

Certification of claims and returns annual report 2016-17

Bracknell Forest Council

January 2018

Ernst & Young LLP



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The Members of the Governance and Audit Committee
Bracknell Forest Council
Easthampstead House
Town Square
Bracknell
RG12 1AQ

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Ref: BFC/BEN01/16-17

Direct line: + 44 23 8038 2165
Email: HThompson2@uk.ey.com

Certification of claims and returns annual report 2016-17 for Bracknell Forest Council

This report summarises the results of our certification work on Bracknell Forest Council's 2016-17 housing benefit 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 (DWP) and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2016-17 certification work and highlights the significant issues and those issues reported to the DWP.

We checked and certified the housing benefits subsidy claim with a total value (in terms of subsidy claimed) of £31,313,050. We met the submission deadline of 30 November 2017. We issued a qualification letter on the same date, the details of which are included in section 1. Our certification work found errors which resulted in extra testing and extrapolation in a qualification letter, as per the PSAA's Module 1 guidance. However, no amendments were made to the claim as a result of our work.

The housing benefits subsidy claim fees for 2016-17 were published by the PSAA in March 2015 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 31 January 2018 meeting of the Governance and Audit Committee.



We would also like to express our thanks to the Benefit Services Manager and her team; the Council's claim was again well prepared and, as with previous years, we found a very low number of errors in the cases examined.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Helen Thompson', is displayed on a light gray rectangular background.

Helen Thompson
Associate Partner
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£31,313,050
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2016-17	£25,125
Fee – 2015-16	£25,075
Recommendations from 2015-16	Findings in 2016-17
We made no recommendations in 2015-16.	N/a

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 prior year claims. We found errors and carried out extended testing in a small number of areas.

Extended and other testing identified a small number of errors which, had the Council corrected, would have had only a negligible impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of the 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. These are the main issues we reported:

Rent allowances – incorrectly assessed earned income leading to overpayment and underpayment

Testing of the initial sample of twenty cases found one case where earned income and working tax credits had been input incorrectly leading to both an overpayment and an underpayment on one claimant case. This was an input error from source documentation.

The impact of the error was to overstate Cell 103 (Local Housing Allowance Expenditure) by £20.18 and understate cell 113 (Local Authority error and administrative delay overpayments) by the same amount. The benefit period was two weeks at a rate of £10.09 per week. An extended sample of forty cases was selected with the emphasis on the area of error and no further overpayments or underpayments were found.

No amendments were made to the claim for this error.

Rent allowances - underpaid benefit

Testing of the initial sample of twenty cases identified three cases where benefit had been underpaid as a result of the Council entering incorrect information in such a way that could only ever lead to more underpayments. As there is no eligibility to subsidy for benefit which has not been paid, the three underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.

No amendments were made to the claim for this error.

Other reporting matters

In Year reconciliation cells

The Housing Benefits claim form contains three pre-filled cells that should automatically reconcile to the detailed system total cells. Claim certification guidance requires that Cell 037, 077 and 130 should agree to the entries in cells 011, 055 and 094 respectively (with cell 55 being a nil entry at Bracknell). The following minor difference was noted which the Council assigned to rounding differences:

Claim cell:	£ Amount:	Claim – Reconciliation cell:	£ Amount:	£ Difference:
011 – Non HRA Rent Rebates	968,336	037	968,336	0
094 – Rent Allowances	30,710,999	130	30,711,046	47

We accepted that this was the case and reported the fact in our qualification letter as required by the certification guidance.

No amendments were made to the claim for this error.

2. 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 PSAA in March 2016 and are available on the PSAA's website (www.psaa.co.uk).

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	25,125*	25,125	25,075

*as agreed with Management in April 2017, the Council completed the testing workbooks for the 2016-17 housing benefit work so we will be providing a 20% discount on this figure and reimbursing the Council £5,025. The work has only recently been finalised and the discount has yet to be agreed with PSAA and applied. When it is, the actual figure for the 2016-17 work will be £20,100.

3. 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 £25,075. This was set by PSAA and is based on final 2015-16 certification fees. Should the Council decide to take the same approach in 2017-18, whereby Council staff complete the initial workbooks, we will apply a rebate to this fee.

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/>

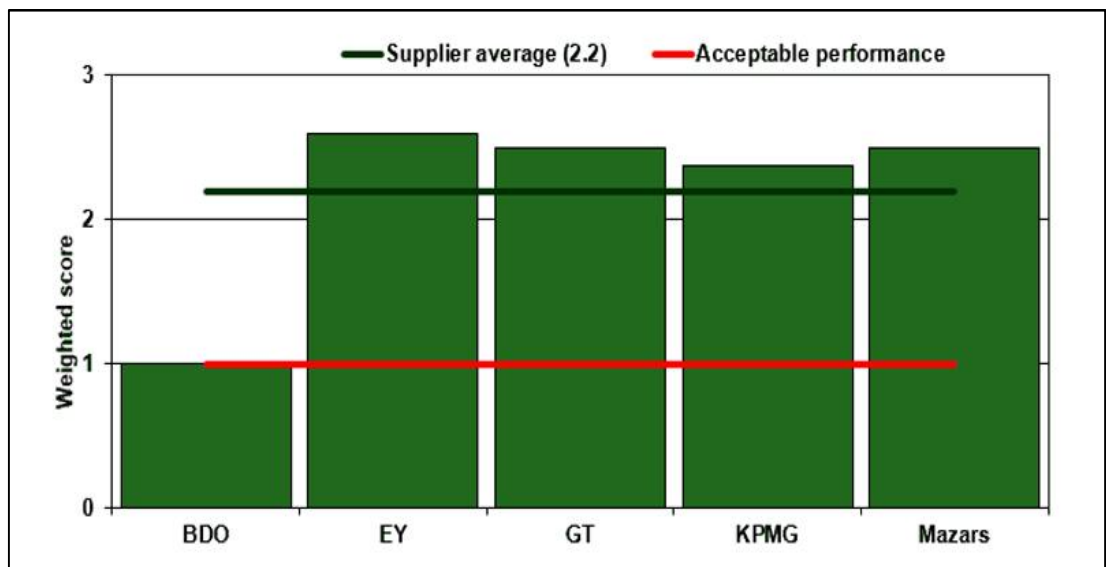
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Borough Treasurer before seeking any such variation.

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 we are discussions with officers to 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 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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