

Certification of claims and returns annual report 2014-15

Dacorum Borough Council

April 2016

Ernst & Young LLP



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Audit Committee
Dacorum Borough Council
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19 April 2016

Dear Members

Certification of claims and returns annual report 2014-15 Dacorum Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Dacorum Borough Council's 2014-15 claims.

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.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. 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 (DWP) and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the Council's claim for housing benefit subsidy. This claim had a total value of £47,462,713. We issued a qualification letter for the housing benefit scheme claim and details of the qualification matters are included in section 2.



We made no recommendations in the prior year and have none to make this year.

Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the 27 April 2016 meeting of the Audit Committee.

Yours faithfully

Mark Hodgson
Executive Director
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£47,462,713
Amended/Not amended	Amended
Qualification letter	Yes (amendments had no impact on the subsidy due to the Council)
Fee - 2014-15	£23,390
Fee - 2013-14	£30,714

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 instance where the claimant's income had been incorrectly assessed, resulting in the overpayment of benefit. Because of the error identified by our initial testing, extended testing on a sample of 40 cases was undertaken. This testing identified a further two instances where the claimant's 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 these errors (a potential reduction in benefit eligible for subsidy of £3,020) in our qualification letter.
- Rent rebate overpayments – Because of errors identified in the previous year, we tested a sample of 40 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 £5,596) in our qualification letter.
- Rent allowances – Because of errors identified in the previous year we tested a sample of 40 cases to establish whether the claimant's income from earned income had been correctly assessed. This testing identified two instances where the claimant's 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 these errors (a potential reduction in benefit eligible for subsidy of £2,265) in our qualification letter.

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psaa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	30,714	23,390	23,390

3. Other assurance work

During 2014-15 we also acted as reporting accountants in relation to the Council's pooling of housing capital receipts return. We have provided a separate report to the Council in relation to this return. Our fee for this work was £3,200. As this work was undertaken outside the Audit Commission/PSAA regime, and the fees for this are not included within the fees reported in section 2. They are referred to here for completeness to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance.

Our testing of this return identified that an amendment to the return of was needed to record the amount of expenditure incurred by the Council on new build dwellings during 2014-15. The value of this amendment was £5,180,340. We certified the Council's return on 19 April.

4. Looking forward

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 Public Sector Audit Appointments (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015-16 is £23,036. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. 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/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Corporate Director (Finance & Governance) before seeking any such variation.

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