2016-17 is £17,543. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

The certification work for 2016-17 will be performed by the external audit firm that will be appointed by the PSAA. They must seek the agreement of PSAA to any proposed variations to these indicative certification fees and should inform the Corporate Director (Finance & Operations) before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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