



Annual Report on grants and returns 2015/16

North East Derbyshire District Council
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Headlines

Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim
 - the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £24,331,375.
- Under separate assurance engagements we certified one claim as listed below.
 - Pooling of Housing Capital Receipts. This had a value of £2,896,894.

Certification and assurance results (Page 3)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter.

The reason for the qualification was as follows:

- A difference on the benefit software reconciliation between the expenditure as calculated by Capita and the expenditure as calculated by the subsidy program. The Council has correctly claimed subsidy on the lower amount. Similar issues have been found with other Council's who use the Capita system.

These results were consistent with the prior year.

Our work on the other grant assurance engagements resulted in an amended return.

One adjustment was necessary to the Pooling of Housing Capital Receipts return as a result of our certification work this year.

- An amendment was made to the entry for buy back allowance which was incorrectly stated. The value of the amendment was £42,000 but had no impact on the payment to DCLG.

No such issues were identified in the previous year.

Recommendations (Pages 5 – 6)

We have made two recommendations to the Council from our work this year and agreed an action plan with officers.

In addition there were two recommendations outstanding from previous year's work on grants and returns. One issue has remained in 2015/16, further details can be seen on page 6.

Fees (Page 4)

Our indicative fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £8,095. The actual proposed fee for this work is £9,427 which is subject to determination by the PSAA. The reason for the variance in the fee was the delay in providing us with the completed workbooks, and errors in the documentation within them, which resulted in us being unable to submit the certified claim form to DWP until 12 December, after the 30 November deadline.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and was £3,000 in respect of Pooling of Housing Capital Receipts.

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £11,427.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2015/16 of £8,095. Our proposed fee is higher at £9,427, and this compares to the 2014/15 fee for this claim of £8,960.

The main reason for the fee exceeding the original estimate was delays in the receipt of the completed workbooks which were not provided to us until 28 November. Given the timescales we were unable to satisfy ourselves that there were no issues and therefore provide our certification on 30 November as planned. This was mainly due to the following reasons:

- An error in the calculation of a sample case which meant that the test was showing as a pass but was appearing with an understatement of £2.52 on the summary sheet without explanation.
- The incorrect inclusion of rent rebate values in a modified scheme sample case which meant that we were unable to reconcile the case value with the housing benefit report.

As a result of the above, additional work was required to obtain the necessary evidence to support the sample claims tested. We submitted the Housing Benefit Subsidy Claim form to the DWP on 12 December.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were £3,000, in line with those in 2014/15 for the Pooling of Housing Capital Receipts return. No assurance work was required in 2015/16 in respect of Decent Homes Backlog Funding.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	9,427	8,960
Pooling of Housing Capital Receipts	3,000	3,000
Decent Homes Backlog Funding	-	2,100
Total fee	11,427	14,060

Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority rating for recommendations		
<p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Housing Benefit Subsidy Claim					
<p>Benefit Software</p> <p>The Council failed to fully reconcile benefit paid to benefit granted in accordance with the software provider's instructions.</p> <p>This issue was also identified in the previous year – refer to page 6.</p>	<p>Failure to fully reconcile benefit paid to benefit grant could result in errors in the subsidy claim form which go undetected.</p>	<p>1 The Council should ensure that it completes a full reconciliation of future returns to system reports prior to submission for certification</p>	<p>2</p>		
<p>Delays</p> <p>The submission of the certified claim form to DWP was delayed as a result of the Council not providing the completed workbooks in sufficient time for the certification work to be completed.</p>	<p>Delays in the submission of the certified claim form can result in penalties being imposed by DWP, for example, withholding subsidy.</p>	<p>2 The Council must ensure that workbooks are completed within a sufficient timescale to allow the certification work to be completed in accordance with DWP instructions.</p>	<p>2</p>		

Prior year recommendations

We made two recommendations in our 2014/15 Certification of Grants and Returns Annual Report. Where recommendations have not yet been implemented fully we have detailed their current status below.

Prior year recommendation	Priority	Status as at November 2016	Management comments
Housing Benefit Subsidy Claim			
<p>1 Benefit Software</p> <p>The Council failed to fully reconcile benefit paid to benefit granted in accordance with the software provider's instructions.</p> <p>Full reconciliation of future returns to system reports prior to submission for certification</p>	<p>2</p>	<p>The benefit software reconciliation was reviewed for 2015/16. Similar issues were identified which we reported in the qualification letter.</p>	
<p>2 Earned Income</p> <p>Our sample testing identified that the Council has used incorrect earned income figures in the calculation of benefits.</p> <p>Training should be provided to all benefit assessors to ensure that they know how to calculate earned income correctly.</p>	<p>2</p>	<p>No further issues have been identified as result of our sample testing in 2015/16.</p>	



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