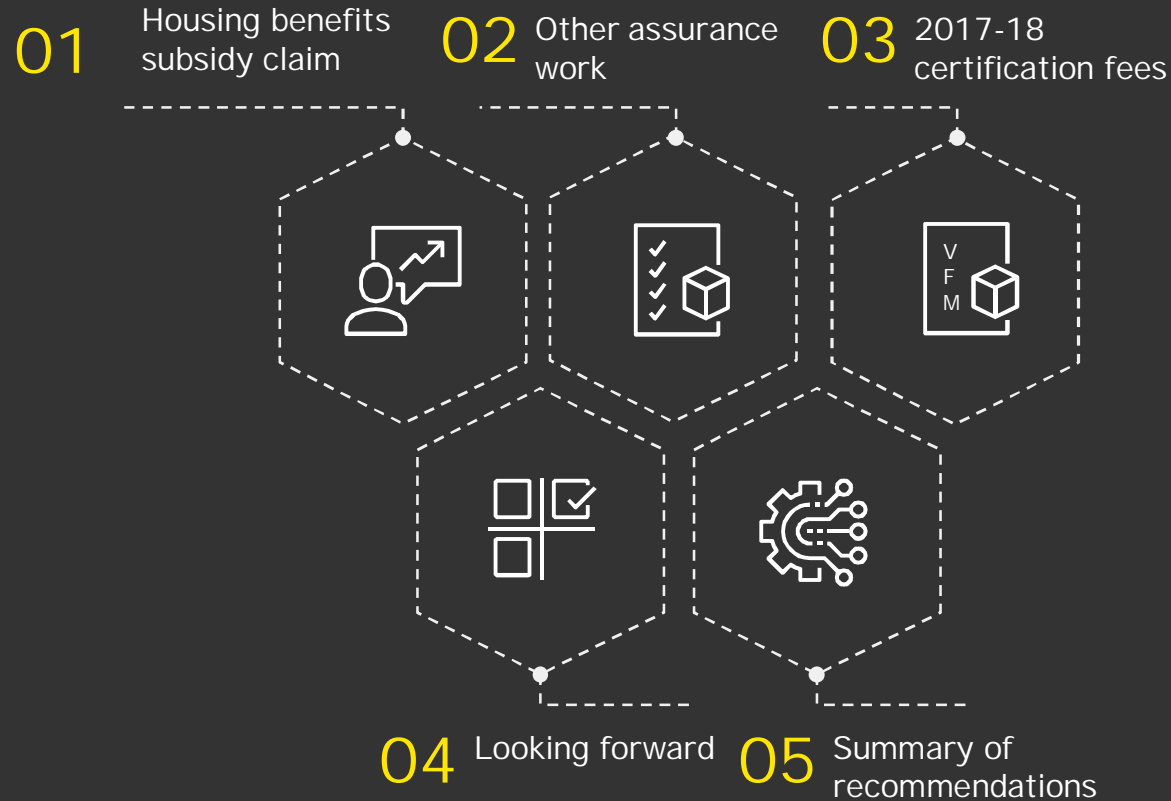


South Derbyshire District Council

Certification of claims and returns annual report 2017-18

March 2019

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit-Sub Committee and management of South Derbyshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit-Sub Committee, and management of South Derbyshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit-Sub Committee, and management of South Derbyshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Housing benefits subsidy claim 

Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£16,687,091
Amended/Not amended	Amended – subsidy reduced by £752
Qualification letter	Yes
Fee – 2017-18	£16,313
Fee – 2016-17	£19,271

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 reporting accountants 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 certification of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter (QL). The DWP then decides whether to ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. The main issues we reported in the QL were as follows:

§ Non-HRA rent rebates

- Testing identified misclassification of overpayments which resulted in an amendment to the final claim

§ Rent Rebates (for claimants in HRA properties)

- Misclassified overpayments resulting in an over claim of subsidy
- Incorrect pension state pension uprating but had no effect on subsidy paid and claimed.

§ Rent Allowances (claimants renting from private landlords or registered social landlords)

- Misclassification of overpayments resulting in an over claim of subsidy
- Underpayments in benefit entitlement due to the following reasons;
 - Ø the use of an incorrect rental value
 - Ø The claim assessment had not reflected the vacation of a non-dependent
 - Ø The claim assessment had an incorrect applicable amount
- Overpaid benefit entitlement due a claimants tax credit not being update

§ Modified schemes

- Testing identified that local scheme element of the modified scheme was overstated. The remaining population was tested resulting in an amendment to the final claim.

Our 2017/18 recommendations are detailed on page 12.



02

Other assurance work





Other assurance work

During 2017-18 we also acted as reporting accountants in relation to the pooling of housing capital receipts

We have provided separate reports to the Council in relation to this return. This work has been undertaken outside the PSAA regime. The fees for this are included in the figures in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

03

2017-18 certification fees





2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	16,313	16,313	19,271*
Pooling of housing capital receipts return	1,680	1,680	1,800

* The scale fee variation in 2016/17 related to additional testing and has been approval by PSAA.



04

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018-2019 the Council has appointed us to act as reporting accountants in relation to the Housing Benefit and Subsidy Claim.

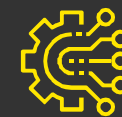
We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

We will discuss with the Strategic Director (Corporate Resources) our proposal for the 2018/19 Pooling of Housing Capital Receipts return.



05

Summary of recommendations





Summary of recommendations

This section highlights the recommendations from our work on the 2017-18 Housing benefits subsidy claim and the actions agreed.

Finding	Priority	Recommendation	Management comment	Deadline	Responsible officer
<p>Annual uprating of system parameters Our review of the Council's annual check for the accuracy of input of the system parameters identified that not all the updates had been reviewed by the Revenues and Benefits Manager.</p>	Medium	Re-review the update of the 2018/19 system parameters previously undertaken in February 2018 and the recent review for 2019/20, to ensure all parameters have evidence of review by the Revenue and Benefits manager.	Arrangements have been reviewed which include further independent checks prior to final sign-off.	30/4/2019	Revenues and benefits manager
<p>Modified schemes We identified that in one case the local scheme had not been calculated correctly.</p>	Low	Review 100% of modified scheme cases before completing the 2018/19 subsidy claim to ensure the local scheme element is calculated correctly.	All cases will be checked in advance of submitting the 2018/19 claim.	30/4/2019	Revenues and benefits manager
<p>Common errors in the claim The errors identified from our 2017/18 testing relate to the follow areas;</p> <ul style="list-style-type: none"> • Tax credits • State retirement pension uprating • Rental values • Classification of overpayments 	High	The Council should continue to undertake its quality assurance arrangements and maintain regular training to claim assessors to minimise errors arising in the claim.	Quality assurance checks and regular training will continue on an ongoing basis	Ongoing	Revenues and benefits manager

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