

Horsham District Council

Certification of claims and returns annual report 2017-18

March 2019

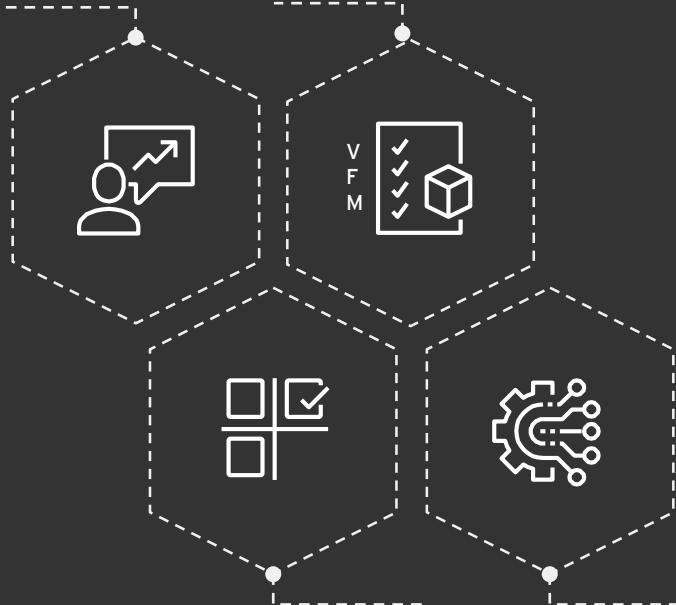
Contents

01

Housing benefits
subsidy claim

02

2017-18
certification fees



03 Looking forward

04 Summary of
recommendations

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Horsham District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Horsham District 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 Horsham District 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.



01 Housing benefits subsidy claim





Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£30,679,866
Amended/Not amended	Amended - subsidy increased by £166
Qualification letter	Yes
Fee - 2017-18	£10,531
Fee - 2016-17	£12,384
Recommendations from 2016-17	Findings in 2017-18
Undertake work or review the 2016/17 subsidy claims in high risk areas such as claims with self-employed earnings and earned income, to ensure that these claims have been correctly processed and to reduce the likelihood of future qualifications of the subsidy claim.	Further details of these findings are included in section 4

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 that have been 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 a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

Rent rebates (Non HRA)

The initial sample identified one case where benefit had been underpaid due to the failure to apply a reduction to student loan income. This type of error could only lead to an underpayment, and no further work was undertaken.

Rent allowances

Testing of the initial sample identified no errors.

However, in 2016/17, we identified cases where benefit had been overpaid due to the incorrect calculation of claimants income. 40 additional claims were reviewed, which identified one case where benefit had been overpaid due to the miscalculation of income, resulting in an extrapolated error of £484. Two further cases were identified where the incorrect calculation of earning had resulted in an underpayment to the claimant.



02

2017-18 certification fees





2017-18 certification fees

The PSAA determine an indicative fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these indicative fees were published by the Public Sector Audit Appointments Ltd (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	10,531*	13,171	12,384

*-The Indicative fee for 2017-18 has been reduced by 20% because the Council carried out the initial testing.



03

Looking forward





Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to Housing Benefits Certification.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on our team of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.



04

Summary of recommendations





Summary of recommendations

This section highlights the recommendations from our work and the actions agreed. There are no recommendations from our work in 2017/18.

Prior Year Recommendation

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer	Progress Update
Undertake work or review the 2016-17 subsidy claims in high risk areas, such as claims with self-employed earnings and earned income, to ensure that these claims have been correctly processed and to reduce the likelihood of future qualifications of the subsidy claim.	High	<p>The running of subsidy each month has recommenced. The subsidy officer undertakes checks of high risk cases; there is a written procedure and a signed check-list which are in turn supported by details of specific cases checked. A quarterly exercise is undertaken to compare and contrast current subsidy with the subsidy claim in past years.</p> <p>Additional training is to be undertaken by staff and in 2018/19, housing benefits is being outsourced to LGSS.</p>	Ongoing	Shirley Eveleigh, CenSus Quality Control, Appeals & Training Manager	No errors were identified during the 2017/18 certification initial testing and reduced number of errors identified in the additional testing performed based on prior year information. Therefore this recommendation is deemed to be completed.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com