

Certification of claims and returns annual report 2014/15

Great Yarmouth Borough Council

5 January 2016

Ernst & Young LLP



Building a better
working world

The Members of the Audit and Risk Committee
Great Yarmouth Borough Council
Town Hall,
Hall Plain,
Great Yarmouth,
Norfolk,
NR30 2QF

5 January 2016

Email: MHodgson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2014/15 Great Yarmouth Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Great Yarmouth Borough Council's 2014/15 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 auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014/15 financial year. 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 and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014/15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £41.6 million and met the submission deadline. We issued a qualification letter with our submission; the qualification matters are included in section 2. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification work are summarised in section 2. The fees for 2014/15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk)

We welcome the opportunity to discuss the contents of this report with you at the 2 February Audit and Risk Committee.

Yours faithfully

Mark Hodgson
Executive Director
Ernst & Young LLP
Enc

Contents

1. Housing benefits subsidy claim1

2. 2014/15 certification fees.....2

3. Other assurance work.....3

4. Looking forward4

1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£41,631,909
Amended	Subsidy reduced by £2,555 to £41,629,354
Qualification letter	Yes
Fee – 2014/15	£30,910
Fee – 2013/14	£34,324

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 auditors 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 audit 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:

- Non-HRA rent rebates - Testing of the initial sample identified 1 case where a claimant's weekly income was incorrectly calculated, however this error had no impact on the subsidy awarded. Testing of the additional 40 cases identified no further errors.
- HRA rent rebates - Testing of the initial sample identified 2 cases where the claimant's weekly income was incorrectly calculated; however this had no subsidy implications. Testing of the additional 40 cases identified 1 case where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. We reported a total extrapolated error value of £4,369.
- Rent allowance – Testing of the initial sample identified 2 cases where the claimant's weekly income was incorrectly calculated; however the error had no impact on the subsidy awarded. A further case was identified where the occupancy deduction on supported accommodation was incorrect. This resulted in an underpayment of subsidy. Testing of the additional 40 cases identified 5 cases where a claimant's weekly income was incorrectly calculated. 3 of these cases resulted in benefit being underpaid and the other 2 resulted in overpaid benefit. We reported a total extrapolated error value of £18,593.
- Rent allowance eligible overpayments classification – Testing identified three cases where the authority misclassified an overpayment as eligible, rather than local authority error. We reported a total extrapolated error value of £37,466.

The net impact on the claim was £2,555 reduction in subsidy.

2. 2014/15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014/15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psaa.co.uk).

Claim or return	2013/14	2014/15	2014/15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	34,324	30,910	30,910
Total	34,324	30,910	30,910

This includes fees for annual reporting, planning, supervision and review.

The indicative fee for 2014/15 is based on 2012/13, therefore additional fee can only be raised if we undertake more testing than what was required in 2012/13.

The actual fee is the same as the indicative fee as the volume of testing carried out in 2014/15 is consistent with the base year.

3. Other assurance work

During 2014/15 we also acted as reporting accountants in relation to the following scheme:

- Housing pooling return.

We have provided a separate report to the Council in relation to this return. This work has been undertaken outside the Audit Commission / PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure Members have a full understanding of the various returns that the Council prepares and on which we provide some form of assurance. We did not identify any significant issues as part of our work on this return that needs to be brought to the attention of Members.

4. Looking forward

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 (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015/16 is £25,743. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015/16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013/14.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director – Corporate Services before seeking any such variation.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com