



**Certification of
claims and returns
annual report
2017-18**

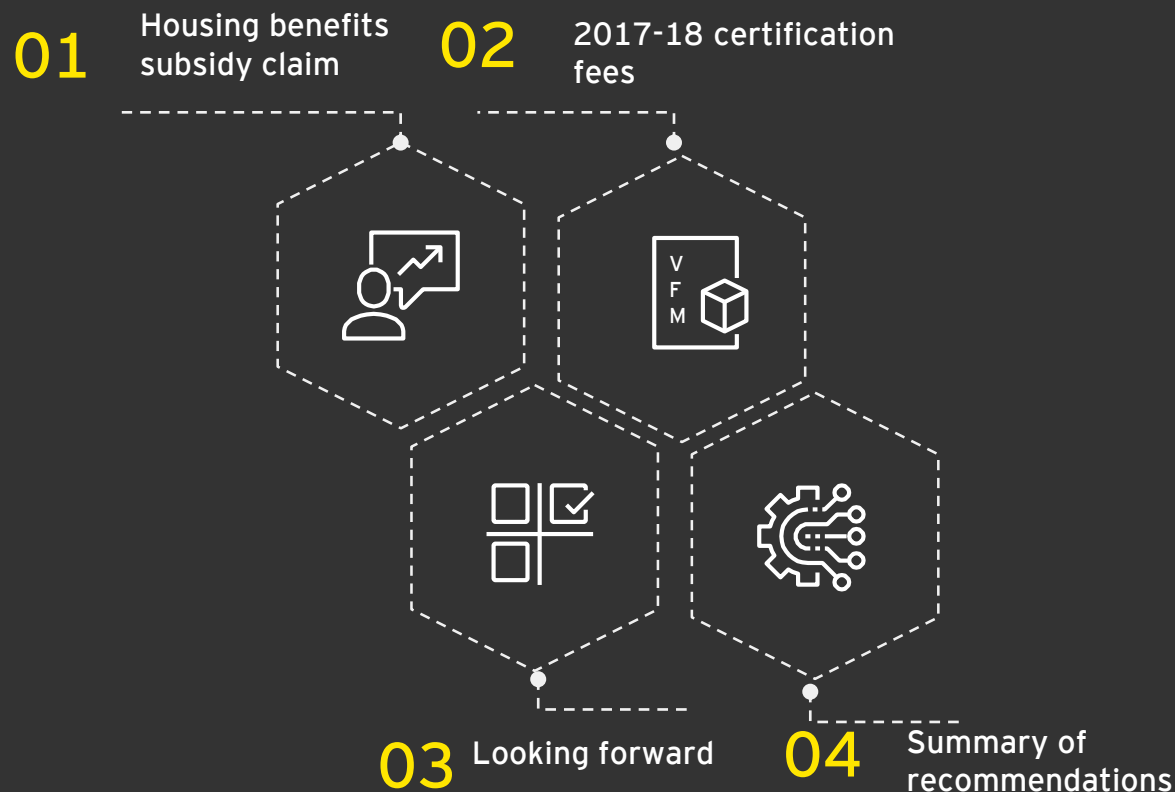
January 2019



EY

Building a better
working world

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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 and Governance Scrutiny Committee and management of East Hertfordshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Scrutiny Committee, and management of East Hertfordshire 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 and Governance Scrutiny Committee, and management of East Hertfordshire 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	£34,474,133
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017-18	£9,288 (this is subject to agreement by PSAA)
Fee - 2016-17	£4,759

Recommendations from 2016-17	Findings in 2017-18
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 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 on earned income cases.

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 our further work to quantify the error or to claw back the benefit subsidy paid.

The main issue we reported was that there was one case in the initial sample and one in the extended sample where the value of child care costs used in assessing the claim was incorrect resulting in overpayments of benefit of £2,136 and £628 respectively. The other errors identified on earned income cases were all of a much smaller value.



03

2017-18 certification fees





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 Public Sector Audit Appointments Ltd (PSAA's) 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	£9,288	£8,316	£4,759

The indicative fee for 2017-18 was based on the outturn fee in 2015-16. In 2015-16 there was no extended testing and the initial testing was undertaken by the EY team. In 2017-18 an extended sample was required on earned income and the initial sample and the extended sample testing were both undertaken by the client shared service team. We have taken into account the input from the shared service team in undertaking the testing but have had to increase the fee overall due to the extended testing which involves the EY team reviewing more cases than in 2016-17, calculating extrapolated errors and drafting a qualification letter. The fee set out above for 2017-18 is subject to agreement by the Chief Finance Officer and PSAA.

The 2016-17 final fee of £4,759 reflected a 20% reduction on the scale fee of £5,955 as the Council's Benefit Team undertook the initial testing which we then reviewed.



04

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 would be only too pleased to undertake this work for you and realise the synergies and efficiencies that can be achieved from undertaking both the financial statements audit and the grant work.



05

Summary of recommendations



Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing benefits subsidy claim	High	There were two large errors identified in case testing that were due to the incorrect treatment of child care costs. Training should be given to staff on how to calculate weekly child care costs.	31 March 2019	Head of Revenues & Benefits Services

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