

# Certification of claims and returns annual report 2015-16

Southampton City Council

November 2016

Ernst & Young LLP



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30 November 2016  
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Dear Members

## **Certification of claims and returns annual report 2015-16**

We are pleased to report on our certification work. This report summarises the results of our work on Southampton City Council's 2015-16 claims and returns.

### **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.

Public Sector Audit Appointments made arrangements for certifying claims and returns in respect of the 2015-16 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this claim we followed a methodology determined by the Department for Work and Pensions and did not undertake a full audit of the claim.

### **Statement of responsibilities**

The 'Statement of responsibilities of grant-paying bodies, authorities, Public Sector Audit Appointments and appointed auditors in relation to claims and returns', issued by Public Sector Audit Appointments, 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**

We checked and certified the housing benefits subsidy claim with a total value of £113,837,324. We met the deadline for this work.

Fees for certification work are summarised in section 2. The scale fees for 2015-16 are available on Public Sector Audit Appointments Ltd (PSAA's) website ([www.psaa.co.uk](http://www.psaa.co.uk))

We welcome the opportunity to discuss the contents of this report with you at the 12 December 2016 Governance Committee.



Yours faithfully

Helen Thompson  
Executive Director  
For and on behalf of Ernst & Young LLP  
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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£113,837,623
Amended/Not amended	Amended – minor amendment made to the claim to adjust for an error identified. This reduced the amount of subsidy paid by £299.
Qualification letter	No
Fee – 2015-16	£19,524
Fee – 2014-15	£25,340

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 DWP require appropriately qualified auditors to certify housing benefit subsidy claims, and determine the methodology auditors follow when certifying them.

Our certification guidance stipulates the level of initial testing auditors are required to perform and 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.

We then either report the extrapolated value of detected errors in a qualification letter or, if appropriate, agree an amendment to the claim with the Council.

We have highlighted any errors detected during our work and the responses below:

- From an initial sample of six non HRA Rent Rebates cases we identified one error (total value £299) whereby expenditure had been misclassified between cells on the claim form. This has no impact on benefit paid to the claimant. Testing of all other similar cases identified no further errors of this type. To correct this error, an amendment of £299 was agreed to the claim form which reduced the total subsidy claimed by the Council from the DWP.
- From an initial sample of 20 Rent Allowances cases we identified one error where benefit had been underpaid by £117 as a result of a rental figure not being correctly updated. This was caused by a specific housing association not using updated claim reference numbers when informing the Council of rent increases in 2015-16. Extended testing was performed to all benefits claims with notified changes in rent from that housing association in 2015-16. Amendments have been made to individual claims in 2016-17, ensuring that the benefit paid to claimants has been corrected. A total amendment of £753 was made to correct the 2015-16 claim form for all overpayments detected. Due to the mechanics of the claim form, this had no impact on total subsidy claimed by the Council from the DWP.

## 2. 2015-16 certification fees

Public Sector Audit Appointments (PSAA) determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the PSAA in April 2015 and are now available on the PSAA's website ([www.psa.co.uk](http://www.psa.co.uk)).

<b>Claim or return</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2015-16</b>
	<b>Actual fee £</b>	<b>Indicative fee £</b>	<b>Actual fee £</b>
Total Housing benefits subsidy claim	25,340	19,524	19,524

### 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 2016-17 is £19,005. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17.

Details of individual indicative fees are available at the following web address:  
<http://www.psaa.co.uk/audit-and-certification-fees/201617-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 would discuss the matter with the Service Director - Finance & Commercialisation before seeking any such variation.

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