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**Private & confidential**

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Our ref **RL/016**

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Dear Nadine

**Certification of claims and returns - annual report 2014/15**

Public Sector Audit Appointment requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2014/15.

In 2014/15 we carried out certification work on two claims / returns; the Housing Benefit Subsidy claim and the Pooling of Housing Capital Receipts return.

**Housing Subsidy Benefit**

The certified value of the Housing Subsidy Benefit claim was £43.939 million, and we completed our work and certified the claim on 26 November 2015.

Our certification work on the Housing Subsidy Benefit qualification identified a number of cases where the Council had misclassified or made incorrect benefit payments. Consequently we issued a qualification letter in respect of this claim. The errors we identified are set out in the table below.

Ref	Summary observations
1	<p><b>Rent Allowance – Total expenditure (benefit granted)</b></p> <p>Our initial sample identified:</p> <ul style="list-style-type: none"> <li>• One case where LA delay of £48.46 was incorrectly classed as an eligible overpayment.</li> <li>• Two cases where initial overpayments of £78.40 and £156.80 respectively were recovered through subsequent reductions in benefit rather than being overpaid in total and so there was no net overpayment.</li> </ul> <p>Testing of an additional sample of 40 cases identified:</p> <ul style="list-style-type: none"> <li>• 4 cases where a total of £524.53 had been incorrectly classified as eligible overpayments when they should have been recorded as administrative delays.</li> </ul>
2	<p><b>Rent Rebates – Total expenditure (benefit granted)</b></p> <p>Our initial sample identified:</p> <ul style="list-style-type: none"> <li>• One case where the eligible rent used to determine the weekly award was incorrect. This was due to Academy, the Authority’s housing benefit system, not being updated with the correct 2014/15 rates. This error has resulted in an underpayment of £16.33</li> </ul> <p>Testing of an additional sample of 40 cases identified no further errors.</p>
3	<p><b>Modified Schemes – Total subsidy claimed</b></p> <p>Our initial sample identified:</p> <ul style="list-style-type: none"> <li>• One case where the claimant’s assessed income figures and applicable amounts had been input correctly, as confirmed to DWP confirmations, but Academy has produced a £356.62 underpayment. This was due to a software error.</li> </ul> <p>The Authority has reported this issue to Capita and testing of the system has been performed to confirm that this was an isolated error, relating only to this case in 2014/15. Capita have confirmed that the rate applied to this case and to all other cases in 2013/14 and 15/16 is correct.</p>

No adjustments were made for the errors identified as given the nature of the population and the error found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Certification requirements mandate that any unadjusted error, regardless of its value, is reported and that a ‘zero materiality’ threshold is applied.

**Certification work fees**

In respect of the Housing Benefit Subsidy claim, Public Sector Audit Appointments set an indicative fee for our certification work in 2014/15 of £10,320. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £12,606.

**Pooling of Housing Capital Receipts**

In addition to the Housing Subsidy Benefit claim, we certified the Council's Pooling of Housing Capital Receipts return for 2014/15. Although this return does not form part of the Public Sector Audit Appointments certification regime, it is a requirement of the Department for Communities and Local Government. We issued our certificate for this return on 26 November 2015. No issues were identified from our test work. Our fee for this certification work was £3,000.

Yours sincerely



Tim Cutler  
Partner