

Certification of claims and returns annual report 2014-15

Wokingham Borough Council

January 2016

Ernst & Young LLP



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Dear Members

Certification of claims and returns annual report 2014-15 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 2014-15 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.

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 £24,553,350. We met the submission deadline. We issued a qualification letter; and details of the qualification matters are included in section one. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.



Fees for certification work are summarised in section two. 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 February Audit Committee.

Yours faithfully

Helen Thompson
Director
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£24,553,350
Amended/Not amended	Amended – subsidy increased by £404
Qualification letter	Yes
Fee – 2014-15	£15,716
Fee – 2013-14	£9,577
Recommendations from 2013-14	Findings in 2014-15
Assessors should ensure that they treat backdated expenditure correctly. We identified no such issues in 2014-15.	Assessors should ensure that they correctly classify overpayment types.

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 found errors, and carried out extended testing, in two areas.

Extended and other testing identified errors which the Council amended. These had a small net impact on the claim. We have reported the extrapolated value of other errors in a qualification letter. We reported the following issue:

- ▶ Four overpayments misclassified between eligible error, attracting 40% subsidy, and local authority error, attracting 0% subsidy.

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.psa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	9,577	12,140	15,716
Total	9,577	12,140	15,716

The increase in fee compared to the indicative fee for 2014-15 is due to the additional work required in relation to the errors identified.

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 £7,183. 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 Strategic Director of Finance before seeking any such variation.

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