

Audit Committee – 14 January 2019

Annual Certification Work 2017/18 (Ernst & Young)

1. Summary of report

- 1.1 This report presents Ernst & Young's certification work for the financial year 2017/18 covering the Housing Benefits Subsidy claim.

2. Recommendations

- 2.1 Audit Committee is requested to note the report.

3. Governance

- 3.1 The council is required to have external audit sign-off of its Housing Benefit Subsidy claim. Outcomes from this work assist the council in maintaining strong governance arrangements.

4. Resource, Legal, Performance and Risk Management considerations

- 4.1 Certification work for 2017/18 covers the Housing Benefit Subsidy claim.

5. Equality Implications

- 5.1 There are no direct implications arising from this report.

6 Consultation

- 6.1 The report has been prepared following certification of the Housing Benefit Subsidy claim and in consultation with Housing Benefit staff and the Assistant Director of Finance.

7. Background papers

- 7.1 Various reports and working papers, statutory and other guidance.

Author: Richard Walley, Finance Manager – Technical Accounting and Treasury Management - ☎ 01922 650708, ✉ walleyr@walsall.gov.uk



Vicky Buckley – Head of Finance
3 January 2019



**Certification of
claims and returns
annual report
2017-18**

December 2018



EY

Building a better
working world

Contents



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). 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 Walsall MBC in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Walsall MBC 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 Walsall MBC 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	£104,818,997
Amended/Not amended	Amended - subsidy increased by £301,973
Qualification letter	No
Fee - 2017-18	£14,087
Fee - 2016-17	£14,408

Findings in 2017-18

The audit of the housing subsidy claim resulted in one amendment. After completing the draft claim, the Council reviewed guidance relating to expenditure for short-term leased and self-contained licensed accommodation where the Council is the landlord, concluding that this was allowable for subsidy purposes. This expenditure was shown as not eligible for subsidy in the draft claim submitted for certification. Based on review of relevant guidance we concur with management's interpretation of the guidance in making the amendment and the subsequent increase in subsidy of £301,973.

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. 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. We identified no errors in the initial sample populations but carried out additional testing in one area due to findings from 2016-17. The findings of this work are set out below:

- In 2016/17 testing of non-HRA rent allowance cases identified errors in the allocation of expenditure between cells 012 and 013. For the 2017/18 claim we undertook a 100% review (68 cases) to consider this error. The results of this work did not find any errors and concluded that the classification of non-HRA rent allowance expenditure had been correctly treated.

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).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	14,087	14,087	14,408

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com