

**Forest Heath District Council**

**Certification of claims report  
2017/18**

January 2019



Building a better  
working world



Performance & Audit Scrutiny Committee  
Forest Heath District Council  
College Heath Road  
Mildenhall  
Bury St Edmunds  
Suffolk  
IP28 7EY

15 January 2019

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on Forest Heath District Council's 2017/18 claims.

#### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

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. For 2017/18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

#### **Summary**

Section 1 of this report outlines the results of our 2017/18 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £14,280,136. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in Section 1.

Fees for certification and other returns work are summarised in section 2. The housing benefits subsidy claim fees for 2017/18 were published by the Public Sector Audit Appointments Ltd (PSAA) and are available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

We welcome the opportunity to discuss the contents of this report with you at the January Performance & Audit Scrutiny Committee.

Yours faithfully

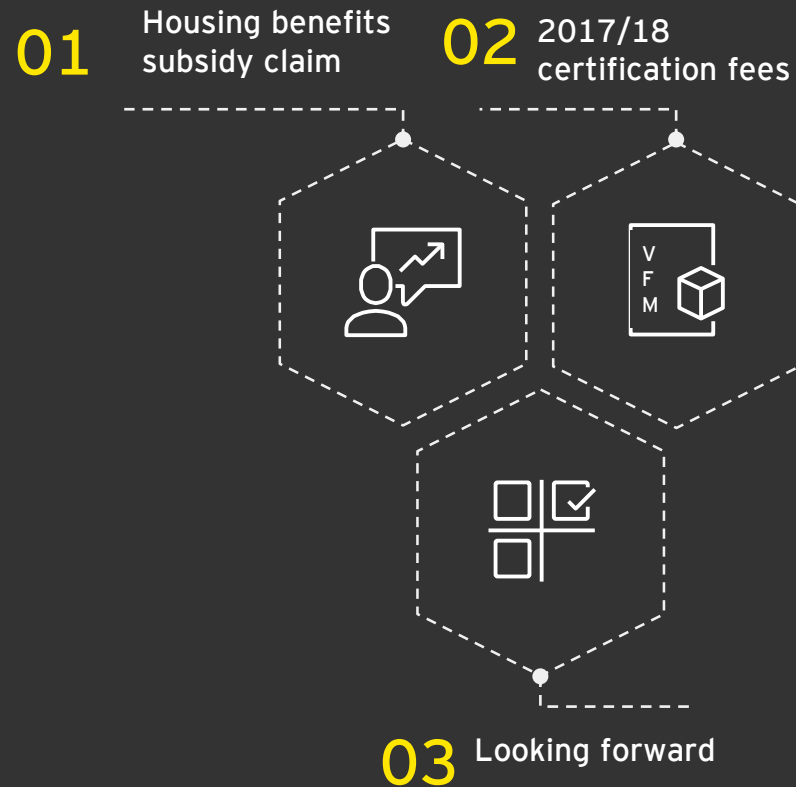
*MARK HODGSON*

Mark Hodgson

For and on behalf of Ernst & Young LLP

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# Contents



This report is made solely to the Performance & Audit Scrutiny Committee and management of Forest Heath District Council. Our work has been undertaken so that we might state to the Performance & Audit Scrutiny Committee and management of Forest Heath 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 Performance & Audit Scrutiny Committee and management of Forest Heath 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.



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# Housing benefits subsidy claim



## Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£14,280,136
Amended/Not amended	Amended
Qualification letter	Yes
Fee - 2017/18	£12,442
Fee - 2016/17	£15,203

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 no net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. The main issues we reported are on the following page.

We have identified errors in the calculation of earnings across all seven authorities within Anglia Revenues Partnership (ARP) during 2017/18 and in previous years. Given the level of these errors Anglia Revenues Partnership have implemented additional quality control procedures for all claims containing earnings since 1 April 2018 with an aim to reducing the overall level of error in this area.



## Housing benefits subsidy claim

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### Summary of errors: 2017/18

Description of Cell	Nature of Error
Cell 94: Rent Allowance - Total Expenditure (Benefit Granted)	Testing of the initial sample identified 1 misclassification of expenditure as an eligible overpayment rather than an extended payment. This type of error will always lead to no impact on the amount of subsidy claimed, as such no additional '40+' testing was required. We reported an observation in the Qualification Letter.
Cell 94: Rent Allowance - Total Expenditure (Benefit Granted)	Testing of the initial sample identified 2 cases where Personal Independence Payments had been included at an incorrect rate. This type of error will always lead to no impact on the amount of subsidy claimed, as such no additional '40+' testing was required. We reported an observation in the Qualification Letter.

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### 2016/17 Follow Up

Description of Cell	Nature of Error
Cell 94: Rent Allowance - Total Expenditure (Benefit Granted)	In 2016/17, we identified errors where the Authority had incorrectly assessed earned income. Testing of the initial sample in 2017/18 identified 1 incorrect assessment of earned income leading to overpayment of benefit. Our 2017/18 '40+' sub population testing of claims with earned income identified an additional 2 overpayments, 2 underpayments and 2 miscalculation of earned income. We reported an extrapolation in the Qualification Letter with an extrapolated impact of £5,514, following DWP's extrapolation methodology.
Cell 094: Rent Allowance - Total Expenditure (Benefit Granted)	In 2016/17, we identified errors where the Authority had incorrectly assessed self employed income. Our 2017/18 '40+' sub population testing of claims with self employed income identified 1 overpayment, 3 underpayments and 6 miscalculation of self employed income. We reported an extrapolation in the Qualification Letter with an extrapolated impact of £2,598, following DWP's extrapolation methodology.

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## 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](http://www.psaa.co.uk)).

<b>Claim or return</b>	<b>2017/18 Actual fee £'s</b>	<b>2017/18 Indicative fee £'s</b>	<b>2016/17 Actual fee £'s</b>
Housing benefits subsidy claim	12,442	12,442	15,203

The indicative fee for 2017/18 is based on the actual fee for 2015/16. We have completed our work in the allocated certification fee.





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## Looking forward



## Looking forward

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### **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 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim.

We welcome the 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.

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