

Members of the Governance and Audit Committee
City of Bradford Metropolitan District Council
City Hall
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25 January 2017

Dear Members

Results of certification work 2015/16

As the Council's appointed auditor, we acted as an agent of the Public Sector Audit Appointments (PSAA). The Local Audit and Accountability Act 2014 transferred the Audit Commission's responsibilities to make certification arrangements for specified claims and returns to PSAA. For 2015/16 the only claim or return within this regime was the Housing benefit subsidy return. This letter reports the findings from this work.

In 2015/16 the prescribed tests for our Housing benefits work were set out in the HBCOUNT module and BEN01 Certification Instructions issued by PSAA. For the Housing benefit subsidy return, on completion of the specified work we issue a certificate. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter.

The concept of materiality does not apply to certification of claims and returns in that any matters arising, other than agreed amendments, are reported to the grant-paying department in a qualification letter. Where we issue a qualification letter, or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

We issued a qualification letter to the Department of Work and Pensions (DWP) on 29th November 2016, in line with PSAA's certification instructions, primarily relating to errors in the calculation of earned income.

The table below details our findings.

Claim or return	Value of claim or return	Amended (1)	Qualified (2)
Housing benefit subsidy	£176,251,191	Yes – total subsidy increased by £9 from £176,251,182	Yes

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- (1) Where an error was identified and it was possible to quantify the impact of the error across the whole population, the Council amended its return. Adjustments in 2015/16 related to 5 modified scheme cases in which annual up-ratings were found to be incorrect.
- (2) Where an error was identified in sample testing and it was not possible to quantify the error the matter was reported as an extrapolated error in a qualification letter to the Department.

As a result of errors identified in 2014/15 due to earned income being input incorrectly, extended testing on an additional 40 cases has been completed. This testing identified 1 error which resulted in benefit being overpaid by £3.90.

We reported in our qualification letter that given the nature of the population it was unlikely that even significant additional work would allow us to conclude that the relevant cell in the subsidy claim is fairly stated. If the DWP decide to extrapolate the identified errors from the test sample to the whole relevant population it would reduce subsidy by £877.

We also noted in the qualification letter that the error rate has reduced from last year and management continues with targeted checking of earnings calculations to reduce the likelihood of errors.

Fees

PSAA set an indicative fee for our work on the Council's Housing benefit subsidy return. This indicative fee, and the final fee charged for 2015/16, is detailed in the table below:

Claim or return	2015/16 indicative fee	2015/16 final fee	2014/15 final fee
Housing benefit subsidy	£16,520	£16,520	£12,670

Yours faithfully

Mark Kirkham

Partner

Our reports relating to the 2015/16 financial year are prepared in the context of Public Sector Audit Appointments Ltd's 'Statement of responsibilities of auditors and audited bodies.' Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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