

Certification of claims and returns annual report 2014-15

Winchester City Council

12 January 2016

Ernst & Young LLP



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The Members of the Audit Committee
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Ref: WCC/Claims/2014-15

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Dear Members

Certification of claims and returns annual report 2014-15 Winchester City Council

We are pleased to report on our certification work. This report summarises the results of our work on the Council's 2014-15 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.

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 £29,039,318. We met the submission deadline. We did not issue a qualification letter in respect of the 2014-15 claim. Our certification work found one minor error which the Council corrected. The amendment resulted in a £60 decrease in the amount of grant due from the DWP.



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 10th March 2016 Audit Committee.

Yours faithfully

A handwritten signature in black ink that reads 'K Handy'.

Kate Handy
Executive Director
Ernst & Young LLP

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£29,039,378
Amended/Not amended	Amended – subsidy reduced by £60
Qualification letter	No
Fee – 2014-15	£11,311
Fee – 2013-14	£14,047
Recommendations from 2013-14	Findings in 2014-15
None	N/A

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 no errors in our initial testing and, therefore, did not need to carry out any additional testing.

Our review of manual adjustments to the claim identified a minor error which the Council has amended. This reduced the level of subsidy due to the Council by £60. We certified the amended claim without qualification.

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	14,047	11,311	11,311
Total	14,047	11,311	11,311

Note: Fees for annual reporting and for planning, supervision and review have been allocated directly to the claim.

The fee for 2013-14 was based on actual certification fees for 2011-12, reflecting the amount of work required by the auditor to certify the claim in that year.

For 2014-15, the indicative certification fee was based on actual certification fees for 2012-13, reflecting the amount of work required by the auditor to certify the claim in that year.

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 £10,535. 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 2014-15.

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-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Chief Finance Officer before seeking any such variation.

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