

HAMBLETON DISTRICT COUNCIL

Report To: Audit, Governance and Standards Committee
28 January 2020

From: Director of Finance and Commercial (S151 Officer)

Subject: **STATUTORY AUDITOR – ANNUAL CERTIFICATION OF CLAIMS AND RETURNS 2018/19**

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 2018/19 which is attached at Annex 'A'.
- 1.2 The Report summarises the work which the Council's statutory auditors have undertaken in Quarter 4 2019 certifying the Council's major grant claims and returns in relation to the financial year 2018/19. 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 2018/19.

3.0 RECOMMENDATION:

- 3.1 It is recommended that Members receive the statutory auditor's Certification of Claims and Returns Annual Report 2018/19.

LOUISE BRANFORD-WHITE
DIRECTOR OF FINANCE AND COMMERCIAL (S151 Officer)

Background papers: None

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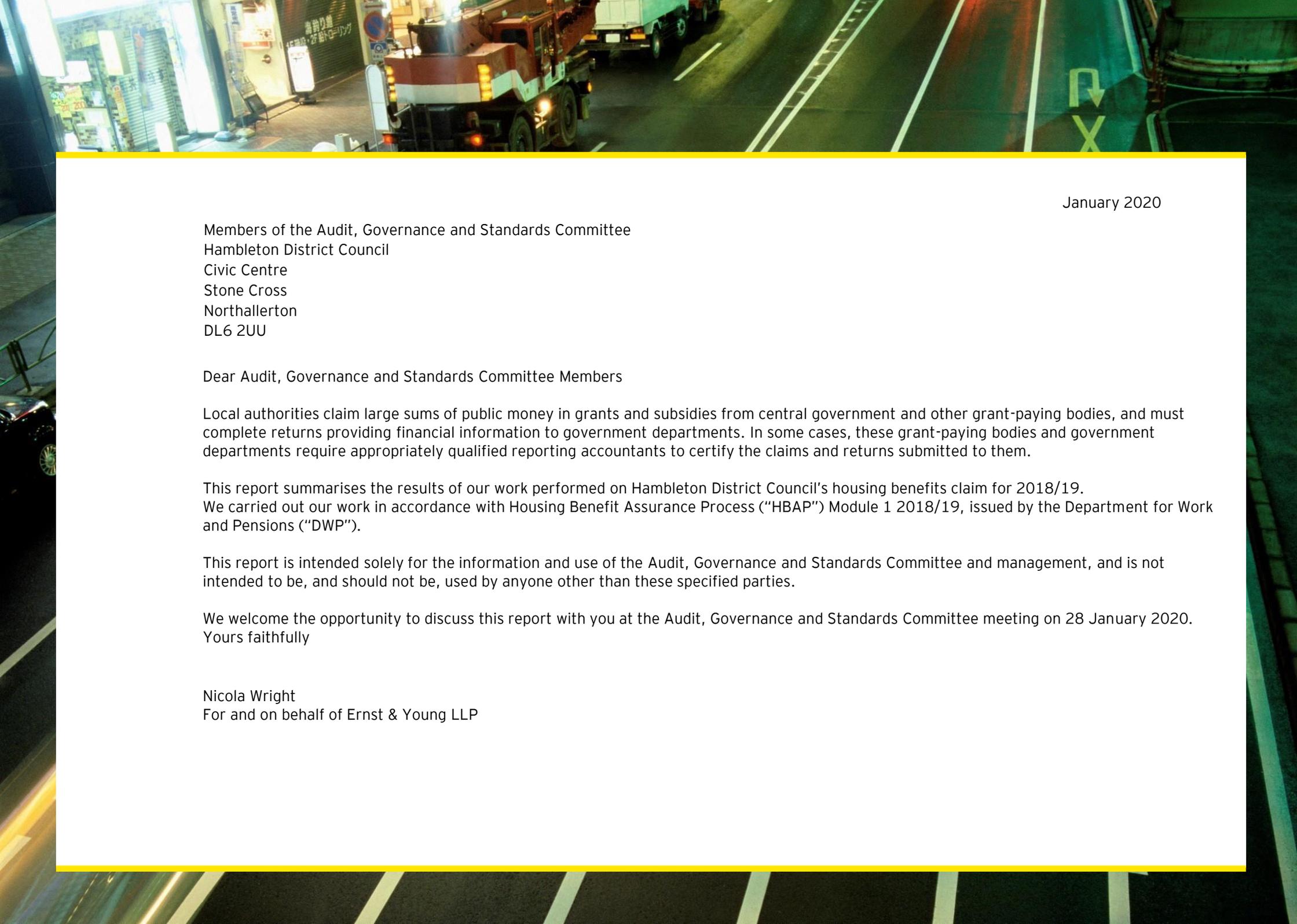
Certification of Claims and Returns Annual Report 2018/19

Hambleton District Council

January 2020

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

**Building a better
working world**

A nighttime photograph of a street scene. In the foreground, a red and white street cleaner truck is parked on the left side of the road. To its right, a white van is parked. The road has white lane markings and a green-painted area with a yellow 'X' and a right-turn arrow. In the background, there are buildings with lit windows and signs, including one with Japanese characters. The overall scene is illuminated by streetlights and building lights.

January 2020

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

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.

This report summarises the results of our work performed on Hambleton District Council's housing benefits claim for 2018/19. We carried out our work in accordance with Housing Benefit Assurance Process ("HBAP") Module 1 2018/19, issued by the Department for Work and Pensions ("DWP").

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 28 January 2020.
Yours faithfully

Nicola Wright
For and on behalf of Ernst & Young LLP

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter dated 19 November 2019.

This report is made solely to the Audit, Governance and Standards Committee and management of Hambleton District Council in accordance with the engagement letter. 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.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or associate partner contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£13,899,669
Amended/Not amended	Amended
Fee - 2018/19	£11,280
Fee - 2017/18	£12,177 (fee includes scale fee variation of £891)

Findings in 2018/19

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 HBAP 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.

The results were as follows:

- Through our testing of the initial sample we identified two cases which had been incorrectly classified as Local Housing Allowance, when the housing provider was a Registered Housing Association, and therefore the expenditure should have been included in a different cell within the claim. As this had no impact on overall subsidy claimed, no further work was completed;
- Through our testing of the initial sample, we identified one case where ineligible service charges had been incorrectly calculated leading to an overpayment of benefit of £145. We tested a further 11 cases and identified a further error in one case of underpayment of benefit;
- Through our additional testing of the 11 cases referenced above, we identified one case where the incorrect rental liability had been used in the calculation which resulted in an overpayment of benefit of £120; and
- Our review of reconciling cells identified an error in the completion of the form of £1,000. This error was corrected in the amended claim.



02

2018/19 certification fees



2018/19 certification fees

Claim or return	2018/19	2017/18
	Fee £	Fee £
Housing benefits subsidy claim	11,280	*12,177

*For 2017/18, the scale fee was determined by PSAA and includes a variation of £891.

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ED None

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