



Annual Report on grants and returns 2015/16

London Borough of Hackney

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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 £311 million
- Under separate assurance engagements we certified two returns as listed below.
 - Pooling of Housing Capital Receipts return (value £35 million); and
 - Teachers' Pensions EOYCa return (value £16 million).

Certification and assurance results (Pages 4 - 5)

Our certification work on 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 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. No amendments have been made to the claim for the issues raised in our qualification letter.

Our work on the other grant assurance engagements resulted in an unqualified Reporting Accountants' independent reasonable assurance report. Three adjustments were necessary to two of the Council's returns as a result of our certification work this year:

- The Pooling of Housing Capital Receipts return had two adjustments totalling £5,711k. In the previous year, one adjustment was necessary.
- The Teachers' Pensions EOYCa return had one adjustment as a result of incorrect casting. In the previous year, no adjustments were necessary.

Recommendations

We have made no formal recommendations to the Council from our work this year. We noted that there were no recommendations raised during previous years' work on grants and returns.

Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £38,616, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were £3,500 for the Pooling of Housing Capital Receipts return and £3,500 for the Teachers' Pensions EOYCa return.

Summary of reporting outcomes






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

- Two were unqualified but required some amendment to the final figures; and
- One, the Housing benefit subsidy, 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				
— Teachers’ Pensions EOYCa	3				
		1	-	2	2

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>Following the completion of our work, the claim was subject to a qualification letter. No amendments have been made to the claim for the issues raised in our qualification letter.</p> <ul style="list-style-type: none"> — The issues raised in the qualification letter related to testing errors identified from work undertaken on nine cells. — The qualification to the Housing Benefits claim remains extensive. There were 189 errors identified (including those resulting in an underpayment and those with no impact on subsidy). This is an increase on the prior year and reverses the recent trend of a reduction in errors identified each year (there were 102 errors in 2014/15; 117 errors in 2013/14; 149 errors in 2012/13; and 302 errors in 2011/12). — An issue was identified where easement continued to have been applied after the 26 week eligible period on a number of cases. Having reviewed all such cases, this would have resulted in a £10,500 cell adjustment. — An error was also identified in the rent allowances cell due to additional earnings disregard being incorrectly applied. Having reviewed all such cases, this would have resulted in a £5,100 cell adjustment. 	£NIL
2	<p>Pooling of Housing Capital Receipts</p> <p>We noted two adjustments to the return, both of which were corrected by management.</p> <ul style="list-style-type: none"> — For one property, information within the attributable debt model was incorrect. Cell F112PO was amended by £36,000 as a result. — Expenditure incurred under a Section 11(6) agreement was incorrectly disclosed. Cell F520PO was amended by £5,675,000 as a result. 	£5,711k
3	<p>Teachers' Pensions EOYCa</p> <p>We noted one adjustment to the return in relation to casting of the form. This was corrected by management.</p>	£NIL

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on 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 £42,466.

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 £38,616. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £46,340, which was the PSAA indicative fee at the time.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were in line with those in 2014/15.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	£38,616	£46,340
Pooling of Housing Capital Receipts	3,500	3,000
Teachers' Pensions EOYCa	3,500	3,500
Decent Homes	n/a	3,500
Total fee	42,466	56,340



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