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Dear Members

Results of certification work 2017-18

As the Council's appointed auditor, we acted as an agent of Public Sector Audit Appointments (PSAA) who have responsibilities to make certification arrangements for specified claims and returns. For 2017/18 the only claim or return within this regime was the Housing benefit subsidy return. This letter reports the findings from this work.

In 2017/18 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. 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.

The 2017/18 Housing benefits return was amended and was subject to a qualification letter. Detailed findings, including the extrapolation of errors identified, were reported in our qualification letter to the Department for Work and Pensions (DWP) dated 29 November 2018. The table below details our findings.

Claim or return	Value of claim or return	Amended (1)	Qualified (2)
Housing benefit subsidy	£165,218,111	Yes - Subsidy increased by £55,692 from £165,162,419	Yes

- (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 2017/18 related to cells not having been completed to claim subsidy for modified scheme cases, misclassified overpayments for non HRA cases, the incorrect input of earned income for a non HRA case and a correction in relation to an uncashed payment which had not processed correctly within Northgate.
- (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.

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The key findings from our audit work are set out below:

Rent allowance cases featuring earned income

Due to errors identified in prior years extended testing of a sample of 40 cases was undertaken for cases in cell 94 with earned income. Our initial sample included 4 cases which included earned income, therefore in total 44 cases were tested. This testing identified one case where earned income had been input incorrectly resulting in underpaid benefit of £142, and one case where earned income was input incorrectly which resulted in benefit being overpaid by £1,606.

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 was fairly stated. If the DWP decide to extrapolate the identified errors from the test sample to the whole relevant population it would reduce cell 103 by £308,956 with a corresponding increase to cell 113 (LA Error). We understand from Council Officers that even if this extrapolation was actioned, the Council would stay below the LA Error lower threshold (cell 202) and thus total subsidy would not be impacted. As there is no entitlement to subsidy for benefit which has not been paid, the case that resulted in an underpayment has not been treated as an error for subsidy purposes and has been excluded from this extrapolation.

Non HRA cases featuring earned income

Errors in the previous year resulted in additional testing being required on earned income in the current year. As this sub population is relatively small all cases in the sub population were subject to testing. This testing identified one case where earned income was overpaid by £42 and for which the return was amended. Testing also identified one case where the Council had failed to obtain evidence to support earned income in the claim. We reported this to DWP in our qualification letter and the Department may decide that failure to obtain evidence has resulted in subsidy being over claimed by £5,036. This value has not been subject to extrapolation.

Non HRA cases eligible rent

Errors arising within this sub population in the previous year's audit resulted in additional testing of 40 cases being required. This combined with the testing of 20 cases from our initial testing meant that 60 cases in total were tested. Our initial testing identified one case where incorrect entry of rent resulted in benefit being underpaid by £0.04. No further errors were noted. This fact was reported in our qualification letter sent to DWP and as this resulted in underpaid benefit (for which there is no entitlement to subsidy) no extrapolation was presented.

Non HRA cases featuring student loan/and or bursary

Our initial testing identified a case where the incorrect input of student loan and bursary income resulted in benefit being underpaid by £142. It was identified that this was the only such case in the sub population. As benefit was underpaid the return has not been amended and this finding has been reported to DWP in our qualification letter.

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 2017/18, is detailed in the table below:

Claim or return	2017/18 indicative fee	2017/18 final fee	2016/17 final fee
Housing benefit subsidy	£16,520	£16,520	£19,733

Yours faithfully



Cameron Waddell

Partner

Mazars LLP

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