



Annual Report on grants and returns 2015/16

Exeter City Council

February 2017



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The contacts at KPMG in connection with this report are:

Darren Gilbert
Director

KPMG LLP (UK)

Tel: +44 (0)292 046 8205
darren.gilbert@kpmg.co.uk

Adam Bunting
Manager

KPMG LLP (UK)

Tel: +44 (0)117 905 4470
adam.bunting@kpmg.co.uk

Rob Andrews
Manager

KPMG LLP (UK)

Tel: +44 (0)117 905 4773
rob.andrews@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 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 £39.3 million;
- Under separate assurance engagements we certified the Pooling of Housing Capital Receipts 2015/16 return with a value of £2.5 million.

Certification and assurance results (Pages 3-4)

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 as a result of errors identified in relation to the recording of claimant income, benefit start dates and tenancy end dates.

Our work on the other grant assurance engagement resulted in a reasonable assurance report in relation to the Pooling of Housing Capital Receipts returns with no issues being reported.

Adjustments were necessary to both of the Council's grants and returns as a result of our certification work this year with:

- The overall value of the Housing Benefit Subsidy claim being increased by £234; and
- No impact on the overall value of the Pooling of Housing Capital Receipts return.

Recommendations

We have made no recommendations to the Council from our work this year. This reflects the fact that those issues identified through our audit are not uncommon across the sector and arise from the large volume of claims being processed by the Council's benefits team throughout the year. We note that the level of errors identified is reduced from the prior year.

Fees (Page 5)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £16,100, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagement was subject to agreement directly with the Council and was £3,000 for the certification of the Pooling of Housing Capital Receipts Return.

Summary of reporting outcomes

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

- one was unqualified with a minor amendment;
- 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 | | | | | |
| — Pooling of Housing Capital Receipts. | 2 | | |  |  |
| | | 1 | - | 2 | 1 |

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</p> <p>As a result of our sample testing of claims we identified:</p> <ul style="list-style-type: none"> Five errors (from a sample of 180 claims) in relation to the recording of tenancy end dates. These resulted in both under and overpayments of benefits; One instance (from a sample of 180 claims) where the benefit start date had been incorrectly recorded resulting in an overpayment of benefit; and 26 inaccuracies (from a sample of 180 claims) in relation to the recording of income values resulting in both under and overpayments. <p>Whilst the number of errors identified may appear relatively high, representing 18% of the overall sample, the average value of the errors was only £75 per claim compared to average claim values of £6,129. No adjustments were made to the claim in relation to these errors; rather the Department for Work & Pensions will consider the results of this work and decide if any adjustment is required.</p> <p>In addition to the above we identified the following errors where the whole population could be tested and therefore an adjustment could be made:</p> <ul style="list-style-type: none"> Five instances where overpayments arising on the same day as underpayments had not been netted off; and Seven instances where benefit caps applicable to specific cells in the claim form had not been applied properly as a result of overpayments being netted off. | £234 |
| 2 | <p>Pooling of Housing Capital Receipts</p> <p>An amendment was required as a result of Right to Buy sales occurring in November 2012 being recorded in the pre-April 2012 part of the return. There was no overall impact upon the value of the return.</p> | Nil Impact |

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 £19,100.

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 £16,100. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £20,360. The decrease in the fee compared to prior year is a result of additional work required in 2014/15 and the calculation by PSAA of the scale fee.

Grants subject to other assurance engagements

The fees for our assurance work on the Pooling of Housing Capital Receipts return is 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 | 16,100 |
| Pooling of Housing Capital Receipts | 3,000 |
| Total fee | 19,100 |



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