

Adur District Council

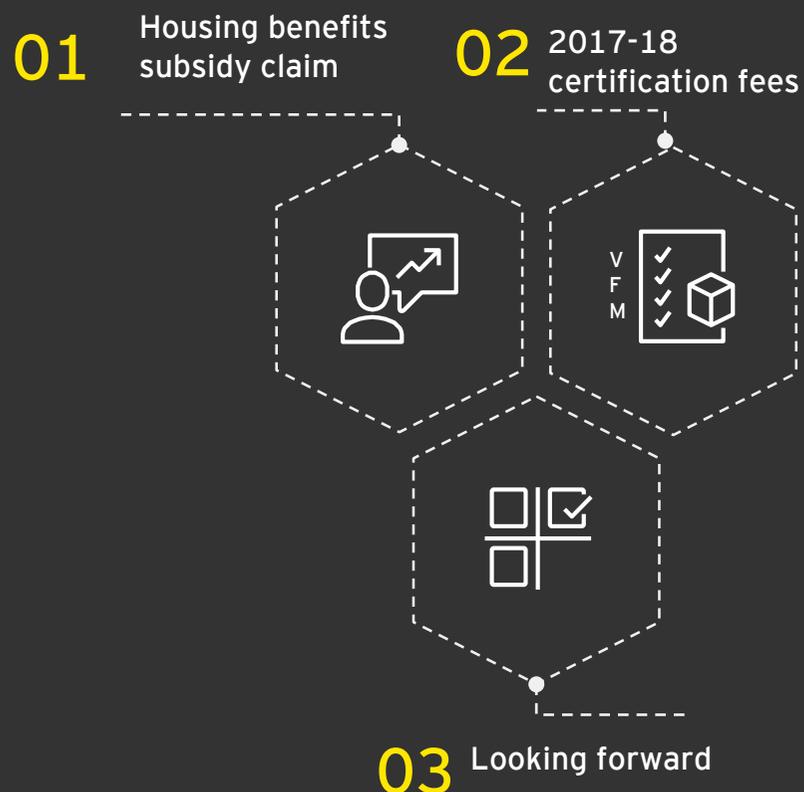
**Certification of claims
and returns annual
report 2017-18**

March 2019

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

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 Joint Governance Committee and management of Adur District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Governance Committee, and management of Adur 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 Joint Governance Committee, and management of Adur 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	£18,809,230
Amended/Not amended	Amended - subsidy increase by £351
Qualification letter	Yes
Fee - 2017-18	£14,506
Fee - 2016-17	£12,230

Recommendations from 2016-17	Findings in 2017-18
None	

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. 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. These are the main issues we reported:

Rent Rebates (Non HRA)

Testing of the initial sample identified 3 errors, one regarding misclassifying an HRA claim as a Non-HRA claim and one misclassifying eligible expenditure to an incorrect cell on the claim form. Neither of these errors had an impact on entitlement or subsidy and no additional testing was undertaken.

The third error related to the change in guidance regarding management charges. In some cases, the resulting overpayment had been misclassified as an eligible overpayment, whereas this should have been classified as an LA Error and Administrative Delay overpayment. The population of Non-HRA Rent Rebate Eligible Overpayment cases was less than 100 items and therefore the full population was tested. These claims were tested for classification of the specific management charge overpayments and a further 6 cases were identified as errors.

In response to prior year errors, an additional population of items was tested in order to identify errors in the assessment of claimant income. The population of Non-HRA Rent Rebate cases containing income was less than 100 items and therefore the full population was tested, one error was identified from this testing.

As we tested the full population for the two issues above, the claim form was amended for the total error of £351.

Housing benefits subsidy claim

Rent Rebates (HRA)

Our initial sample did not identify any errors.

However, in the prior year errors were identified in the assessment of claimant income and 40+ testing was completed to assess calculation of claimant income assessments. This identified 1 case where benefit was overpaid as a result of incorrect earnings calculation. We calculated an extrapolated error of £46, which was reported in our Qualification Letter. A further 5 cases were identified where the incorrect calculation of income had resulted in an underpayment to the claimant or where there was no impact on entitlement.

Rent Allowances

Testing of the initial sample identified one case where incorrect calculation of earnings resulted in an underpayment of benefit. As errors in the calculation of income can also result in overpayments an additional sample of 40 cases were tested. The 40+ sample for incorrect income calculations identified four cases where benefit had been overpaid from an incorrect assessment of income. In total this resulted in extrapolations of £22,892 relating to income errors, which was reported in our Qualification Letter. A further 3 cases were identified where the incorrect calculation of income had resulted in an underpayment to the claimant or where there was no impact on entitlement.

Within the initial sample one case was identified where benefit had been underpaid due to misclassifying 4 weekly rent as monthly. The nature of this error can only ever lead to an underpayment of benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes and no additional testing has been performed.

In prior years, we identified cases where benefit had been overpaid due to the Authority incorrectly calculating non-dependent income. We undertook 40+ testing of claims containing a non-dependent, which identified 2 cases where benefit had been overpaid as a result of the non-dependent income being incorrectly calculated. This resulted in an extrapolation of £8,705. One further cases was identified where there was no impact on subsidy.

In prior years, we also identified rent allowance cases where overpayments had been incorrectly classified as eligible. Whilst no errors were identified in our initial sample of Rent Allowance claims in 2017/18, using our knowledge of the subsidy claim, we selected 40 claims for testing from the population of rent allowance eligible overpayments. Testing of the additional sample did not identify any errors.



