

**Report to** Audit committee  
22 January 2019  
**Report of** Chief finance officer  
**Subject** Certification of Claims and Returns Annual Report 2017-18

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Item

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### **Purpose**

This report presents the Certification of claims and returns annual report 2017-18.

### **Recommendation**

To review and note the attached report from the council's external auditor.

### **Corporate and service priorities**

The report helps to meet the corporate priority Value for money services and the service plan priority.

### **Financial implications**

The Council is awaiting notification from DWP of any payments due as a result of the certification audit.

**Council Ward/s:** All wards

**Cabinet member:** Councillor Kendrick – Resources

### **Contact officers**

Karen Watling, chief finance officer

01603 212440

**Background documents:** None

## **Report**

### **Introduction**

1. The annual grant certification report from the council's external auditors is appended to this report and summarises the findings from the 2017-18 certification work undertaken on claims and returns in relation to the housing benefits subsidy claim.

### **Key points to note**

2. The committee is asked to note the following significant matters:
  - a) The housing benefits subsidy claim has been qualified. Details of the qualification are set out in section 1 of the report. Additional work was required by the auditors because of errors found but officers contributed to this work and therefore avoided any additional audit fees.
  - b) Fees for the housing benefits subsidy certification work are summarised in section 2 of the report.
  - c) The Council is awaiting notification from DWP of any payments due as a result of the certification audit.

### **Recommendation**

The committee is recommended to review and note the attached report from the council's external auditor.

# Certification of claims annual report 2017/18

7 January 2019

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

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Audit Committee  
Norwich City Council

07 January 2019

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on Norwich City Council's 2017/18 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 reporting accountants 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 2017/18, 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.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 22 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

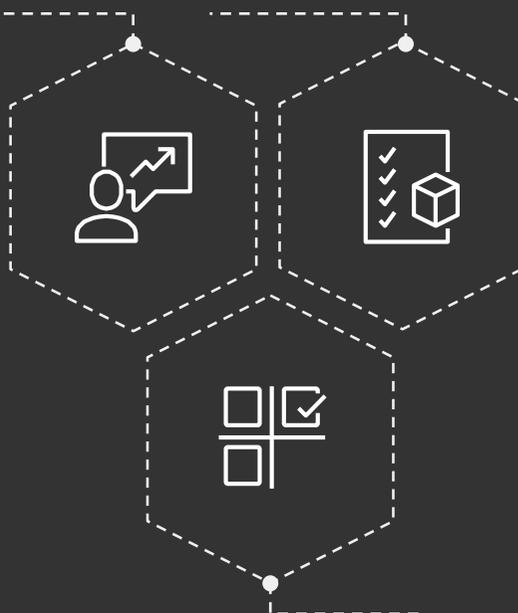
Mark Hodgson

For and on behalf of Ernst & Young LLP

# Contents

2017-18 certification fees

- 01** Housing benefits subsidy claim
- 02** 2017/18 certification fees



- 03** Looking forward

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](http://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 Norwich City 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 Norwich 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 Norwich 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.



01

# Housing benefits subsidy claim



## Housing benefits subsidy claim

| Scope of work                              | Results     |
|--|-------------|
| Value of claim presented for certification | £57,308,299 |
| Amended/Not amended                        | Not amended |
| Qualification letter                       | Yes         |
| Fee - 2017-18                              | £35,780     |
| Fee - 2016-17                              | £29,819     |

| Recommendations from 2016-17 | Findings in 2017-18  |
|------------------------------|--|
| None                         | There were no significant findings and recommendations from our audit of the Housing benefits subsidy audit. |

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 40+ extended testing in several areas.

40+ testing was carried out in areas where errors have been identified in the certification of previous years claims, specifically Income used in calculating a claimant's entitlement to housing benefit, and the classification of overpayments.

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:

- ▶ Testing identified one case where the subsidy easement period was incorrectly classified. Subsidy easement allows a 4-5 week grace period for assessment. The error was related to one assessor who has been applying the subsidy easement period incorrectly. This had already been identified by the Housing Benefits team, and action taken to address this.
- ▶ We reported 2 cases where benefit was underpaid as a result of miscalculating the claimant's weekly income.
- ▶ We reported 3 cases where benefit was overpaid as a result of miscalculating the claimant's weekly income.
- ▶ Testing identified 1 case where proof of zero income for the period had not been obtained.
- ▶ We reported 1 case where the overpayment was incorrectly classified when the claimant's tenancy had ended, consequently subsidy was overclaimed.
- ▶ We reported 1 case where the overpayment was incorrectly classified as a result of universal credit and housing benefit overlapping, consequently subsidy was overclaimed.



02

## 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](http://www.psaa.co.uk)).

| <b>Claim or return</b>         | <b>2017/18</b>            | <b>2017/18</b>                | <b>2016/17</b>            |
|--------------------------------|---------------------------|-------------------------------|---------------------------|
|                                | <b>Actual fee<br/>£'s</b> | <b>Indicative fee<br/>£'s</b> | <b>Actual fee<br/>£'s</b> |
| Housing benefits subsidy claim | 35,780                    | 35,780                        | 29,819                    |



03

## Looking forward



## Looking forward

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### 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 from 2018/19 the Council has appointed us to act as reporting accountants in relation to the following schemes:

- ▶ Housing benefits subsidy claim

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array 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.

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