



# Annual Report on grants and returns 2016/17

**North West Leicestershire District Council**

February 2018



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## Headlines

### Introduction and background

This report summarises the results of work we have carried out on the Authority's 2016/17 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 2016/17 is:

- Under the PSAA arrangements we certified one claim – the Authority's 2016/17 Housing Benefit Subsidy claim. This had a value of £18.2million.
- Under separate assurance engagements we certified the Pooling of Housing Capital Receipts return with the value of £2.8 million.

### Certification and assurance results (Pages 3-4)

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.

As set out below, our certification work on Housing Subsidy Benefit claim resulted in a small amendment of £327 and was subject to a qualification letter.

The claim was amended to correct one error in respect of a non-war widow pension case that was misclassified as a Modified Scheme case. Following 100% testing of

Rent Allowance Modified Scheme cases, undertaken by your officers, an amendment to the claim of £327 was made. This increased the subsidy claimed by the Authority by £82.

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

- Rent Allowance - inclusion of incorrect earnings in the benefit entitlement calculations; and
- Rent Allowance - inclusion of incorrect self employed earnings in the benefit entitlement calculations;

Our work on the other grant assurance engagement resulted in the Pooling of Housing Capital Receipts Assurance Report. No adjustments were required.

### Recommendation (Page 6)

We have made one recommendation to the Authority to improve its claims completion process, which is included in Appendix 1.

In our 2014/15 and 2015/16 Certification Annual Reports we raised one recommendation relating to the improvement of the claim completion process. It remains outstanding at January 2018 and has been included in our 2016/17 recommendation.

There are no other outstanding recommendations from previous year's work on grants and returns.

### Fees (Page 5)

Our fee for certifying the Authority's 2016/17 Housing Benefit Subsidy grant was £15,184, 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 £3,500.

# Summary of reporting outcomes




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

- One was unqualified with no amendment; and
- One 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 2016/17 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					
<b>Other grant/return engagements</b>					
— Capital Receipts Pooling return					
		1	0	1	1

## Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

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 £18,684.

### Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Authority's Housing Benefit Subsidy claim in 2016/17 of £15,184. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £9,128. Our 2016/17 fee is higher due to the additional testing completed as a result of the need to follow up the errors discovered in previous years.

### Grants subject to other engagements

The fee for our assurance work on Pooling of Housing Capital Receipts return is agreed directly with the Authority. Our fee for 2016/17 was £3,500, which is more than those in 2015/16 (£3,000). The reason for the increase is due to the additional work carried out in 2016/17 due to level of right to buy property sales.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	£15,184	£9,128
Pooling of Housing Capital Receipts return	£3,500	£3,000
<b>Total fee</b>	<b>£18,684</b>	<b>£12,128</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>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<b>Housing Benefit</b>					
<p><b>Incorrect claimant data</b></p> <p>The inclusion of incorrect claimant data included in the benefit entitlement calculations. This is a recurring issue from previous two years.</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>	<p><b>2</b></p>	<p>We have following the recent audit discussed this internally and currently preparing an action plan covering earnings which is one of our 'error' areas that has continued for the last couple of years.</p> <p>This will cover:</p> <ul style="list-style-type: none"> <li>- Review 'Real Time Information' procedures;</li> <li>- Undertake training needs analysis;</li> <li>- Effective date refresher training to include the understanding of a 'material change';</li> <li>- Further internal audit checks undertaken; and</li> <li>- Benefit Officers to be shown audit workbooks so they understand the impact of errors made.</li> </ul> <p>The action plan will be monitored by S151 Officer.</p>	<p><b>Responsible Officer:</b> Benefits Operational Manager</p> <p><b>Due Date:</b> 30 June 2018</p>



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