



Annual Report on grants and returns 2015/16

South Holland District Council

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Headlines

Introduction and background

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

This includes the work we have completed under the Public Sector Audit Appointment 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 Public Sector Audit Appointments arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £18.9 million.
- Under separate assurance engagements we also certified the Council's 2015/16 Housing Pooling Return.

Certification and assurance results (Pages 4-6)

Housing Benefit Subsidy

Our certification work on this 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 a result of issues identified in the previous year and, as a result of our initial work, it was necessary to perform the following additional work:

- 100% testing in relation to five specific issues where we were able to effect claim adjustments; and
- 40+ testing in relation to eight further issues from which we could not reach a conclusion as to whether the claim was fairly stated.

Following the completion of our work, the claim was subject to a qualification letter, in addition to a number of audit adjustments. These amounted to £ 317 although did not result in any change to the amount of subsidy claimed, due to the Council's total LA error rate falling below the lower threshold.

Housing Pooling Return

Our work on the Housing Pooling Return resulted in an unqualified assurance report, although an issue was noted in respect of the incorrect recording of mortgage repayments in the appropriate quarter to which they related.

Adjustments totalling £1,596 were necessary to differing cells on the return as a result of the above issue although this didn't affect the amount of poolable receipts.

Fees (Page 6)

Our proposed fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant is £8,161, which is more than the indicative fee set by PSAA. This increase is due to greater complexity of cases reviewed as part of our work, with the final fee still subject to determination by the PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were £3,000.

Summary of reporting outcomes

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

- one was unqualified but required some amendment to the final figures; and
- one required both minor amendment and a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’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 Council’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 Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1				
Other assurance engagements					
— Housing Pooling Return	2				
		1	0	2	1

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>Housing Benefit Subsidy</p> <p>Due to issues identified in the previous year and, as a result of our initial work it was necessary to perform 100% testing in relation to the following items/issues:</p> <ul style="list-style-type: none"> — all non-HRA rent rebate cases due to errors relating to rent liability, earnings and scheme type classification. This resulted in a number of small amendments to the claim being necessary, with no change in the amount of subsidy due; — all rent rebate cases with a change in pensions to confirm the correctness of the effective date. This resulted in a number of small amendments to the claim being necessary, with no change in the amount of subsidy due; and — all rent allowance cases with a service charge deduction within the rent liability to confirm the correctness of the eligible rent. This resulted in a number of small amendments to the claim being necessary, with no change in the amount of subsidy due. <p>We had to issue a qualification letter due to various issues we identified as a result of our testing from which we could not reach a conclusion as to whether the claim was fairly stated. These issues included:</p> <ul style="list-style-type: none"> — errors relating to the incorrect processing of weekly earnings for rent rebates resulting in under and over paid benefit and errors with no subsidy impact; — errors relating to the misclassification of rent allowance overpayments within the claim form; — errors relating to the incorrect processing of weekly eligible rent details for rent allowances resulting in under and over paid benefit; and — errors relating to the incorrect processing of state retirement pension details for rent allowances resulting in underpaid benefit. 	£0
2	<p>Housing Pooling Return</p> <p>Our work in relation to the certification of this return identified the following issue:</p> <ul style="list-style-type: none"> — Capital receipts in respect of mortgage repayments had not been recorded in the appropriate quarter to which they related. <p>This error had no effect on the total amount of poolable receipts by the Council.</p> <p>In respect of this we were able to agree cell amendments with the Council to enable us to issue an unqualified assurance report for this return.</p>	£0

Fees

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

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £11,161.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2015/16 of £7,040. Our actual fee is expected to be £1,121 higher than the indicative fee (although this is still subject to determination by PSAA), and this compares to the 2014/15 fee for this claim of £9,390.

The main reason for the fee exceeding the original estimate is an increase in the complexity of individual cases being reviewed as part of our testing.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were in line with those in 2014/15.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	8,161	9,390
Housing Pooling Return	3,000	3,000
Total fee	11,161	12,390



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