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Chairman and Members of the Audit and Governance Committee

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Date: 17 January 2017

cc. All other recipients of the Audit and Governance Committee agenda

Dear Councillor

## **AUDIT AND GOVERNANCE COMMITTEE - 25 JANUARY 2017**

Please find attached the following report which was marked "to follow" on the agenda for the above meeting:

5. External Audit - Grants Certification Report 2015/16 (Pages 3 - 10)

Please bring these papers with you to the meeting next Wednesday

Yours faithfully

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**MEETING** : AUDIT AND GOVERNANCE COMMITTEE  
**VENUE** : COUNCIL CHAMBER, WALLFIELDS, HERTFORD  
**DATE** : WEDNESDAY 25 JANUARY 2017  
**TIME** : 7.00 PM

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# Certification of claims and returns annual report 2015-16

East Hertfordshire District Council

January 2017

Ernst & Young LLP



Building a better  
working world

The Members of the Audit and Governance Committee  
East Hertfordshire District Council  
Wallfields  
Pegs Lane  
Hertford  
Herts, SG13 8EQ

13 January 2017

Dear Members

## **Certification of claims and returns annual report 2015-16 East Hertfordshire District Council**

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on East Hertfordshire District 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 £36,135,999. We met the extended submission deadline of 31 December. No qualification letter was required this year which is an improvement over the previous year when one was issued by the previous auditors. Amendments were required which resulted in a marginal decrease in the subsidy due of £5,440.

Fees for certification work are summarised in section 2. The housing benefits subsidy claim fees for 2015-16 were published by PSAA in March 2015 and are 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 January Audit and Governance Committee.

Yours faithfully

**Debbie Hanson**  
Director  
Ernst & Young LLP  
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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£36,141,439
Amended	<p>Testing of non housing revenue account (NHRA) cases found expenditure of £5,440 with Holy Trinity for night shelter cases. As the Council is not the landlord and did not have a Rent Officer determination for the hostel places it was agreed that these cases should be removed from the subsidy claim. This reduced the subsidy receivable by £5,440.</p> <p>Testing found that expenditure included in the backdated expenditure cell was incorrectly included in this cell. Officers reviewed all the cases in this cell and removed them where there was no backdating. There was no impact on the subsidy receivable from this change.</p>
Qualification letter	No
Fee – 2015-16	£8,316
Fee – 2014-15	£7,940

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.

## 2. 2015-16 certification fees

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 March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	8,316	8,316	10,940*

\* The Council's previous auditors charged £3,000 in addition to the scale fee of £7,940 for additional testing to arrive at the amendment and qualification in 2014-15.

### 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 £5,955. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17. 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.

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 and inform the Head of Strategic Finance and Property. We are not proposing a variation to the 2015-16 indicative fee.

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. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.



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