

Certification of claims and returns annual report 2018-19

23 December 2019

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Housing benefits subsidy claim

| Scope of work | Results |
|--|---------------------------------------|
| Value of claim presented for certification | £42,834,077 |
| Amended/Not amended | Amended: no effect on overall subsidy |
| HBAP report | Yes |
| Fee – 2018-19 | £35,003 |
| Fee – 2017-18 | £16,833 |
| Fee – 2016-17 | £29,145 |

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 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 our HBAP report (which replaces the qualification letter of the previous regime). The DWP then decides whether to ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

We carried out four areas of 40+ testing of non-HRA claims. Two of these led to amendments: one was for overpayment of pensions, and the other incorrect backdating. The other two areas arose from errors in the previous year, as required by the DWP (for tax credits and eligible rent): no errors were found in 2018-19.

For rent allowance cases, we performed 40+ extended testing in 5 areas: earnings, self-employed earnings, occupational pensions, non-dependants, and rent change not actioned. We calculated extrapolations which the DWP might decide to claw back from the Authority. We also did extended work on joint tenancies, where apparent errors required the use of technical specialists to establish the position in a very complex area (we initially discussed this with Council staff who agreed that 40+ testing was appropriate at that stage).

We are pleased to note that the cumulative impact of these extrapolations falls below the upper threshold for local authority error allocated by the DWP. This means that they do not claw back subsidy at the highest level if the threshold is breached.

The certification work is both specialised and time-consuming, so we would like to thank the Council's benefits staff for their assistance throughout the process.



2018-19 certification fees

For 2018-19 the fee for the certification work is agreed directly with the Council. For previous years, these scale fees were set and published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

| Claim or return | 2018-19 | 2017-18 | 2016-17 |
|--------------------------------|-----------------|-----------------|-----------------|
| | Actual fee £ | Actual fee £ | Actual fee £ |
| Housing benefits subsidy claim | 35,003 | 16,833 | 29,145 |

The fee for 2018-19 was based on the terms of our agreement letter. This specified £10,543 for the certification work if no extended testing was required, £3,634 for the first set of extended testing (as this leads to increased reporting requirements through the HBAP report), and £2,314 for each extended test thereafter. Because of the work required to establish the position on joint tenancies we have also regarded this as a 40+ test. The work done in this area was agreed with Council staff.

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