

## Agenda Item 4

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<b>Subject</b>	Certification of Housing Benefit Subsidy Claim 2017/18
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### Recommendations

That the Audit Committee notes the report.

### Executive Summary

This report presents the outcome of the certification work that the external auditors have undertaken on the housing benefits subsidy claim for 2017/18.

The external auditors have highlighted one instance where the Council had entered an incorrect figure for the Eligible Rent applied in 2017/18. The impact of this error was an overpayment of £6. The overall impact is not significant when compared to the total subsidy receivable of £20.6 million, but as a result of the issue identified, the claim was qualified, and the external auditors reported their findings to the Department of Work and Pensions (DWP). The DWP has agreed the claim, with no amendment to the value.

The external auditors recommended that the Council, as part of its internal quality assurance process, continue to focus on relevant training and internal detective controls to minimize the risk of human transposition error. The Benefits Manager has confirmed that this will be done and has made some changes to help prevent the error from re-occurring.

The fee for the certification work for 2017/18 is £15,953 and is in line with the indicative scale fee set by Public Sector Audit Appointments (PSAA) for the Council.

The certification letter from the external auditors is included at Appendix A.

### Corporate Priority Outcomes

There are no issues directly relevant to this report.

## 1.0 Background

### Certification work

- 1.1 Grant Thornton are the Council's current external auditors, and they are required to certify the Housing Benefit subsidy claim submitted by the Council to the DWP. This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.2 Grant Thornton have certified the Housing Benefit subsidy claim for the financial year 2017/18 of £20.6 million.
- 1.3 For one case (value £7,878) it was discovered that the Council had entered an incorrect figure for the Eligible Rent applied in 2017/18. The impact of this error was an

overpayment of £6.

- 1.4 Grant Thornton performed testing on an additional 40 cases from the affected population and identified no similar issues. The extrapolated financial impact of this issue was reported to the DWP. The overall impact is not significant when compared to the total subsidy receivable, but as a result of the issue identified, the claim was qualified, and the external auditors reported the findings to the DWP.
- 1.5 The DWP has agreed the claim, with no amendment to the value.

2017/18	Value	Amended?	Amendment value	Qualified?
Housing benefits subsidy claim (BEN01)	£20,625,421	No	Not applicable	Yes

- 1.6 The overpayment was caused by a transposition error between the source documentation and what was entered into the system. Given the nature of the process, it is not possible to eliminate entirely human error but through control procedures and training, the aim is to reduce this to an acceptably low level.
- 1.7 Grant Thornton have recommended that the Council, as part of its internal quality assurance process, continue to focus on relevant training and internal detective controls to minimize the risk of human transposition error. The Benefits Manager has confirmed that this will be done as part of the ongoing training and review of the quality control processes. Also, changes have been made to the scanners that the Council uses, and these now provide a better quality of image than before. This clarity should help prevent the error that was identified during the certification of the housing benefits subsidy claim for 2017/18 from re-occurring.
- 1.8 The certification letter from the external auditors is included at Appendix A.

#### Fees for the 2017/18 certification work

- 1.9 The fee for the certification work for 2017/18 is £15,953. There is no variation from the indicative fee provided by the external auditors, which was based on the actual level of work undertaken to certify the housing benefit subsidy claim for 2015/16.

	External auditor's indicative fee 2017/18	Actual fee 2017/18	Fee variance 2017/18
Housing benefits subsidy claim (BEN01)	£15,953	£15,953	nil

- 1.10 The fee for the certification work for 2017/18 is also in line with the indicative scale fee set by Public Sector Audit Appointments (PSAA) for the Council.

#### **Financial Implications**

There are no financial implications arising as a direct result of this report. There is no variation from the indicative fee, so the £15,953 can be accommodated within the approved budget.

#### **Legal Implications**

There are no legal implications arising as a direct result of this report.

## **2.0 Corporate Implications**

### **Monitoring Officer's commentary**

The Monitoring Officer confirms that all relevant legal implications have been taken into account.

### **S151 Officer's commentary**

The S151 Officer confirms that all relevant financial risks and implications have been considered in this report.

### **Risk Implications**

There are no risk implications as a direct consequence of this report.

### **Equalities Implications**

There are no equalities implications as a direct consequence of this report.

### **Employment Issues**

There are no employment implications in this report.

### **Sustainability Issues**

There are no sustainability issues in this report

### **Consultation**

There are no consultation issues in this report

### **Communications**

There are no communication issues in this report

### **Background Papers**

None