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Our ref **HB/1B9**

24 February 2015

Dear Julie

### **Certification of claims and returns - annual report 2013/14**

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

<b>Claim/return</b>	<b>Certified value (£)</b>
BEN01 – Housing Benefit Subsidy Claim	18,974,566
CFB06 – Pooling of Housing Capital Receipts	585,619
<b>Total</b>	<b>19,560,185</b>

### **Matters arising**

#### *Housing Benefit Subsidy*

As in previous years, our certification work identified a range of issues in relation to the Housing Benefit Subsidy claim as follows:

- Due to issues identified in the previous year and, as a result of our initial testing of a sample of non-HRA rent rebate cases, testing of the accuracy of a 100% of the cases within this section of the claim was performed. This resulted in a number of small amendments to the claim being necessary, without any effect on the subsidy claimed.
- We had to issue a qualification letter due to various issues we identified as a result of our sample testing from which we could not reach a conclusion as to whether the claim was fairly stated. These issues included errors relating the misclassification of

overpayments within the subsidy claim form and errors relating to the incorrect processing or application of:

- weekly earnings resulting in both under and over paid benefit for rent rebates;
- pension savings credits resulting in both under and over paid benefit for rent rebates;
- Termination date of a claim resulting in overpaid benefit for rent rebates;
- the appropriate Local Housing Association (LHA) rate resulting in underpaid benefit for rent allowances;
- eligible rent resulting in both under and over paid benefit for rent allowances; and
- weekly earnings resulting in both under and over paid benefit for rent allowances.

As there are no specific causes for these errors, with all arising from general processing errors, we have made no recommendations to the Authority to improve its claims completion processes in respect of this claim for this year.

In our 2012/13 Certification Annual Report we raised two recommendations relating to:

- The need for refresher training for staff involved in the completion of Audit Commission housing benefit workbooks; and
- The requirement for the S151 Officer to produce, and for Members to approve, an annual report on the Authority's Risk Based Verification policy.

We are satisfied that the Council has improved its arrangements and has addressed both of these recommendations. Full details are included in Appendix 1.

#### *Pooling of Housing Capital Receipts*

Our certification work in respect of this claim identified a small number of errors in relation to the Authority's overpayment of poolable capital receipts in relation to Housing Act Advances repayments, resulting in an adjustment of £479 to the return.

The Authority have identified the cause of this error and have already put in place corrective action to ensure that it does not re-occur. Consequently we have made no recommendations to the Authority in respect of this claim for this year.

There are no further matters to report to you regarding our certification work.

**Certification work fees**

The Audit Commission set an indicative fee for our certification work in 2013/14 of £6,978 which is based on the fee for 2011/12, adjusted for certain factors. Our actual fee was higher than the indicative fee due to the effect of the errors found in this year and the roll forward of errors from 2012/13, which resulted in extra testing. The fee for 2013/14 compares to the 2012/13 fee for these claims of £9,866. The fee variation is subject to approval by the Audit Commission.

The details are set out in the table below.

<b>Claim</b>	<b>2013/14 Indicative fee (£)</b>	<b>2013/14 Final fee (£)</b>	<b>2012/13 Final fee (£)</b>
BEN01 – Housing Benefit subsidy claim	6,760	9,391	9,230
CFB06 – Pooling of Housing Capital Receipts	218	218	636
<b>Total</b>	<b>6,978</b>	<b>9,609</b>	<b>9,866</b>

Yours sincerely

Neil Bellamy  
Director, for and on behalf of KPMG LLP

**Appendix 1 – Follow up of 2012/13 Certification of Claims and Returns Recommendations**

<b>Number</b>	<b>Prior year recommendation</b>	<b>Priority</b>	<b>Status</b>	<b>Management comments</b>
1	<p><b>Workbook Completion</b>            We would encourage any staff involved in completion of the Audit Commission workbooks to attend update training sessions on a periodic basis to ensure that they remain fully appraised of the Audit Commission requirements.</p>	<b>2</b>	Fully implemented.	All Internal Audit staff involved in the completion of workbooks attended refresher training prior to the commencement of this year’s housing benefits work.
2	<p><b>Risk Based Verification (RBV) Policy</b>            Ensure that the appropriate report is prepared by the S151 Officer and subsequently formally approved by Members.</p>	<b>1</b>	Fully implemented.	The Authority’s S151 Officer produced the required report which was subsequently approved by the relevant Portfolio Holder under delegated arrangements.

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, who is the engagement leader to the Authority (telephone 0116 256 6082; e-mail [neil.bellamy@kpmg.co.uk](mailto:neil.bellamy@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 444 8330.