



Certification of
claims and returns
annual report
2017-18

Winchester City Council

February 2019



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Contents



This report is made solely to the Audit Committee and management of Winchester City Council. Our work has been undertaken so that we might state to the Audit Committee and management of Winchester City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Winchester City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£26,589,091
Amended/Not amended	Amended – subsidy increased by £205 (final certified value £26,589,296)
Qualification letter	Yes
Fee – 2017-18	£12,535
Fee – 2016-17	£8,483

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 follow a programme of work specified by DWP. Detailed case testing is carried out on an initial sample of 20 cases per benefit type. More extensive '40+' or extended testing is undertaken 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 certification of previous years claims.

Extended and other testing identified a relatively small number of errors, some of which the Council amended and some of which were reported in our qualification letter. We have reported underpayments, uncertainties and the extrapolated value of other errors resulting in overpayments in our qualification letter.

Housing Revenue Account (HRA) Rent Rebates: Earned income

- Testing of the initial sample identified one case where benefit entitlement had been determined based on an incorrect assessment of the claimant's earned income. The error did not lead to either an under or overpayment of benefit or subsidy but could have resulted in the overpayment of benefit. We therefore determined it was necessary to test an additional sample of 40 cases.
- Our testing identified a further three cases where income earned by the claimant had not been correctly assessed in the determination of benefit entitlement, one of which resulted in the overpayment of benefit. We extrapolated this result as part of our qualification letter.
- The extrapolated impact of the error was £1,331, resulting in understatement of the relevant Local Authority Error overpayment cell and overstatement of the relevant expenditure cell.

Housing benefits subsidy claim (continued)

Rent Allowances: Earned income

- No relevant failures were identified in our initial testing. However, based on our prior year experience of the claim where errors of the type were detected we were required to test an extended sample of 40 cases to determine whether earned income had been correctly assessed in the calculation of benefit entitlement.
- Our testing identified three cases where income earned by the claimant had not been correctly assessed in the determination of benefit entitlement, two of which resulted in the overpayment of benefit. We extrapolated these results as part of our qualification letter.
- The extrapolated impact of the errors was £336, resulting in understatement of the relevant Local Authority Error and Eligible Error cells and overstatement of the relevant expenditure cell.

We also identified two other minor issues that required manual adjustments to be made to the claim. The financial impact of the adjustments made to the claim for those issues was negligible.



2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the PSAA and are available on their website (www.psaa.co.uk).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	£12,535	£10,535	£8,483

The indicative scale fee for 2017/18 of £10,535 is based on the final fee charged in 2015/16.

Our final fee for 2017/18 is £12,535, an increase of £2,000 from the indicative fee, arising from a comparison of the total quantum of work undertaken in 2017/18 compared with 2015/16. In 2017/18, two lots of extended testing were undertaken compared to none in 2015/16, either as a result of errors identified in the year, or as a result of prior year errors which the methodology required to be followed up in 2017/18. Although one lot of additional testing was undertaken by the Council on our behalf we also identified some issues with the documentation of testing work undertaken by the Council which we were required to correct, and extend our level of re-performance of the Council's work.

The additional fee is based on the additional auditor hours required in respect of the extended testing, and hourly rates which are stipulated by PSAA.

We have discussed and agreed the overall fee increase with the Strategic Director (Resources). The final fee is subject to agreement by Public Sector Auditor Appointments Ltd.

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