

Certification of claims and returns annual report 2014-15

Bracknell Forest Council

7 January 2016

Ernst & Young LLP



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The Members of the Governance and Audit Committee
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7 January 2016

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Dear Members

Certification of claims and returns annual report 2014-15 Bracknell Forest Council

We are pleased to report on our certification work. This report summarises the results of our work on Bracknell Forest 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 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 housing benefits subsidy claim with a total value of £33,363,744, meeting the submission deadline. We issued a qualification letter when certifying this claim; details of the qualification matters are included in section 2. Our certification work found a small number of errors which the Council corrected. The amendments had a marginal effect on the grant due. We would like to



thank officers in the Welfare and Housing team for their support during the audit. Our testing identified fewer errors than in previous years, continuing the improvement noted in last year's report.

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.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report with you at the Governance and Audit Committee on 27 January 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Helen Thompson', written in a cursive style.

Helen Thompson
Executive Director
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£33,361,965
Amended	Amended – subsidy increased by £1,779
Qualification letter	Yes
Fee – 2014-15	£41,580 (see section 2 below)
Fee – 2013-14	£33,433

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 identified one error in the 2013/14 claim in relation to earned income calculations, and we therefore completed extended testing on this in 2014-15.

However, we did not identify any errors in the initial sample testing completed in 2014-15.

Uncashed cheque testing identified one error which the Council amended. This had a small net impact on the claim. We have reported the extrapolated value of other errors in a qualification letter. The DWP will decide whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

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 £	TBC Actual fee £
Housing benefits subsidy claim	33,433	41,580	33,500
Total	33,433	41,580	33,500

The 2014-15 housing benefit subsidy claim was comparable to the 2013/14 audit in relation to the type and number of errors identified and the process for audit. As such, we are proposing a refund to the Council to the level of the 2013/14 audit fee. This refund will need to be approved by Public Sector Audit Appointments (PSAA) and we will confirm the outcome of this process to the Council in early 2016.

3. 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 (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015-16 is £25,075. 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 2013-14.

Details of individual indicative fees are available at the following web address:
<http://www.psa.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 Borough Treasurer before seeking any such variation.

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