

REPORT TITLE: CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT  
2015-16

AUDIT COMMITTEE

7 MARCH 2017

PORTFOLIO HOLDER: Cllr STEPHEN GODFREY

REPORT OF HEAD OF FINANCE

Contact Officer: Liz Keys Tel No: 01962 848226 Email LKeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

The purpose of the Certification of Claims and Returns Annual Report is to summarise the results of External Audit's work on the Council's housing benefits subsidy claim for 2015/16.

Ernst & Young (EY) have now presented their report for the work performed in 2016 in respect of grant claims and returns for the 2015/16 financial year.

RECOMMENDATIONS:

1. That the Audit Committee considers the attached Annual Report (appendix A) and takes the opportunity to raise any points of clarification or concerns with the External Auditors (who will be present at the meeting).

## IMPLICATIONS:

### 1 COUNCIL STRATEGY OUTCOME

- 1.1 External Audit findings contribute to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Council Strategy.

### 2 FINANCIAL IMPLICATIONS

- 2.1 The audit fee for grant certification work relating to 2015/16 is £10,535 which is the same as the indicative fee provided. The actual fee for 2014/15 was £11,311.
- 2.2 The Council's indicative certification fee for 2016/17 is £8,483. This was prescribed by Public Sector Audit Appointments Ltd (who has the duty to make audit arrangements on behalf of the Secretary of State for Communities and Local Government) in March 2016, based on no changes to the work programme for 2015-16.
- 2.3 For 2016-17, Ernst & Young LLP(EY) are considering the possibility of some of the initial testing supporting the claim certification being undertaken by Council benefits staff and re-performed by them; and the potential impact of this approach on the proposed audit fee.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None

### 4 WORKFORCE IMPLICATIONS

- 4.1 None

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

### 6 CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 None

### 7 RISK MANAGEMENT

- 7.1 None

### 8 SUPPORTING INFORMATION:

- 8.1 The only Government Grant left that requires external certification at the Council is in respect of Housing Benefit Subsidy. EY have completed their review of the Housing Benefit Subsidy claim (totalling £28m) and did not have to complete any further testing beyond the initial guidance.

- 8.2 EY's review of the Housing Benefit Subsidy Claim 2015/16 identified some minor errors which the Council then amended. This increased the level of subsidy due to the Council by £206.
- 8.3 This is a positive report for the Council that provides assurance to the Audit Committee in respect of the Council's ability to provide good financial stewardship of taxpayers' money.

9 OTHER OPTIONS CONSIDERED AND REJECTED

- 9.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD142 - Certification of claims and returns 2014/15 - annual report

Other Background Documents:-

None

APPENDICES:

Appendix 1 - Certification of claims and returns annual report 2015-16.

# Certification of claims and returns annual report 2015-16

Winchester City Council

December 2016

Ernst & Young LLP



**EY**

Building a better  
working world

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December 2016  
Ref: WCC/Claims/2015-16

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Dear Members

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

We are pleased to report on our certification work. This report summarises the results of our work on Winchester City Council's 2015-16 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 auditors 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 2015-16, 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.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £27,996,510. We met the submission deadline. Our certification work found several minor errors which the Council corrected. The amendments increased the subsidy due to the Council by £206.

Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are now available on the 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 Audit Committee on 23 February 2017.

Yours faithfully

Helen Thompson  
Executive Director  
Ernst & Young LLP  
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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£27,996,304
Amended/Not amended	Amended – subsidy increased by £206
Qualification letter	No
Fee – 2015-16	£10,535
Fee – 2014-15	£11,311

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 such errors and, therefore, did not need to carry out any additional testing.

Our review of manual adjustments to the claim identified several minor errors which the Council has amended. This increased the level of subsidy due to the Council by £206. We certified the amended claim without qualification.



## 2. 2015-16 certification fees

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

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	10,535	10,535	11,311

### 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 £8,483. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014-15 certification fees. 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.

For 2016-17 we are also considering, together with the Council, the possibility of some of the initial testing supporting the claim certification being undertaken by Council benefits staff and re-performed by us; and the potential impact of this approach on the proposed audit fee.

Details of individual indicative fees are available at the following web address:  
<http://www.psa.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 will inform the Head of Finance before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme.

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