

AUDIT COMMITTEE

16 MARCH 2017

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.5 EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present the External Auditor's certification of claims and returns annual report 2015/16.

EXECUTIVE SUMMARY

- Only one claim / return made by the Council was subject to audit certification by the Council's External Auditor.
- The External Auditor's detailed report is attached. A qualification letter has been issued in respect of the housing benefit subsidy claim, although there has been only a marginal effect on the grant due.
- To date no response has been received from the Department for Works and Pensions in response to the External Auditor's qualification letter which they would have received in early December 2016.
- One recommendation has been made by the External Auditor.

RECOMMENDATIONS

That the Committee:

- a) Considers and notes the External Auditor's certification of claims and returns annual report 2015/16; and**
- b) agrees the recommended action in response to the External Auditor's findings.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The aim of continuing to be financially stable and well managed and provide good value for money is directly supported through learning and improving through audit and inspection. This requires proportionate responses to recommendations and opportunities for improvement identified by the External Auditor each year.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Due to initial testing being done by Revenues and Benefits Officers on behalf of the External Auditor, a fee reduction of **£3,269** has been agreed, which reduces the overall proposed fee to **£13,110**. There have been increases to fees in respect of other work undertaken by the External Auditor but taking all adjustments together they can be met from within existing budgets.

Risk

If proportionate and practical responses to recommendations made by the External Auditor are not fully considered then there is the risk that errors or incorrect claims are made in the future which could have an adverse impact on the Council's reputation and standing in addition to any potential financial loss.

LEGAL

There are no direct legal implications associated with this report.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no direct implications.

PART 3 – SUPPORTING INFORMATION

BACKGROUND AND OUTCOMES FROM THE EXTERNAL AUDITOR'S WORK

The duty to make arrangements for the certification of relevant claims and returns is delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. These arrangements required only the certification of the Housing Benefits subsidy claim during the year. The External Auditor's report setting out the outcomes from the audit work they have undertaken is attached.

The testing work undertaken identified a small number of errors which have been summarised on pages 1 to 2 of the attached, with no significant impact on the overall level of subsidy receivable. A qualification letter has been issued by the External Auditor based on the findings set out in their report.

In response, a recommendation has been agreed that relates to the Council performing early and extended testing in those areas where errors were identified in 2015/16 to ascertain the extent of similar errors in 2016/17. Although this repeats recommendations from previous years, it does provide an underlying and practical response especially given the volume of cases dealt with each year where it will always be difficult to completely rule out errors during the assessment of claims.

In respect of the qualification letter to the Department for Works and Pensions (DWP), the errors found in the sample were very small (overall net amount less than £20). Other issues were identified such as it not being feasible to run reports every day to support sub-population

information. It is acknowledged that the Auditor has no option but to report these issues to DWP given that the errors found could be larger on exploration for example. In previous years DWP have not been minded to challenge the subsidy claim following receipt of the Auditor's qualification letter, which is expected to be the case this year as there has been no significant impact on the overall subsidy claimed.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

The External Auditor's Certification of Claims and Returns – Annual Report 2015/16