



AUDIT COMM
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ITEM 7

Annual Report on grants and returns 2015/16

Charnwood Borough Council

February 2017



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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 (PSAA) 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 PSAA arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £31.2 million.
- Under separate assurance engagements we certified one return – the Council's 2015/16 Pooling of Housing Capital Receipts return. This had a value of £2.5 million.

Certification and assurance results (Pages 3-4)

Our certification work on the 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 cases 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 that included confirmation that an issue arising in 2014/15 has been dealt with.

Our work on the 2015/16 Pooling of Housing Capital Receipts return resulted in a qualified assurance report. This related to a scheme that ran over two financial years with the majority of expenditure (95%) incurred in 2015/16. As it was not possible to attribute the expenditure to a particular year the Council took a prudent approach and accounted for this wholly in 2015/16.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year.

Fees (Page 5)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £11,981, which is in line the indicative fee set by PSAA.

Our fees for the Pooling of Housing Capital Receipts return was subject to agreement directly with the Council. We agreed a fee of £4,200 which was more than the expected fee of £3,000 due to additional work involved in identifying and reporting the incorrect inclusion of prior year expenditure.

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.

Summary observations	Amendment
<p>Housing Benefit Subsidy</p> <ul style="list-style-type: none"> — No amendments were required to the claim. — In 2014/15 we carried out additional work because the benefits software incorrectly applied Local Housing Association (LHA) rates in some instances. We reported this in our 2014/15 annual report on grants and returns. This year we reported to DWP that all amendments have been made and that no issues relating to this qualification are still outstanding. 	<p>N/a</p>
<p>Pooling of Housing Capital Receipts</p> <ul style="list-style-type: none"> — No amendments were required to the return. — The redevelopment of Riversdale Court was in progress at 31 March 2015, and involved expenditure on 29 properties, only 4 of which were additional new build and therefore qualifying expenditure for the pooling return. The majority of the expenditure (£2.3 million) was incurred in 2015/16 and the Authority deemed that the proportion (£112,390) relating to the 4 new properties was therefore to be best accounted for wholly in 2015/16. We are satisfied that this expenditure was not included in last year’s return. — While this treatment is not unreasonable and reflects a prudent approach, we issued a qualified assurance report to bring this treatment to the attention of DCLG. 	<p>N/a</p>

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 £16,181.

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 £11,981. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £13,764. In 2014/15 we carried out additional work because the benefits software incorrectly applied Local Housing Association (LHA) rates in some instances. We reported this in our 2014/15 annual report on grants and returns.

The fees vary from year to year due to the historic basis (a two year cycle related to actual time spent in 2011/12 and earlier years) that PSAA use to set the scale fees. Also, in 2015/16, PSAA reduced all scale fees by 25%.

Grants subject to other assurance engagements

The fees for our assurance work on the Pooling of Housing Capital Receipts return were agreed directly with the Council. Our fees for 2015/16 were more than those in 2014/15 as we identified that prior year expenditure had been included in the return. We established that the prior year expenditure had not been included in the previous year's return, and reported accordingly to DCLG.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	11,981	13,764
Pooling of Housing Capital Receipts	4,200	3,000
Total fee	16,181	16,764



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