



Annual Report on grant claims and returns 2015/16

London Borough of Ealing

—

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The contacts at KPMG in connection with this report are:

Neil Thomas

Partner, KPMG LLP

Tel: +44 (0)20 7311 1379

neil.thomas@kpmg.co.uk

Steve Lucas

Senior Manager, KPMG LLP

Tel: +44 (0)20 7311 2184

stephen.lucas@kpmg.co.uk

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Headlines

Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other returns under separate engagement terms. The work completed in 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £277 million.
- Under separate assurance engagements we certified two returns as listed below.
 - Teachers' Pension Return (£24 million); and
 - Pooling of Housing Capital Receipts (£12 million).

Certification and assurance results (Pages 4-5)

Our certification work on Housing Benefit Subsidy claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter in

relation to the following two items:

- one error identified on the allocation of an overpayment between Local Authority error and claimant error. Our extrapolation of this error was a total of £44,419 was incorrectly included in claimant error overpayment (total amount of claimant error overpayments £3,063,382); and
- One underpayment to a claimant of £138.32 which did not impact on the housing benefit subsidy claimed.

This was an improvement on 2014/15 where there were five separate cells on the claim that were qualified.

An adjustment between categories on the claim form was made by the Council which resulted in an additional £30,513 being claimed.

Our work on the other grant assurance engagements resulted in unqualified assurance reports for both the Teachers' Pension return and Pooling of Housing Capital Receipts Return. There were minor adjustments to the bottom line of the returns of £17,060 and £13,764 respectively.

Recommendations

We have made no recommendations to the Council from our work this year.

There were three recommendations from previous years' work on grants and returns which were all implemented.

Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy claim was £27,321, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and totalled £6,000.

Summary of reporting outcomes

Overall, we carried out work on three grant claims and returns:

- one was qualified with amendments; and
- two were unqualified but required some amendment to the final figures.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2015/16 grant claims and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed is appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1				
Other assurance engagements					
— Teachers' Pension Return	2				
— Pooling of Housing Capital Receipts Return	3				
		1	0	3	2

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy Claim</p> <p>Our initial testing of 60 cases identified:</p> <ul style="list-style-type: none"> - One error where the rent figure used by the Council in the calculation of housing benefit to the claimant did not agree to the supporting evidence which resulted in an underpayment of £138.32. This had no impact on the housing subsidy claimed but we were required to report it in our qualification letter. We tested a further 40 cases for the rent figure used by the Council and found these to be all correct. - One error which had been incorrectly coded to the wrong category and where the Council recognised this was not a singular error and reviewed all similar cases. This led to an adjustment which increased the amount claimed by the Council by £30,513. <p>As a result of previous years errors we tested 80 cases for the accuracy of the split of overpayments between Local Authority error and administrative delay overpayments and eligible overpayments. This year we identified one error compared with eight last year. We extrapolated this error and reported in the qualification letter that it would lead to a £44,419 adjustment between these two cells. The impact on the overall subsidy claimed would be an increase £26,651, as the Council is below its lower threshold, if the Department decided to use this figure to adjust the claim.</p> <p>Thus the number of items included in our qualification letter was reduced from five to two.</p>	Increase in housing subsidy claimed of £30,513.
2	<p>Teachers' Pension Return</p> <p>The return was submitted to KPMG by the deadline. We identified one error where there was a refund of £17,030 that had not been included on the original return. This was adjusted and we issued an unqualified assurance report by the audit deadline.</p>	£17,030 due from the TPA
3	<p>Pooling of Housing Capital Receipts</p> <p>The return was submitted to KPMG by the deadline. We identified that the Council had overlooked the need to include mortgage repayments of £13,764, had incorrectly double counted £881,013 in the amount included in new build costs and there was a net adjustment of £613,210 to the quarterly attributable debt due to errors in the classification of the housing stock disposed of. These last two adjustments do not impact on the total housing capital receipts subject to pooling this year. These errors were adjusted and we issued an unqualified assurance report by the audit deadline.</p>	Increase of £13,764 in housing capital receipts subject to pooling

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grant claims and returns in 2015/16 was £33,321.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2015/16 of £27,321. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £29,440.

Grants subject to other assurance engagements

The fees for our assurance work on other returns are agreed directly with the Council. Our fees for 2015/16 were in line with those in 2014/15.

Breakdown of fees for grants and returns work

Breakdown of fee by grant claim and returns		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	27,321	29,440
Teachers' Pension Return	3,000	3,000
Pooling of Housing Capital Receipts	3,000	3,000
Total fee	33,321	35,440



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