

HAMBLETON DISTRICT COUNCIL

Report To: Audit, Governance and Standards Committee
26 March 2019

From: Director of Finance (S151 Officer)

Subject: **STATUTORY AUDITOR – ANNUAL CERTIFICATION OF CLAIMS AND RETURNS 2017/18**

All Wards

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to present to Members the statutory auditor's Certification of Claims and Returns Annual Report for 2017/18 which is attached at Annex 'A'.
- 1.2 The Report summarises the work which the Council's statutory auditors have undertaken in certifying the Council's major grant claims and returns in relation to the financial year 2017/18. In this year the housing benefit subsidy claim is the only item that required certification.

2.0 RISK ANALYSIS:

- 2.1 There are no risks associated with consideration of this report. However, if this report was not considered the Committee would not be fulfilling its terms of reference and would not have the opportunity of commenting on the statutory auditor's work in respect of the annual certification of claims and returns for 2017/18.

3.0 RECOMMENDATION:

- 3.1 It is recommended that Members receive the statutory auditor's Certification of Claims and Returns Annual Report 2017/18.

LOUISE BRANFORD-WHITE
DIRECTOR OF FINANCE (S151 Officer)

Background papers: None

Author ref: LBW

Contact: Louise Branford-White
Director of Finance (Section 151 Officer)
Direct Line No: 767024

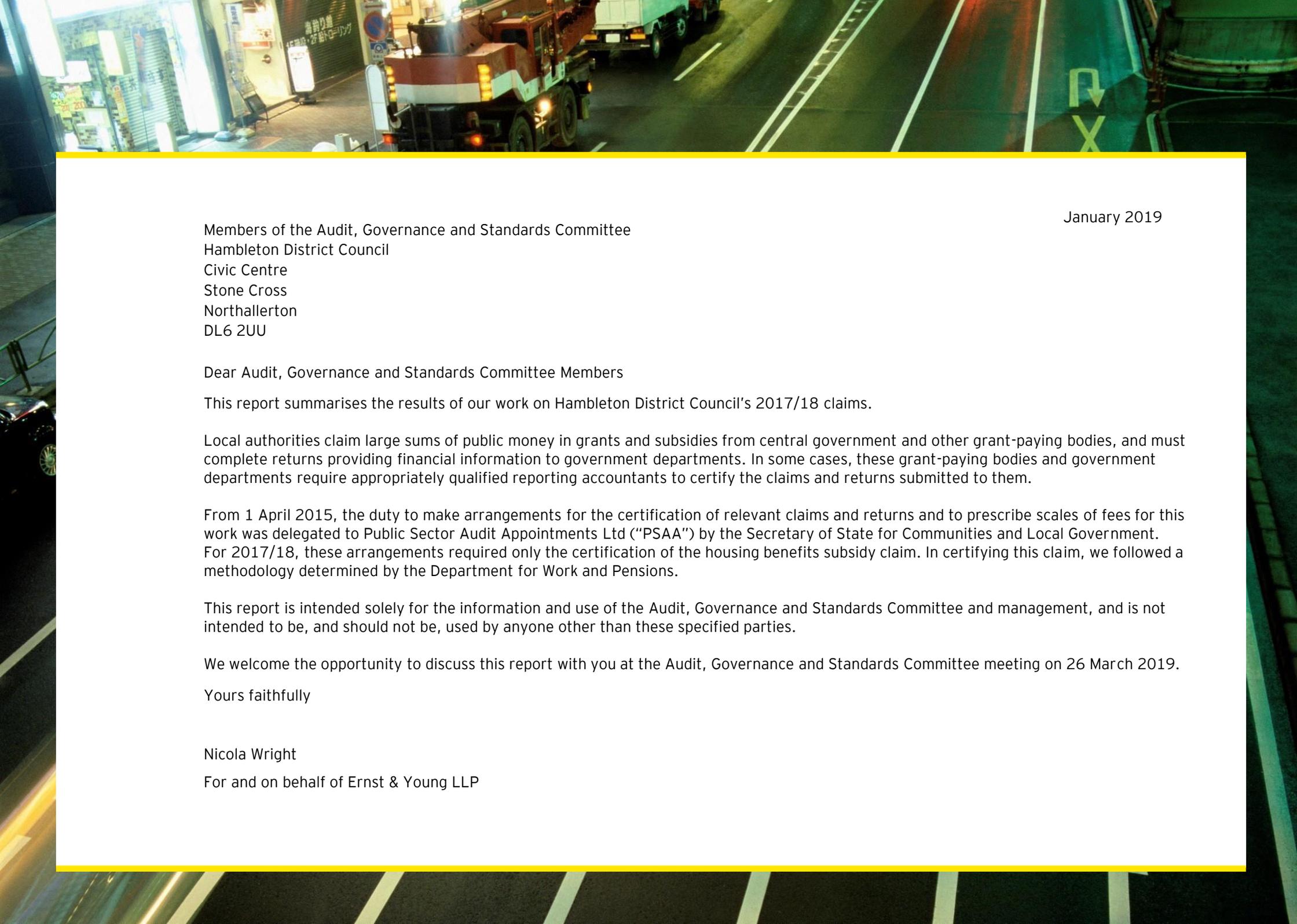
Certification of claims and returns annual report 2017/18

Hambleton District Council

January 2019



Building a better
working world



January 2019

Members of the Audit, Governance and Standards Committee
Hambleton District Council
Civic Centre
Stone Cross
Northallerton
DL6 2UU

Dear Audit, Governance and Standards Committee Members

This report summarises the results of our work on Hambleton District Council's 2017/18 claims.

