

## AUDIT COMMITTEE

22 MARCH 2018

### REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

#### A.4 EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016/17

(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 2016/17.

##### **EXECUTIVE SUMMARY**

- Only the Housing Benefit Subsidy claim was subject to audit certification by the Council's External Auditor in 2016/17.
- 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 subsidy 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 late last year.
- One recommendation has been made by the External Auditor which has been agreed by Officers.

##### **RECOMMENDATIONS**

**That the Committee:**

- a) **Considers and notes the External Auditor's certification of claims and returns annual report 2016/17; 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**

The breakdown of External Auditors fees is set out on page 5 of the attached report. Due to initial testing being done by Revenues and Benefits Officers on behalf of the External Auditor, a fee reduction of **£3,095** has been agreed, which reduces the overall proposed fee to **£12,380**, which 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.

Findings from the work of the External Auditor are summarised on pages 1 to 4 of the attached report. The more significant change to the amount of subsidy claimed was due to an error that was identified by the Council before the claim was submitted for auditing. There is no impact on the Council's financial position for 2016/17 as the correct amount was included within the outturn position for that year.

As highlighted within the attached report, a qualification letter has been issued by the External Auditor based on the findings set out in their report, which largely reflects the requirement for them to report identified issues to the DWP, rather than due to the significance of the issues themselves as their impact was minimal compared to the overall amount of subsidy claimed..

A recommendation has been agreed that relates to the Council performing early and extended testing in those areas where errors were identified in 2016/17 to ascertain the extent of similar errors in 2017/18. Such testing provides a 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.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>ATTACHMENTS</b>
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The External Auditor's Certification of Claims and Returns Annual Report 2016/17
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