

# **Certification of claims and returns annual report 2017/18**

**Colchester Borough Council**

December 2018



The Members of the Governance and Audit Committee  
Colchester Borough Council  
33 Sheepen Road  
Colchester  
Essex  
CO3 3WG

December 2018

Dear Governance and Audit Committee Members

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Colchester Borough 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 Governance and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

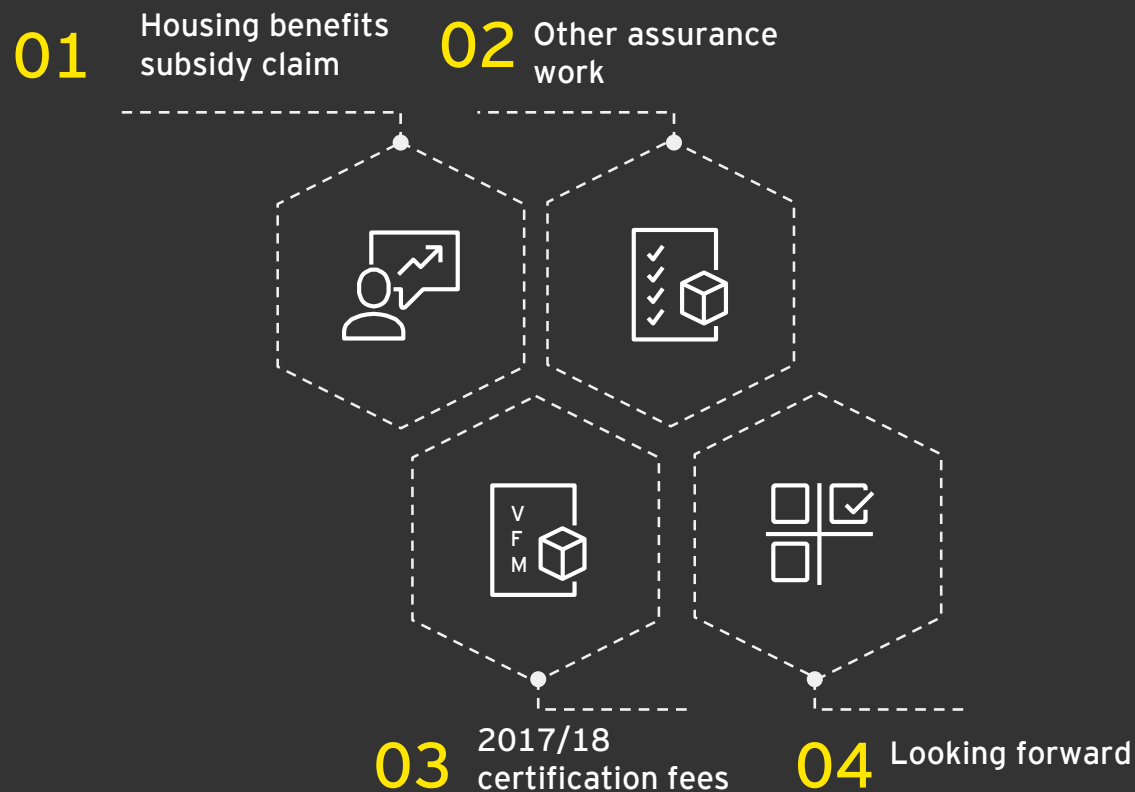
We welcome the opportunity to discuss this report with you on 15 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

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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](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 Governance and Audit Committee and management of Colchester Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Audit Committee, and management of Colchester Borough 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 Governance and Audit Committee, and management of Colchester Borough 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.





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## Housing benefits subsidy claim



## Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£52,961,034
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017/18	£13,640
Fee - 2016/17	£15,450

Recommendations from 2016/17	Findings in 2017/18
The Council should formally review their risk based verification policy on an annual basis. This was correctly performed during 2017/18.	No specific findings to report. See the results of our testing below.

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 follow a programme of work specified by DWP.

Detailed case testing is carried out on an initial sample of 20 cases per benefit type.

More extensive '40+' or extended testing is carried out if the 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 one area - the input and calculation of rent allowance case details.

This 40+ testing resulted in a further three errors. Therefore, we reported the outcome in a qualification letter, with an extrapolated error of £280,250.

There were no errors identified that resulted in an amendment to the claim form.



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## Other assurance work





## Other assurance work

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During 2017/18 we will also act as reporting accountant in relation to the following scheme:

- Housing pooling return

This work is due to commence in January 2019 when we will provide a separate report to the Council in relation to this return. This work will be undertaken outside the PSAA regime. The proposed fee for this is included in the figures in section 3. They are referred to here to ensure Members have a full understanding of the various returns on which we provide some form of assurance.





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## 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)).

Claim or return	2017/18	2017/18	2016/17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	13,640	13,640	15,450
Housing pooling return		4,750	4,750



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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.

We understand that you have appointed your reporting accountant to undertake the 2018/19 Housing Benefit Assurance Process.

Although we have not been selected to undertake the Housing Benefit Assurance Process for the Council for 2018/19, as the assurance provider to over 160 Local Government bodies, we believe that we are well placed to provide these services to you and can draw on a vast array of experienced and knowledgeable professionals to deliver the quality assurance that Local Government needs in these challenging times.

If you would like us to quote for the future provision of any grant claim work, please contact Mark Hodgson, Government & Public Sector Associate Partner Cambridge, at [MHodgson@uk.ey.com](mailto:MHodgson@uk.ey.com) who will be happy to discuss your requirements and provide a competitive quotation.



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