

SUBJECT:	Audit Requirements for Housing Benefit Subsidy Grant claim from 2018/19 onwards
REPORT OF:	Head of Finance Rodney Fincham
RESPONSIBLE OFFICER	Head of Finance Rodney Fincham
REPORT AUTHOR	Alistair Webb- Audit Fraud and Error Reduction Manager
WARD/S AFFECTED	All

1. Purpose of Report

- 1.1 This report is for the committee to note the process for appointing a reporting accountant.

RECOMMENDATION

1. That the Committee note the actions to appoint a reporting accountant to carry out the prescribed functions in relation to the audit of the Housing Benefit Subsidy Grant claim.

2. Background

- 2.1 In accordance with Department for Work and Pensions (DWP) guidance, local authorities (LAs) are required to appoint a relevant independent **reporting accountant** to carry out audits in respect of the housing benefit subsidy grant claim from 2018/19 onwards.
- 2.2 The authority to appoint an organisation rests with the LA. This will be a triparty arrangement between the LA, DWP and the reporting accountant. DWP define the requirements and scope of the audit, with the reporting accountant reporting the outcomes to the DWP and to the LA.
- 2.3 DWP had previously advised that LAs were required to complete this action by 28th February 2018 and notify DWP of the appointed company. DWP have now revised the deadline, with no new date yet confirmed.
- 2.4 It is likely the revised deadline will fall between Audit Committee dates. DWP reserve the right to withhold Housing Benefit subsidy payments if the deadline is not met.

3. Housing Benefit Audit 2018/19 onwards

- 3.1 In accordance with the Local Authority Accountability Act 2014 LA's are restricted to appointing bodies registered with ICAEW (Institute of Chartered Accountants in England and Wales). This restricts appointments to a potential 10 companies, the main accountancy firms currently operating including Ernst and Young LLP (E&Y).

- 3.2 E&Y have been appointed for a period of five years from 2018/19 as the main financial statement auditors for this council, along with the other districts in Buckinghamshire.
- 3.3 E&Y have a long standing relationship with this Council carrying out both the main financial statement audit and the housing benefit audits. It will be more efficient to retain one auditor for both financial statements and HB assurance work, thus avoiding duplication and unnecessary audit fees.
- 3.4 It is also doubtful whether there would be any interest from other approved auditors to respond to individual tenders for the HB assurance process.
- 3.5 The housing benefit subsidy grant forms a significant portion of the Council's overall funding and as such, external auditors view this as a material income stream and audit testing is targeted accordingly. It is therefore imperative that fit and proper arrangements are in place to appoint an independent auditor to support the audit opinion of the financial statement as a whole.

4. Options

- 4.1 The Authority is required to appoint an appropriate reporting accountant.

5. Corporate Implications

- 5.1 The Council has ongoing audit costs in relation to the auditing of the housing benefit subsidy grant. The appointment of an appropriate accountant will not significantly impact on the existing costs.
- 5.2 The Council is under a duty to appoint a reporting accountant in accordance with The Social Security Administration Act 1992 and in accordance with the Local Authority Accountability Act 2014.
- 5.3 Appointment of a reporting accountant will be in accordance with the Council's Contract Procedure rules.

6. Links to Council Policy Objectives

- 6.1 To support the Council to deliver cost effective customer focused services.

7. Next Step

- 7.1 To appoint a reporting accountant.

Background Papers:	None
---------------------------	------