

London Borough of Hillingdon

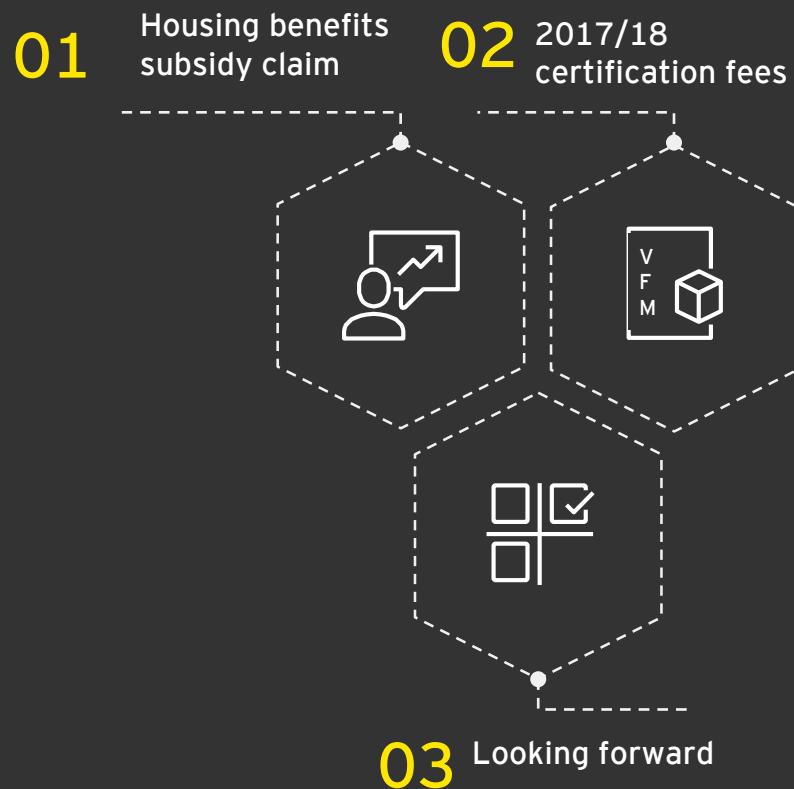
**Certification of claims and
returns annual report 2017/18**

February 2019



Building a better
working world

Contents



This report is made solely to the Audit Committee and management of London Borough of Hillingdon. Our work has been undertaken so that we might state to the Audit Committee and management of London Borough of Hillingdon 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 London Borough of Hillingdon 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

Scope of work	Results
Value of claim presented for certification	£143,614,718
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017-18	£24,445
Fee - 2016-17	£28,725

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. We found errors and carried out extended testing in three areas, which is consistent with the level of error from the previous year.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

We summarise the main issues we identified within this report.

As we identified errors in the calculation of earnings across all 3 headline cells in 2017/18 and also in previous years we recommend that London Borough of Hillingdon implement additional quality control procedures for all claims with earnings since 1 April 2018 to reduce the overall level of error in this area.

In addition to the Housing benefits subsidy claim the Council also engaged us to complete the certification of its:

- Teachers Pensions Return
- Housing Capital Pooling Return

We have concluded our work in respect of these other claims and we have no significant findings from our work that we need to report to members.



02 - Fees

Claim or return	2017-18	2017-18	2016-17
	Actual fee	Indicative fee	Actual fee
Housing benefits subsidy claim	£24,445	£24,445	£28,725
Teacher's Pensions	£10,000	£10,000	£10,000
Housing Capital Receipts	£6,500	£6,500	£6,000

The indicative fee for the housing benefits subsidy claim for 2017/18 is based on the actual fee for 2015/16 and is set by PSAA. The other claims and returns noted above are completed as non-code audit work.
All prices are exclusive of VAT.



Housing benefits subsidy claim - main findings

Benefit type	Nature of error identified
Non HRA - Earnings	<p>Testing of the initial sample identified:</p> <ul style="list-style-type: none">- 1 case which failed (total error value £47.55) due to the incorrect assessment of earned Income. This resulted in an overpayment. <p>As issues were reported in the 2016/17 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings as a result of CAKE and identified the following errors:</p> <ul style="list-style-type: none">- 3 cases where the Authority had overpaid benefit as a result of incorrect calculation of weekly earnings (total error value of £32.77);- 2 cases where the Authority had underpaid benefit as a result of incorrect calculation of weekly earnings. <p>We reported the extrapolated error of £547 within our qualification letter.</p>
Rent Rebates - Earnings	<p>Testing of the initial sample identified:</p> <ul style="list-style-type: none">- 2 cases which failed due to the incorrect assessment of earned Income. Both cases resulted in an underpayment.- 1 case which failed due to the incorrect assessment of Capital Disregards. This resulted in an underpayment. We noted an issue with the treatment of capital but this was assessed as only resulting in an underpayment.- 1 case which failed due to the incorrect consideration of Passported Benefit. This resulted in an underpayment. <p>As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.</p> <p>As issues were reported in the 2016/17 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings as a result of CAKE and identified the following errors:</p> <ul style="list-style-type: none">- 2 cases failed (total error value £186.97), 2 of which were where the Authority had overpaid benefit as a result of incorrect calculation of weekly earnings. <p>We reported the extrapolated error of £4,337 within our qualification letter.</p>

Housing benefits subsidy claim - main findings

Benefit type	Nature of error identified
Rent Allowance - Earnings	<p>Testing of the initial sample identified:</p> <ul style="list-style-type: none">- 5 cases failed due to Earned Income. 2 of the errors (total error value of £315.83) identified resulted in an overpayment. 2 cases resulted in an understatement and 1 case was a mis-classification error. <p>As issues were reported in the 2016/17 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings as a result of CAKE and identified the following errors:</p> <ul style="list-style-type: none">- 3 cases failed none of which were where the Authority had overpaid benefit as a result of incorrect calculation of weekly earnings. <p>We reported the extrapolated error of £42,842 within our qualification letter.</p>

3. 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 the housing benefit subsidy claim.

We welcome the 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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