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 reporting accountants 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 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 claim, we followed a methodology determined by the Department for Work and Pensions.

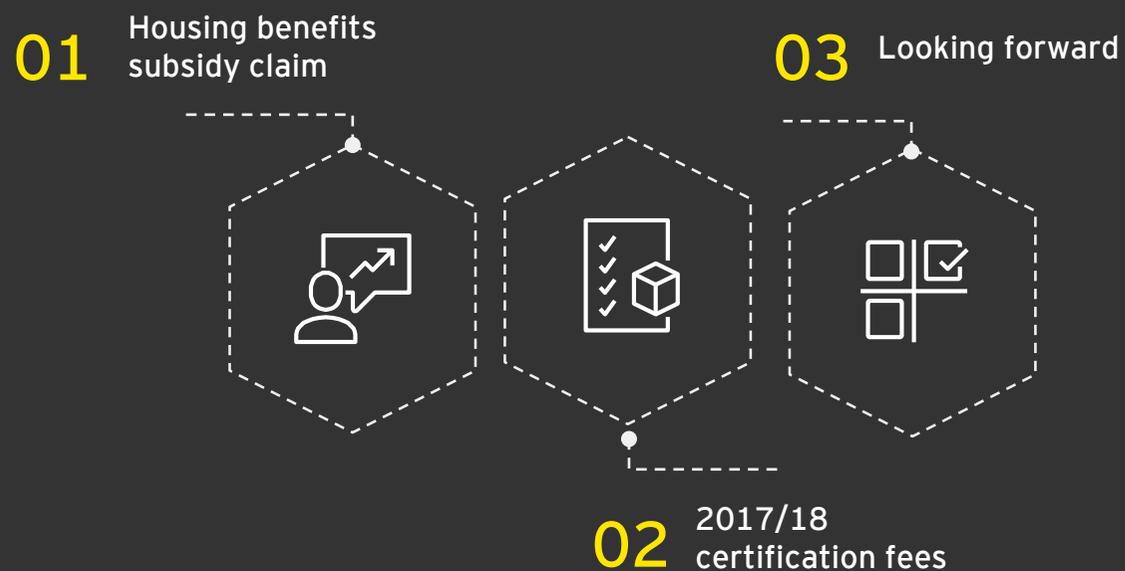
This report is intended solely for the information and use of the Audit, Governance and Standards Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Audit, Governance and Standards Committee meeting on 26 March 2019.

Yours faithfully

Nicola Wright
For and on behalf of Ernst & Young LLP

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This report is made solely to the Audit, Governance and Standards Committee and management of Hambleton District Council. Our work has been undertaken so that we might state to the Audit, Governance and Standards Committee and management of Hambleton District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Audit, Governance and Standards Committee and management of Hambleton District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£15,571,026
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017/18	£12,177 (fee includes scale fee variation of £891, pending PSAA approval)
Fee - 2016/17	£11,891 (fee includes scale fee variation of £663)

Recommendations from 2016/17	Findings in 2017/18
No recommendations were made as part of the 2016/17 testing that was performed.	No specific findings to report. See the results of our testing below.

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 reporting accountants to follow a programme of work specified by DWP.

Detailed case testing is carried out on an initial sample of 20 cases per benefit type.

More extensive '40+' or extended testing is carried out if the 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 certification of previous years' claims.

We performed 40+ testing on a sample of Local Housing Allowance cases due to the prior year qualification in this area. No errors were found in this testing in the current year.

We found one error in our initial testing of Rent Allowances cases. This error related to the incorrect input of earned income, and we therefore extended our testing for a sample of earned income cases. This 40+ testing resulted in no further errors. The original error led to an underpayment, therefore we reported the outcome in a qualification letter but no extrapolation was required.

There were no errors identified that resulted in an amendment to the claim form.



02

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by PSAA and are available on their website (www.psa.co.uk).

Claim or return	2017/18	2017/18	2016/17
	Actual fee	Indicative fee	Actual fee
	£	£	£
Housing benefits subsidy claim	*12,177	11,286	11,891

*The actual fee for 2017/18 includes a scale fee variation of £891. This fee was for the additional 40+ testing we completed on behalf of the Council.



03

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that from 2018/19 the Council has appointed us to act as reporting accountant in relation to the Housing Benefit assurance process.

We welcome this opportunity to continue undertaking this work for the Council, providing a seamless quality service, drawing on our vast array of experienced and knowledgeable public sector professionals, whilst realising the efficiencies that are achieved by undertaking both the audit and grant work.

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