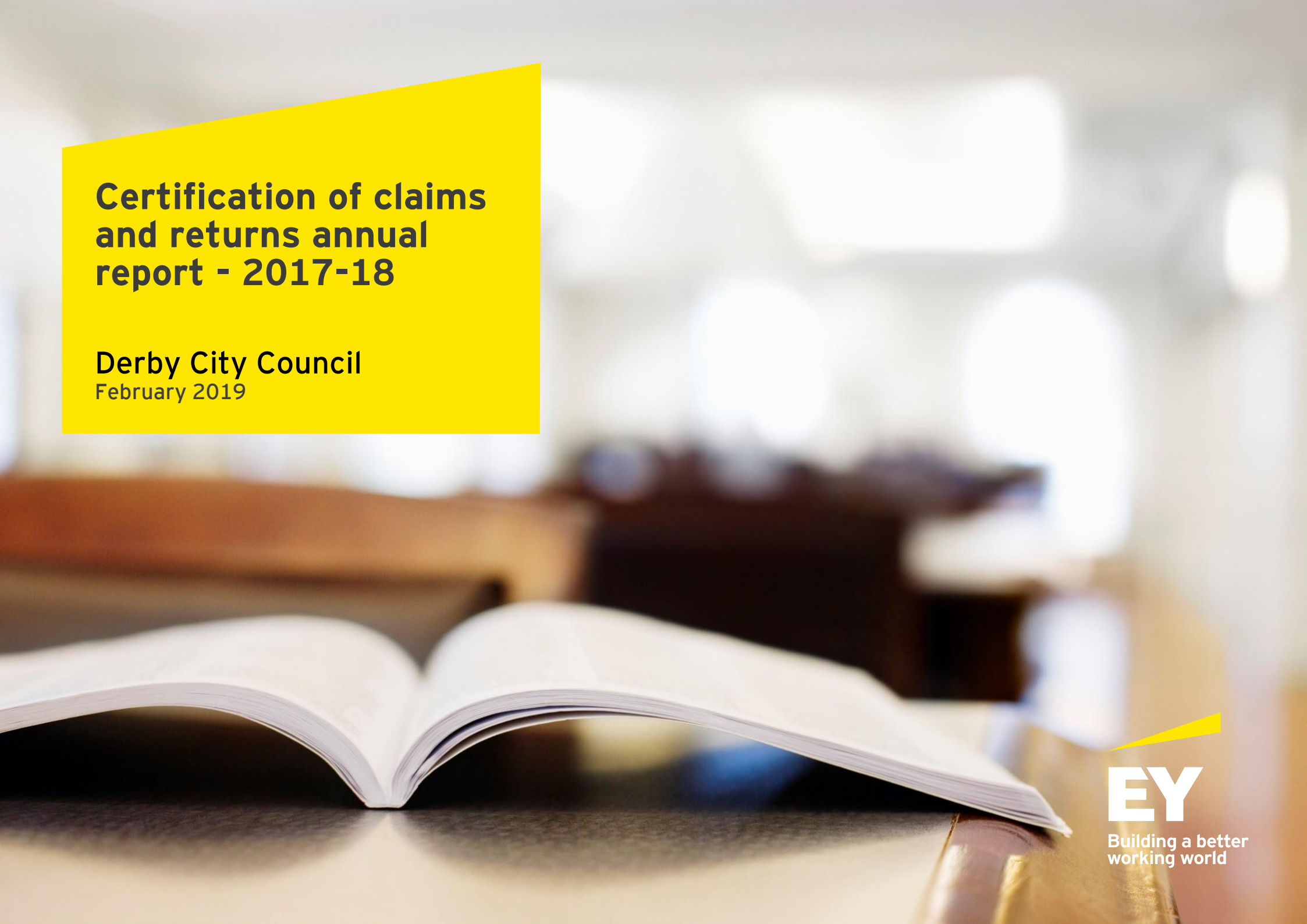
Certification of claims and returns annual report - 2017-18

Derby City Council

February 2019



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Contents

01 Housing benefits subsidy claim

02 Other assurance work

03 2017-18 certification fees

04 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).
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 and Standards Committee and management of Derby City Council. Our work has been undertaken so that we might state to the Audit and Standards Committee, and management of Derby 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 and Standards Committee, and management of Derby 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	£84,280,265
Amended/Not amended	Not amended
Qualification letter	Yes
Fee – 2017-18	£20,846
Fee – 2016-17	£19,724

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 extended testing in several areas.

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 our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- Overpaid benefit as a result of incorrect earnings – Testing of the initial sample identified one case (£5,502.08) where the claimants earned income was understated resulting in overpayment of benefit. Testing of 40 more cases from a subpopulation identified a further 4 cases (£13,370.78) where benefit was underpaid but this did not affect subsidy as there is no eligibility to subsidy which has not been paid. The one case where there was an overpayment was extrapolated and resulted in an error of £843.
- Overpaid benefit as a result of incorrect SRP figures – Testing of the initial sample in 2017/18 did not identify any errors of a similar nature. As a result of our prior year testing an additional random sample of 40 from a subpopulation of Cell 055 where the assessment of benefit included state retirement pension was carried out, there were no further errors.
- Overpaid benefit as a result of incorrect rental – Testing of the initial sample identified one case where the rent in the claim had been incorrectly calculated. Testing of 40 more cases from a subpopulation identified no further errors.

02 Other assurance work

Other assurance work

During 2017-18 we also acted as reporting accountants in relation to the following schemes:

- Pooling of Capital Receipts Return
- Teacher's Pension Return

We have provided separate reports to the Council in relation to these returns. This work has been undertaken outside the PSAA regime. The fees for this are included in the figures in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

03 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	20,846	20,846	19,724
Pooling of capital receipts	4,500	TBD	4,500
Teacher's Pension Return	6,000	TBD	6,000

04 Looking forward

Looking forward

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

- Housing Benefit Subsidy

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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