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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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22 January 2019

AUDIT COMMITTEE – SUPPLEMENTARY AGENDA

A meeting of the **Audit Committee** will be held at **6.30 pm** on **Monday 28 January 2019** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Contact Officer for meeting arrangements: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;

Membership: Councillors: R Newcombe (Chairman), A Waite (Vice-Chairman), C Adams, M Collins, N Glover, A Harrison, S Raven, R Stuchbury, D Town and H Mordue (ex-Officio)

SUPPLEMENTARY AGENDA

6 (a) CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18 (Pages 3 – 12)

To receive the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

The Chairman of the Audit Committee has agreed that this matter should be considered at the meeting as a matter of urgency as it is important that the grants claims return is reported to Members as soon as is practicable.



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Audit Committee
28 January 2019

CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18

1 Purpose

- 1.1 To receive a report on the external auditors' work associated with the certification of 2017/18 claims and returns submitted by AVDC.

2 Recommendations/for decision

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

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

Nuala Donnelly (01296) 585164
none

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Certification of claims and returns annual report 2017-18

Aylesbury Vale District Council

21 January 2019

Ernst & Young LLP



EY

Building a better
working world

Audit Committee
Aylesbury Vale District Council
The Gateway
Gatehouse Road
Aylesbury
HP19 8FF

21 January 2019
Ref: 18 AVDC/HB1

Direct line: 07769 932604
Email: MGrindley@uk.ey.com

Dear Members

Certification of claims and returns annual report 2017-18 Aylesbury Vale District Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Aylesbury Vale 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 £44,030,312, meeting the submission deadline. We issued a qualification letter, details of which are included in section 1. Our certification work found errors which the Council corrected, having a marginal effect on the grant due, and also identified some extrapolated errors, as reported in the qualification letter.

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). We welcome the opportunity to discuss the contents of this report with you at the 28 January 2019 Audit Committee.

Yours faithfully

Maria Grindley
Associate Partner
Ernst & Young LLP
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1. Housing benefits subsidy claim

| Scope of work | Results |
|--|------------------|
| Value of claim presented for certification | £44,030,312 |
| Amended/Not amended | Amended |
| Qualification letter | Yes |
| Fee – 2017-18 | £17,411 |
| Fee – 2016-17 | £14,969 |
| Recommendations from 2016-17 | None |
| Findings in 2017-18 | See below |

Non-HRA rebate cases:

We found two errors in the initial testing. The one impacting the claim was around the calculation of earned income. The claim was subsequently adjusted, decreasing cell 11 by £1,222 but with an overall effect on the value of the claim of £34.

Rent allowance cases:

We found four errors in the initial testing in the following areas: earned income, self-employed earnings, and rent. Two more failures were identified in rent but no further failures were found in the other areas.

We identified one error in the initial population of 20 cases which resulted in an underpayment of benefit. However as issues were reported in the 2016/17 Qualification Letter and the nature of the error is such that either an underpayment or overpayment may arise, we undertook testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings and we identified the following errors.

Earned Income:

- 1 case where the earnings had been incorrectly assessed resulting in an underpayment;
- 2 cases where the earnings had been incorrectly assessed resulting in an overpayment

Similar errors were reported in the Qualification letter in 2015/16 and 2016/17.

Self-Employed Earnings:

We identified one error in the initial random sample of 20 cases where self-employed earnings had been incorrectly calculated, resulting in an overpayment of benefits.

No further errors were identified in the additional sample of 40 cases of self-employed earnings.

Similar findings were reported in our Qualification letter in 2015/16 but not in 2016/17.

Rent:

We identified one error in the initial sample of 20 cases which resulted in an underpayment. The error was in respect of insufficient documentation. As the error could result in either an underpayment or overpayment of benefit testing was completed on an additional 40 rent cases containing rent at the affected housing association where we identified the initial error. We identified the following errors:

- 2 cases where the rent amount was insufficiently supported resulting in an underpayment of benefit

As there is no eligibility to subsidy for benefit which has not been paid the 2 underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes. No other errors were found in the 40+ testing.

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 carried out this extended testing in four areas of rent allowance, three of which are reported above and one which was carried forward from previous years.

Extended testing identified errors which had impacted on the claim, therefore we have issued a qualification letter in line with the guidance. The total extrapolated value of the errors identified above which were not amended was £7,541.

2. 2017-18 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2015 and are available on the PSAA's website (www.psa.co.uk).

| Claim or return | 2017-18 | 2017-18 | 2016-17 |
|--------------------------------|-----------------|---------------------|-----------------|
| | Actual fee £ | Indicative fee £ | Actual fee £ |
| Housing benefits subsidy claim | 17,411 | 17,411 | 14,969 |

We propose no change to the 2017-18 indicative fee.

3. Looking forward

2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that have been established by the DWP.

You have appointed us to undertake this work for you in 2018/19 as we are also your statutory auditor. We will provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

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