02

2017-18 certification fees





2017-18 certification fees

The PSAA determine an indicative fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these indicative fees were published by the Public Sector Audit Appointments Ltd (PSAA) 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	14,506	14,506	12,230



03

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 2018/19 to 2022/23 the Council has appointed us to act as reporting accountants in relation to Housing Benefits Certification.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on our team 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.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

Worthing Borough Council

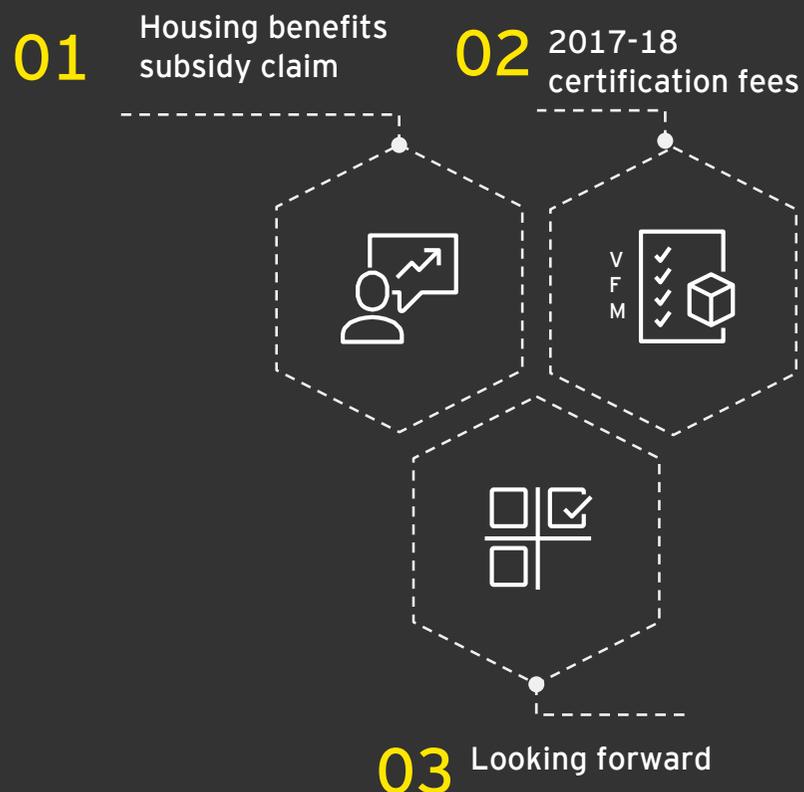
**Certification of claims
and returns annual report
2017-18**

March 2019



Building a better
working world

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 Joint Governance Committee and management of Worthing Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Governance Committee, and management of Worthing Borough 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 Joint Governance Committee, and management of Worthing Borough 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	£35,043,753
Amended/Not amended	Amended - subsidy increased by £1,594.
Qualification letter	Yes
Fee - 2017-18	£12,858
Fee - 2016-17	£10,716

Recommendations from 2016-17	Findings in 2017-18
None	

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. 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. These are the main issues we reported:

Rent rebates (Non HRA)

Testing of the initial sample identified 3 errors, one relating to benefit being underpaid as a result of using an incorrect LHA rate; one relating to the use of rent for an incorrect property size and the third error related to the change in guidance regarding management charges. Where benefit had been underpaid due to the error in the calculation of the LHA rate used, this type of error does not impact on subsidy and no further work was undertaken.

As a result of the error in using an incorrect property size to generate the eligible rent for a claim, additional testing was performed. The population of cases was less than 100 items and therefore the full population was tested, two further cases containing the same error were identified from this testing.

The third error related to the change in guidance regarding management charges. In some cases, the resulting overpayment had been misclassified as an eligible overpayment, whereas this should have been classified as an LA Error and Administrative Delay overpayment. The population of Non-HRA Rent Rebate Eligible Overpayment cases was less than 100 items and therefore the full population was tested. These claims were tested for classification of the specific management charge overpayments and a further 29 cases were identified as errors.

As we tested the full population for the two issues above, the claim form was amended for the total error of £1,594.

Housing benefits subsidy claim

Rent Allowances

Testing of the initial sample identified no errors.

In prior years, errors were identified in the calculation of partners income. Additional testing of 40 claims was undertaken, which identified 6 cases where benefit had been overpaid, resulting in an extrapolated error of £26,490. There were a further 7 cases identified where benefit had been underpaid as a result of an error in calculation.

Modified Schemes

Testing of the initial sample identified one case where subsidy had been under-claimed by £0.36 as a result of benefit being misclassified in the modified scheme cell.

The nature of the error was such that it could only ever lead to an under-claim of subsidy and no further testing has therefore been undertaken. As there is no eligibility to subsidy in this instance, it was not classified as an error for subsidy purposes.



02

2017-18 certification fees





2017-18 certification fees

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

Claim or return	2017-18 Actual fee £	2017-18 Indicative fee £	2016-17 Actual fee £
Housing benefits subsidy claim	12,858*	8,184	10,716

* The actual fee for 2017-18 included an additional fee of £4,674 due to the greater amount of extended testing required, and the complexity of that testing, compared to the base year of 2015-16 from which the 2017-18 indicative fee was set, where no additional testing was performed. This additional fee has been agreed with officers and is currently with the PSAA for approval.



03

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 2018/19 to 2022/23 the Council has appointed us to act as reporting accountants in relation to Housing Benefits Certification.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on our team 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.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com