

CERTIFICATION OF CLAIMS AND RETURNS 2014/15

1 Purpose

- 1.1 To receive a report on the external auditors' work associated with the certification of 2014/15 claims and returns submitted by AVDC.

2 Recommendations/for decision

- | | |
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| 2.1 | The committee is asked to note the contents of the external auditors' certification report (attached). |
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3 Supporting information

- 3.1 The external auditor is required to certify claims and report findings to the Audit Committee.
- 3.2 This year there was only one claim requiring certification. This was:
-Housing Benefits Subsidy Claim
- 3.3 The certification work identified a small number of classification errors which were corrected and these had no impact on the subsidy claim.

4 Options considered

- 4.1 None.

5 Reasons for Recommendation

- 5.1 This certification report is required by the Audit Commission under Section 28 of the Audit Commission Act 1998..

6 Resource implications

- 6.1 Contained within the body of the report.

Contact Officer
Background Documents

Kate Mulhearn 01296 58724
none

Certification of claims and returns annual report 2014/15

Aylesbury Vale District Council

12 January 2016

Ernst & Young LLP



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The Members of the Audit Committee
Aylesbury Vale District Council
The Gateway
Gatehouse Rd
Aylesbury
Buckinghamshire
HP19 8FF

12/01/2016

Direct line: 01223 394547
Email: MHodgson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2014/15 Aylesbury Vale District Council

We are pleased to report on our certification work. This report summarises the results of our work on Aylesbury Vale District 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 £44.8 million. We met the submission deadline. We issued a qualification letter for the claim.



Details of the qualification matters are included in section 1. 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 Audit Committee on 25 January 2016.

Yours faithfully

Mark Hodgson
Executive Director
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£44,815,924
Amended/Not amended	Amended – subsidy increased by £222
Qualification letter	Yes
Fee – 2014/15	£16,600
Fee – 2013/14	£15,048
Recommendations from 2013-14	Findings in 2014/15
None	Initial workbooks completed early which allowed time to complete additional testing (40+ testing) on errors identified. This ensured that the deadline was met. Further details of these findings are included below.

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.

Findings raised on the Qualification letter included:

- 2 cases where the Authority had miscalculated the claimant's capital. One case resulted in an underpayment and the other did not have an impact;
- 1 case where benefit had been underpaid as a result of the Authority not using the correct Tax Credit amounts; and
- 1 case where the Authority had overpaid benefit as a result of miscalculating the claimant's earned income.

Each of these error types is dealt with separately below.

Capital

As there is no eligibility to subsidy for benefit which has not been paid, the one underpayment and one non-impacting case identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.

However, because errors miscalculating the claimant's capital could result in overpayments an additional random sample of 40 cases was tested. No further errors of either type were identified.

Tax Credits

As there is no eligibility to subsidy for benefit which has not been paid, the one underpayment and one non-impacting cases identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.

However, because errors miscalculating the claimant's tax credits could result in overpayments an additional random sample of 40 cases was tested. No further underpayments and no overpayments were identified.

Earned Income

Testing of the initial sample identified 1 case (total value £9) where the Authority had overpaid benefit as a result of miscalculating the claimant's earned income. The effect of this error is to overstate cells 103 and 114 with a corresponding understatement of cell 113; there is no effect on cell 094.

Testing of an additional sample of 40 cases did not identify any further errors on the calculation of earned income.

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.psa.co.uk).

Claim or return	2013-14	2014/15	2014/15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	15,048	16,600	16,600
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Total	15,048	16,600	16,600

¹ Fees for annual reporting and for planning, supervision and review have been allocated directly to the claims and returns.

3. 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 £11,286. 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.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director responsible for finance before seeking any such variation.

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

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