

Performance and Audit Scrutiny Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Ernst and Young – Certification of Claims and Returns Annual Report 2016-2017	
Report No:	PAS/SE/18/006	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2018
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbcc.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To update members on the outcome of the annual certification of grant claims by Ernst and Young (our external auditors) as detailed in their Certification of claims and returns annual report 2016/2017, attached at Appendix A.	
Recommendation:	Performance and Audit Scrutiny Committee: Members are asked to <u>note</u> the Certification of claims and returns annual report 2016-2017.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		• N/A	
Alternative option(s):		• N/A	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • The report includes the final fee for certification of the 2016/2017 grant claims (£22,583).	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • External audit is a statutory function.	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Errors identified as a result of 2015/2016 testing may have been replicated in 2016/2017	Medium	Perform early extended testing in those areas where errors were identified	Low
Ward(s) affected:		N/A	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Appendix A – Ernst and Young Certification of claims and returns annual report 2016-2017	

1. Key issues and reasons for recommendation(s)

- 1.1 Ernst and Young (EY) has issued at **Appendix A**, an annual Report on the Certification of Claims and Returns for 2016/2017. This report summarises the results of the certification work that has been undertaken by EY staff as part of the annual audit of grant claims to government departments and sets out the scale fee for carrying out this work.
- 1.2 Funding from government departments is an important income stream for the Council which has to put in place procedures to ensure that it has met the conditions attached to the funding and, in some cases, must complete returns providing financial information to support the claims. The government departments may require appropriately qualified auditors to certify the claims.
- 1.3 From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns, and to prescribe scales of fees for this work, was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.
- 1.4 For 2016-2017, these arrangements required only the certification of the housing benefits subsidy claim with a total value of £28.532 million.
- 1.5 The certification work found errors on the claim and these errors have been corrected by officers. A qualification letter setting out further errors and uncertainties was also reported to the Department for Works and Pensions (DWP). The relevant officers of the Council and Anglia Revenues Partnership (ARP) have agreed the qualifications in respect of the 2016/2017 certification work, as detailed in **Appendix A**. ARP has taken action to address the issues for 2017/2018.
- 1.6 In addition, the PSAA determine a scale fee each year for the audit of claims and returns. For 2016/17, the indicative scale fee for the audit of the Housing benefits subsidy claim was £22,583 and the actual fee will be unchanged from this level. For 2017/18, the indicative scale fee has been set at £24,722.
- 1.7 EY have made no recommendations to Members as a result of the audit.