

# Certification of claims and returns annual report 2015-16

Portsmouth City Council

December 2016

Ernst & Young LLP



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The Members of the Governance & Audit & Standards Committee  
Portsmouth City Council  
Civic Offices  
Guildhall Square  
Portsmouth  
Hampshire  
PO1 2BG

2 December 2016  
Ref: HB1

Direct line: 07974 007332  
Email: [HThompson2@uk.ey.com](mailto:HThompson2@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2015-16 Portsmouth City Council**

We are pleased to report on our certification work. This report summarises the results of our work on Portsmouth City Council's 2015-16 claim.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Public Sector Audit Appointments Ltd (PSAA) made arrangements for certifying claims and returns in respect of the 2015-16 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this, we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Statement of responsibilities**

The 'Statement of responsibilities of grant-paying bodies, authorities, Public Sector Audit Appointments and appointed auditors in relation to claims and returns', issued by PSAA, serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

### **Summary**

We checked and certified the housing benefits subsidy claim with a total value of £109,774,853. We met the submission deadline.

Fees for certification work are summarised in section 2. The fees for 2015-16 are available on the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)).



Ernst & Young LLP  
Wessex House  
19 Threefield Lane  
Southampton  
SO14 3QB

Tel: + 44 2380 382 100  
Fax: + 44 2380 382 001  
ey.com

We welcome the opportunity to discuss the contents of this report with you at the Governance & Audit & Standards Committee on 27 January 2017.

Yours faithfully

Helen Thompson  
Executive Director  
Ernst & Young LLP  
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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£109,774,853
Amended/Not amended	Amended – minor amendments made to the claim to adjust for errors identified. Cell 031 reduced by £20, and cell 033 increased by the same amount. The amendment resulted in an increase in subsidy claimed of £8.
Qualification letter	Yes
Fee – 2015-16	£17,797
Fee – 2014-15	£22,928

Local Government 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.

Our testing identified a number of errors in the calculation and classification of benefits awarded to claimants during the year, as presented in the subsidy claim. The findings are summarised below.

### Rent Allowances

Testing of the initial sample identified one case where benefit was underpaid as a result of the Authority continuing to apply the 2014/15 Local Housing Allowance rate for a 2 bedroom property from April 2015 instead of the updated 2015/16 rate. The claimant moved house on 1 April 2015 and the assessor incorrectly entered a hold date of 31 March 2015 instead of 1 April 2015 on the system, which resulted in the LHA rate being held at the 2014/15 rate throughout 2015/16.

As there is no eligibility to subsidy for benefit, which has not been paid, the underpayment identified does not affect subsidy and was not, therefore, classified as an error for subsidy purposes. Because this error will always result in an underpayment of benefit, additional testing was not undertaken.

### Non-HRA Rent Rebates

Testing of the initial non-HRA rent rebate sample identified one case where the benefits assessor failed to enter the necessary indicator on the system to identify that the claim was received and paid within the same week. The system erroneously treated the initial period of the claim as a backdated expenditure.

The impact of the error was on an analysis cell identifying the value of backdated expenditure in 2015/16 and has no impact on the amount of benefit paid or subsidy claimed. Because this does not affect the subsidy claimed, we have not performed further testing.

We reported these observations to the DWP in a qualification letter.

## 2. 2015-16 certification fees

Public Sector Audit Appointments (PSAA) determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the PSAA in April 2015 and are now available on the PSAA's website ([www.psa.co.uk](http://www.psa.co.uk)).

Claim or return	2014-15	2015-16	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	22,928	17,797	17,797

### 3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £17,196. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17.

Details of individual indicative fees are available at the following web address:  
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Finance & Information Services before seeking any such variation.

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Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

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