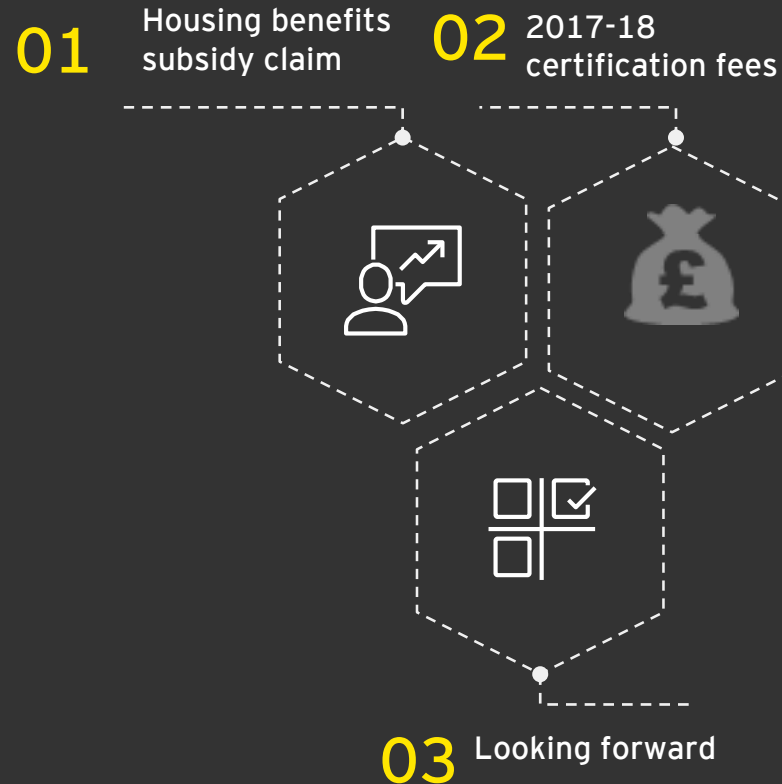


Certification of claims and returns annual report 2017-18

Peterborough City Council

January 2019

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Peterborough City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Peterborough City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, and management of Peterborough City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 - Housing benefits subsidy claim

The Council administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. The certification guidance requires reporting accountants to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims.

Scope of work	Results
Value of claim presented for certification	£65,201,618
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017-18	£20,827
Fee - 2016-17	£24,075

The main issues we reported are:

- Testing of the initial sample of non-HRA Rent Rebates - Earned Income - identified one error where benefit had been overpaid due to the incorrect calculation of the claimant's income. Testing of a further 40 cases identified one further error of this nature;
- Testing of the initial sample of non-HRA Rent Rebates - Board and lodging - identified one error where the Authority overstated subsidy as a result of applying the Local Housing Allowance (LHA) cap incorrectly, and two errors where subsidy was understated due to applying the LHA cap incorrectly. Testing of a further 40 cases identified one error where subsidy was overstated due to applying the LHA cap incorrectly;
- Testing of the initial sample of non-HRA Rent Rebates - Short-Term leased accommodation - identified three errors where the Authority overstated subsidy as a result of applying the Local Housing Allowance (LHA) cap incorrectly. Testing of a further 40 cases identified three further errors where subsidy was overstated due to applying the LHA cap incorrectly, and four errors where subsidy was understated due to applying the LHA cap incorrectly;
- Testing of the initial sample of Rent Allowances - Earned Income - identified one error where benefit had been overpaid due to the incorrect calculation of the claimant's income, and one error where benefit had been underpaid due to the incorrect calculation of the claimant's income. Testing of a further 40 cases identified one further error where benefit had been overpaid due to the incorrect calculation of the claimant's income;
- Testing of the initial sample of Rent Allowances - Prior Year Eligible Overpayments - identified one error where benefit had been overpaid due to the incorrect calculation of the claimant's income. Testing of a further 40 cases identified one further error where benefit had been overpaid due to the incorrect calculation of the claimant's income, and one error where benefit had been underpaid due to the incorrect calculation of the claimant's income.

We reported the extrapolated value of these errors in our qualification letter to the DWP. The total extrapolated error was £4,238.



Housing benefits subsidy claim



02 - Fees

Claim or return	2017-18 Actual fee	2017-18 Indicative fee	2016-17 Actual fee
Housing benefits subsidy claim	20,827*	13,619	24,075

* The 2017-18 fee is subject to the agreement of the Service Director - Resources and PSAA. The actual fee for 2017/18 includes an additional fee of £7,208. The PSAA guidance sets out that the Council is responsible for completing the 40+ testing. However, as in previous years, the Council requested that we undertake this testing. Although we had one additional set of 40+ testing compared to prior year, we had a lower level of test fails overall, and less complex cases. Therefore the audit was smoother and took less time than previous year and the additional fee is lower than in the previous year.
We are currently agreeing the additional fee with PSAA.

16



03 - Looking forward

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body. Following a request for quotes in November 2018 the Council has appointed KPMG to act as reporting accountants in relation to the housing benefit scheme.

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