

Crawley Borough Council

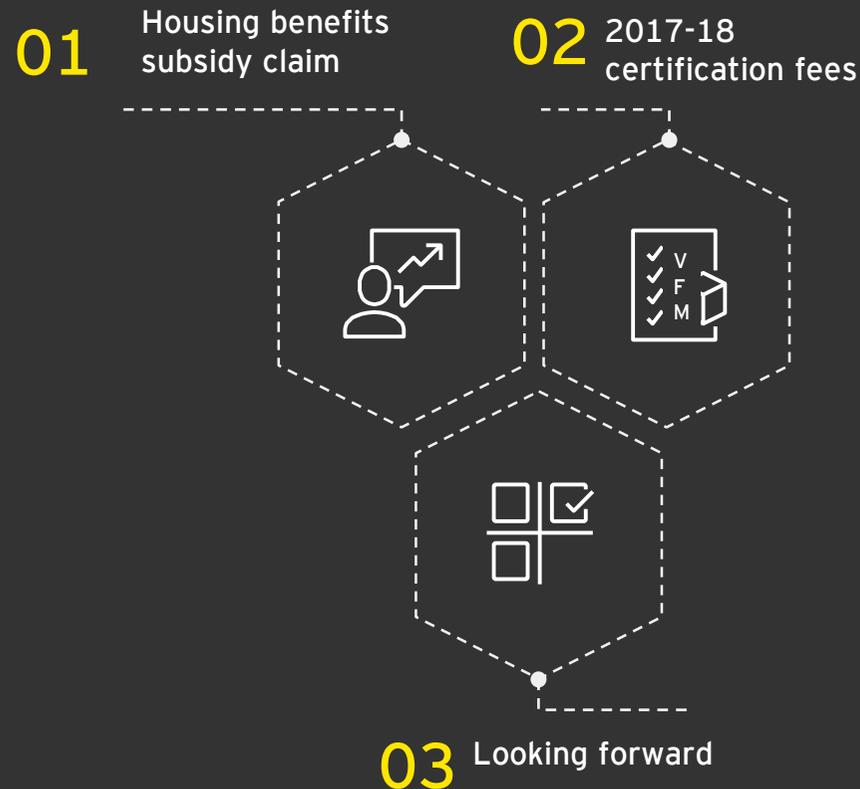
**Certification of claims and
returns annual report
2017-18**

March 2019



Building a better
working world

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 Panel and management of Crawley Borough Council. Our work has been undertaken so that we might state to the Audit Panel and management of Crawley Borough 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 Crawley Borough 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



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£46,025,656
Amended/Not amended	Amended - claim reduced by £2,573
Qualification letter	Yes
Indicative Fee - 2017-18	£11,386
Final Fee - 2016-17	£11,801

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.

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.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

➤ Non HRA Benefits Granted (Cell 11)

One incorrect overpayment classification was identified (cell 28 and cell 23 both being understated by £761.53. Our testing confirmed this was a one off isolated error.

➤ Rent Allowance Benefits Granted (Cell 94)

Initial testing found one case where earned income had been input incorrectly, resulting in an overpayment due to incorrect calculation of gross pay. Extended testing identified three further overpayments and an overall extrapolated error of £23,053.

Housing benefits subsidy claim

➤ HRA Rent Rebate Benefit Granted (Cell 055)

Initial testing found one case where the Authority input incorrect earning and extended testing identified six further failures (one underpayment; four overpayments; one failure with no impact). The overpayments resulted in an overall extrapolated error of £8,172.

➤ Modified Schemes Subsidy (Cell 214)

Testing identified one case where the Authority underpaid benefit due to the incorrect application of SRP uprating and another case where the Authority underpaid benefit due to the incorrect classification of statutory disregard.

Our certification guidance required us to report the errors from our initial and extended samples to the DWP in our qualification letter, along with the extrapolated value of the overpayments. Where required, amendments have been made to the individual claims in 2018-19 to ensure that the benefit paid to claimants is corrected.

We note that on 11 February 2019, the Department for Work and Pensions notified the Authority that their final settlement of the claim for 2017-18 would be a payment by the Department to the Authority of £1,159 and that this will be included in the March 2019 interim subsidy for 2018-19.



02

2017-18 certification fees





2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA) and are available on their website (www.psaa.co.uk).

Claim or return	2017-18 Actual fee £	2017-18 Indicative fee £	2016-17 Actual fee £
Housing benefits subsidy claim	14,886*	11,386	11,801

The indicative fee set by PSAA are based on the fee charged to the Council two years prior to the year in question.

* - We have proposed an additional fee of £3,500 to reflect the greater level of extended testing carried out in 2017-18 compared with the level of extended testing in 2015-16 (the base year used to set the indicative fee). This fee has been agreed with officers, but is subject to review and determination by PSAA.



03

Looking forward



Looking forward

2018/19 and beyond

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.

As your appointed auditor for the financial statements audit, we are pleased that for 2018-19 the Council has appointed us to act as reporting accountants in relation to Housing Benefits Certification.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

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