

Certification of claims and returns annual report 2016-17

Hinckley and Bosworth Borough Council

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Ernst & Young LLP



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The Audit Committee
Hinckley and Bosworth Borough Council
Hinckley Hub,
Rugby Rd,
Hinckley
LE10 0FR

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Ref: NWBC/SC/VS

Direct line: + 44 20 7951 2000
Email: sclark3@uk.ey.com

Dear Members

Certification of claims and returns annual report 2016-17 Hinckley and Bosworth Borough Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Hinckley and Bosworth Borough Council's 2016-17 Housing Benefit subsidy 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.

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

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 £17,964,058. We met the submission deadline. We issued a qualification letter – details of the qualification matters are included in section 1.

We provided separate reports to the Council in relation to the Pooling of Housing Capital Receipts returns with a total value of £2,412,670. There were no significant issues identified as part of this work.



The fee for our 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).

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

Yours faithfully

Stephen Clark
Partner
Ernst & Young LLP
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Contents

1. Housing benefits subsidy claim1

2. Other assurance work.....2

3. 2016-17 certification fees3

4. Looking forward4

1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£17,964,058
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2016-17	£14,498

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 year's claims. We found errors and carried out extended testing in several areas.

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. The main issues reported in the qualification are as follows:

- Incorrect Application of tax credits on one rent allowance case which meant earnings were incorrectly calculated which led to an overpayment of benefit expenditure. The results of the initial testing and further 40+ testing resulted in an overall extrapolated overpayment error of £811.
- Incorrect Earnings used in an income assessment for one rent allowance case which meant earnings were incorrectly calculated which led to an overpayment of benefit expenditure. The results of the initial testing and further 40+ testing resulted in an overall extrapolated overpayment error of £9,421.
- Incorrect application of Non Dependent Deductions for rent allowance cases. We were able to test all cases and found that the expenditure was overstated by £185.

The errors reported in the qualification letter are similar to findings from the prior year.

2. Other assurance work

During 2016-17 we also acted as reporting accountants in relation to:

- ▶ Housing pooling return.

We have provided a separate report to the Council in relation to the return. This work has been undertaken outside the PSAA regime. The fee for this is 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. 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).

Claim or return	2016-17	2016-17
	Actual fee £	Indicative fee £
Housing benefits subsidy claim	14,498	14,498
Pooling of housing capital receipts	2,000	2,000

4. 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 £14,850. 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.psaa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

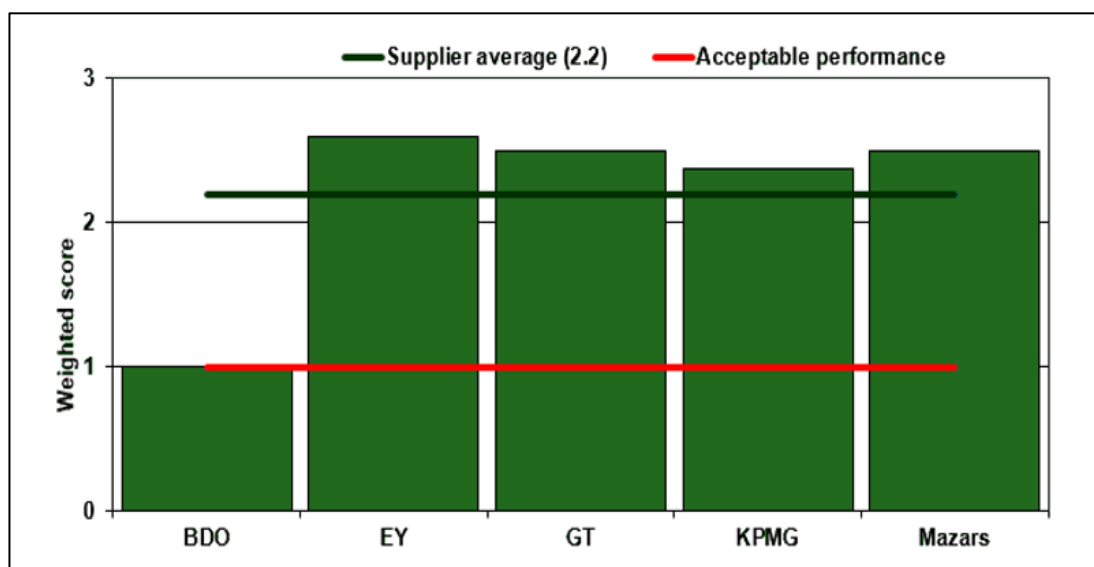
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Head of Finance before seeking any such variation.

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 have been 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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