



Annual Report on grants and returns 2015/16

London Borough of Harrow

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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 grants/returns under separate engagement terms. The work completed in 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £148 million.
- Under separate assurance engagements we certified two claims/returns as listed below:
 - Teachers Pension Grant Claim. This had a value of £10 million.
 - Pooling of Capital Receipts return, this had a value of £6.7 million.

Certification and assurance results (Pages 3-6)

Our certification work on Housing Subsidy Benefit 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:

- Testing identified errors across non-HRA rent rebates, Rent Rebates and uncashed cheques.
- The errors for non-HRA rent rebates and HRA rent rebates have a maximum extrapolated error of £12,952. The DWP will consider these findings and reduce the subsidy as required.
- The Authority amended the claim for the £241 error identified with uncashed cheques.
- The number of errors identified has decreased from those identified by the previous auditors in 2014-15.

Our work on the other grant assurance engagements resulted in the following reports:

- Unqualified assurance statements were issued for both the Teachers Pension Return and the Pooling of Capital Receipts Return.
- One minor adjustment was necessary to the Teachers Pension Return as a result of our certification work this year.

Recommendations

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

Fees (Page 7)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £27,735, 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 were: £3,000 for the Teachers Pension Return and £3,500 for the Pooling of capital Receipts.

Summary of reporting outcomes






Overall, we carried out work on three grants and returns:

- one was unqualified with no amendment;
- one was unqualified but required some amendment to the final figures; and
- one required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2015/16 grants 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 are 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 Capital Receipts					
		1	0	2	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</p> <p>Non-HRA Rent Rebates</p> <ul style="list-style-type: none"> — The previous statutory auditor qualified the prior year claim for an error within cell 11 (non-HRA rent rebates) and another related cell (cell 28), therefore the authority was required to complete testing in line with Cumulative Audit Knowledge and Experience (CAKE). This involved selecting 40 samples from cell 28 (eligible overpayments), and testing the classification of the overpayment. This testing identified eight errors within the claim where LA delay overpayments had been incorrectly classified as eligible. — Whilst these errors do not effect actual expenditure, they can potentially affect the amount of subsidy claimed. The extrapolated effect of these errors is to overstate cell 28 (eligible overpayments) by £12,285.97 and understate cell 26 (LA error) by £12,285.97. <p>HRA Rent Rebates</p> <ul style="list-style-type: none"> — Testing of the initial sample of 20 cases identified one case where income was incorrectly calculated resulting in an overpayment due to the incorrect calculation of a claimant’s income. — The previous statutory auditor qualified the prior year claim for an error within cell 55 in relation to the incorrect income being applied, therefore as with cell 28 above, the authority was required to select 40 samples from a sub population of cell 55 (limited to those claims with earned income or a private pension) and confirm the income applied was correct. This testing identified an additional three errors where the Authority had overpaid benefit as a result of miscalculating the claimants’ weekly income. The effect of these errors is to overstate cell 061 (HRA rent rebate attracting full subsidy) and understate cell 065 (LA error). — Whilst these errors do not effect actual expenditure, they can potentially affect the amount of subsidy claimed. The extrapolated effect of these errors is to overstate cell 61 by £668 and understate cell 65 by £668 <p>Uncashed Payments</p> <ul style="list-style-type: none"> — Testing of uncashed payments identified one payment which had been incorrectly excluded from cell 179. This arose as the result of multiple returns and reissues of payments for that one case in year. The Authority reviewed the remaining population of cases and we are satisfied that this is an isolated incident. As a result the Authority has amended cell 179 by £241.76. 	£241.76

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
2	Grant name — Agreeing figures on the claim back to system reports identified two errors. One on teachers contributions of (£13.55) and one for employers contributions (£25.98). The Authority has amended for both of these errors	£39.53

Fees

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

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

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £34,235.

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 £27,735. Our actual fee was the same as the indicative fee.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return	
	2015/16 (£)
Housing Benefit Subsidy claim	27,735
Teachers Pension	3,000
Pooling of Capital Receipts	3,500
Total fee	34,235



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