



# Annual Report on grants and returns 2015/16

**North West Leicestershire District Council**

**February 2017**

**DRAFT**



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## Headlines

### Introduction and background

This report summarises the results of work we have carried out on the Authority's 2015/16 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment (PSAA) certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2015/16 is:

- Under the PSAA arrangements we certified one claim – the Authority's 2015/16 Housing Benefit Subsidy claim. This had a value of £19.5 million.
- Under separate assurance engagements we certified the Pooling of Housing Capital Receipts return with the value of £1.7m.

### Certification and assurance results (Pages 4-5)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Our certification work on Housing Subsidy Benefit claim resulted in a small amendment of £46 and was subject to a qualification letter.

The claim was amended to correct errors relating to the following:

- Rent Rebates Modified Scheme – Incorrect classification of expenditure under modified scheme case; and
- Rent Allowance – Misclassification of expenditure relating to hostel.

Following 100% testing of these cases, undertaken by your officers, an amendment to the claim of £46 was made.

A qualification letter was required, due to a number of issues, as set out below:

- Rent Allowance - inclusion of incorrect earnings and self employed earnings in the benefit entitlement calculations;
- Rent Rebates Modified Scheme – Misclassification of expenditure; and
- Rent Rebates Modified Scheme – Inclusion of incorrect occupational pension in the benefit entitlement.

Our work on the other grant assurance engagement resulted in the Pooling of Housing Capital Receipts Assurance Report.

Two adjustments for total sum of £535 were necessary to this return as a result of our certification work this year:

- Our testing identified a valuation and an archetype (classification of housing type) error.

As a result a qualified conclusion on the Pooling of Housing Capital Receipts return was required due to the uncertainty over the untested population.

### Recommendations (Page 7)

We have made two recommendations to the Authority to improve its claims completion process and review its underlying property data.

In addition there were one recommendation outstanding from previous years' work on grants and returns, which remains outstanding as at January 2017 and has been included in 2015/16 recommendation.

### Fees (Page 6)

Our fee for certifying the Authority's 2015/16 Housing Benefit Subsidy grant was £9,128, which is in line with the indicative fee set by PSAA.

Our fee for the other 'assurance' engagement was subject to agreement directly with the Authority and was £3,000.

# Summary of reporting outcomes

Overall, we carried out work on two grants and returns:

- Both required a qualification to our audit certificate and some minor amendment to the final figures.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Authority’s 2015/16 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Authority’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1	●		●	
<b>Other assurance engagements</b>					
— Pooling of Housing Capital Receipts	2	●		●	
		2	0	2	0

# Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p><b>Housing Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>— A qualification letter was required, due to a number of issues, as set out below:                             <ul style="list-style-type: none"> <li>— Rent Allowance - Inclusion of incorrect earnings and self-employed earnings in the benefit entitlement calculations;</li> <li>— Rent Rebates Modified Scheme – Misclassification of expenditure; and</li> <li>— Rent Rebates Modified Scheme – Inclusion of incorrect occupational pension in the benefit entitlement.</li> </ul> </li> <li>— This qualification letter may trigger the Department for Work and Pensions to recover overpaid subsidy to the Authority. This result is in line with those of 2014/15 where the Authority’s Housing Benefit Subsidy claim was qualified.</li> <li>— Our certification work on Housing Subsidy Benefit claim resulted in a small amendment of £46 due to the correction of errors relating to:                             <ul style="list-style-type: none"> <li>— Rent Rebates Modified Scheme – Incorrect classification of expenditure under modified scheme case; and</li> <li>— Rent Allowance – Misclassification of expenditure relating to hostel.</li> </ul> </li> <li>— This compares to adjustment of £29 in 2014/15.</li> </ul>	+£46
2	<p><b>Pooling of Housing Capital Receipts</b></p> <ul style="list-style-type: none"> <li>— A qualified conclusion on the Pooling of Housing Capital Receipts return was required due to the uncertainty over the untested population relating to the following issues:                             <ul style="list-style-type: none"> <li>— One sample had an incorrect 1999 valuation and a further sample had an incorrect archetype, which resulted in adjustment to the return of £535.</li> </ul> </li> <li>— This qualified conclusion may result in the Department for Communities and Local Government following these issues with the Authority.</li> <li>— This compared to two minor amendments that were made to the 2014/15 return with nil impact.</li> </ul>	+£535

## Fees

Our fees for the Housing Benefit Subsidy claim are set by PSAA.

Our fee for other assurance engagement on return is agreed directly with the Authority.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £12,128.

### Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our certification work on the Authority's Housing Benefit Subsidy claim in 2015/16 of £9,128. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £20,245. Our 2015/16 fee is lower due to the Authority completing the initial testing, whereas we had done so previously.

### Grants subject to other assurance engagements

The fee for our assurance work on Pooling of Housing Capital Receipts return is agreed directly with the Authority. Our fee for 2015/16 was £3,000, which is in line with the 2014/15 fee. The HCA Decent Homes Backlog grant was completed in 2014/15 and therefore no assurance work was completed in 2015/16.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	9,128	20,245
Pooling of Housing Capital Receipts	3,000	3,000
HCA Decent Homes Backlog grant	0	4,600
<b>Total fee</b>	<b>12,128</b>	<b>27,845</b>

# Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

## Priority rating for recommendations

<p><b>1</b> Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p><b>2</b> Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p><b>3</b> Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>
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Issue	Implication	Recommendation	Priority	Authority's Comment	Responsible officer and target date
<b>Housing Benefit Subsidy</b>					
<p><b>Incorrect claimant data</b> The inclusion of incorrect claimant data included in the benefit entitlement calculations. This is a recurring issue from 2014/15.</p>	<p>This leads to errors in the Housing Benefit Subsidy that is claimed by the Authority, which can be clawed back by Department for Work and Pensions.</p>	<p>Review and improve the process for the inclusion of claimant data in the benefit entitlement calculations to reduce the level of errors being repeated in subsequent years.</p>	<b>2</b>	<p>All assessors have been asked to be more vigilant and to double check the information entered into the system, this is particularly relevant where it is discovered that the error was simply a case of transposing the data.</p> <p>Ensure system notes are entered to identify the method of calculation.</p> <p>Further staff training (to include refresher and in-depth).</p>	<p><b>Responsible Officer:</b> Benefits Control Team Leader</p> <p><b>Target Date:</b> June 2017</p>
<b>Pooling of Housing Capital Receipts</b>					
<p><b>Inaccurate underlying property data</b> The inclusion of incorrect underlying property data included in the return</p>	<p>This leads to errors in the return, which can be clawed back by Department for Communities and Local Government</p>	<p>Review underlying data to ensure it is accurate and valid to reduce the level of errors being repeated in subsequent years.</p>	<b>2</b>	<p>Staff have taken appropriate actions and are putting in more checks to make sure the underlying data is accurate.</p>	<p><b>Responsible Officer:</b> Acting Section 151 Officer</p> <p><b>Target Date:</b> June 2017</p>



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