

Certification of claims and returns annual report 2015-16

Wokingham Borough Council

December 2016

Ernst & Young LLP



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Wokingham Borough Council
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2 December 2016
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Dear Committee Members,

Certification of claims and returns annual report 2015-16 Wokingham Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Wokingham Borough Council's 2015-16 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.

Public Sector Audit Appointments Ltd (PSAA) made arrangements for certifying claims and returns in respect of the 2015-16 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 'Statement of responsibilities of grant-paying bodies, authorities, Public Sector Audit Appointments and appointed auditors in relation to claims and returns', issued by PSAA, 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

We checked and certified the housing benefits subsidy claim with a total value of £23,825,777. We met the submission deadline.

Fees for certification work are summarised in section 2. The fees for 2015-16 are available on the PSAA website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee on 8 February 2017.

Yours faithfully

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 | £23,825,777 |
| Amended/Not amended | Amended – minor amendments made to the claim to adjust for errors identified. Cell 012 reduced by £58, and cell 026 increased by the same amount. The amendment resulted in no impact on subsidy claimed. |
| Qualification letter | Yes |
| Fee – 2015-16 | £7,183 |
| Fee – 2014-15 | £12,140 |

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.

Our testing identified several errors in the calculation and classification of benefits awarded to claimant during the year, as presented in the subsidy claim, the findings are summarised below.

Rent Allowances

Testing of the initial rent allowances sample identified one case where the Authority had underpaid benefit due to contributory job seekers allowance not being removed from the claim for a specific period. As there is no eligibility to subsidy for benefit which has not been paid, the error identified does not affect subsidy and was not, therefore, classified as an error for subsidy purposes.

Non HRA Rent Rebates

Testing of the initial non HRA rent rebate sample identified three cases which had small differences due to incorrect capital income. However, these had no impact on subsidy as they were significantly below the capital limit of £6000 therefore no 40+ testing was carried out. We understand that in line with DWP and supporting legislation the Council will ignore all capital income under £6,000 for the purposes of assessing a claim. They do however record an approximate figure for capital income to assist officers when the claim may be re-assessed in the future. In this situation, we concluded that these were not errors in line with the guidance and we did not need to undertake any extended testing.

One case had a failure due to incorrect applicable amounts and earned income which resulted in an overpayment, and further testing was carried out. We tested 100% of non-HRA cases with the errors identified, and the claim was amended.

Rent Rebates

Three errors were identified as follows:

- ▶ Testing of the initial HRA rent rebate sample identified one case where the Authority had underpaid benefit due to the incorrect figure for state retirement pension being used. As there is no eligibility to subsidy for benefit which has not been paid, the error identified does not affect subsidy and was not, therefore, classified as an error for subsidy purposes.

- ▶ One case was identified where the Authority had underpaid benefit due to the dependent applicable amount not being entered onto Northgate. As there is no eligibility to subsidy for benefit which has not been paid, the error identified does not affect subsidy and was not, therefore, classified as an error for subsidy purposes. Because these errors will always result in an underpayment of benefit, additional testing has not been undertaken
- ▶ One case had a failure due to incorrect earned income which resulted in no impact on subsidy. However, as this had the potential to cause an overpayment of benefits, 40+ extended testing was carried out over earned income cases within cell 55. The additional testing identified four further errors. Three errors led to an overpayment of benefit, and were therefore included in an extrapolation table within our qualification letter. One error led to an underpayment of benefit which does not affect subsidy and was not classified as an error for subsidy purposes.

We have reported these observations to the DWP in a qualification letter.

2. 2015-16 certification fees

Public Sector Audit Appointments (PSAA) determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the PSAA in April 2015 and are now available on the PSAA's website (www.psaa.co.uk).

| Claim or return | 2014-15 | 2015-16 | 2015-16 |
|--------------------------------|-----------------|---------------------|-----------------|
| | Actual fee £ | Indicative fee £ | Actual fee £ |
| Housing benefits subsidy claim | 12,140 | 7,183 | 7,183 |

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 2016-17 is £11,787. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17.

Details of individual indicative fees are available at the following web address:

<http://www.psaa.co.uk/audit-and-certification-fees/201617-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 Director of Finance and Resources before seeking any such variation.

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