

# Certification of claims and returns annual report 2017/18

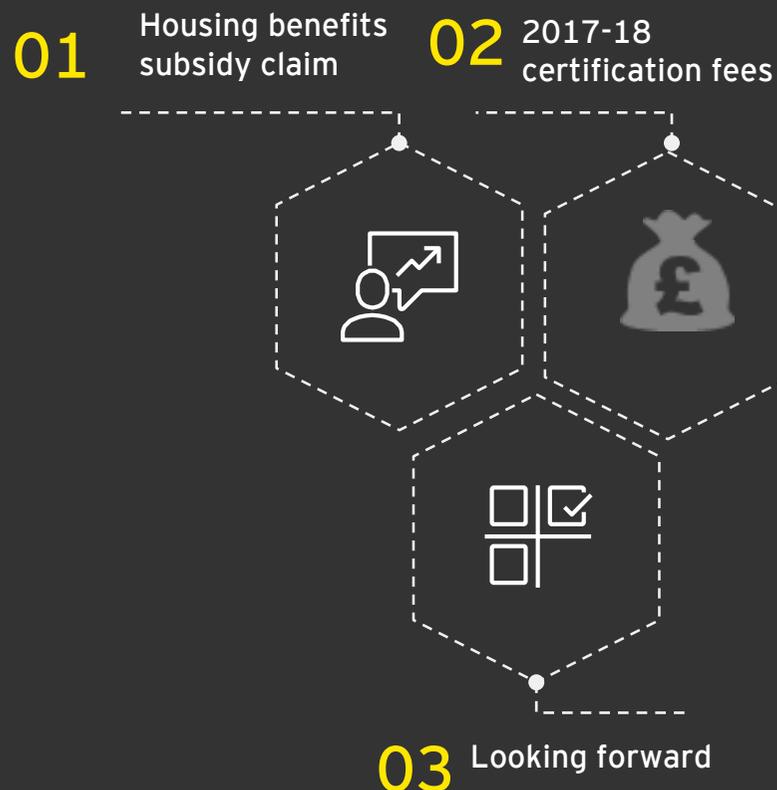
Harlow District Council

31 January 2019

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the top right corner of the logo area.

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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](http://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 and Standards Committee and management of Harlow District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Standards Committee, and management of Harlow District 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 and Standards Committee, and management of Harlow District 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

Scope of work	Results
Value of claim presented for certification	£32,382,803
Amended/Not amended	Amended - subsidy increased by £8
Qualification letter	Yes

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 several areas. Extended and other testing identified errors which the Council amended. They had a small net impact on the claim, as noted above.

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 our further work to quantify the error or to claw back the benefit subsidy paid. We include a summary of pages 4 and 5.



## 02 - Fees

Claim or return	2017-18 Actual fee	2017-18 Indicative fee	2016-17 Actual fee
Housing benefits subsidy claim	£18,695	£18,695	£22,695

PSAA bases the indicative fee for 2017-18 on the outturn fee for 2015-16 and we delivered the certification work within that fee.



## 03 - Looking forward

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.

## Summary findings

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### **Rent Rebates:**

Testing of the initial sample identified the following:

- 1 case (total value £1,563) where the Authority had under claimed subsidy by £24 as the benefits system had incorrectly offset the reversal of a prior year overpayment in the headline and expenditure at full rate cells. The effect of this error is to understate Cells 055 and 061 (Error Type 1).
- 1 case (total value £4,422) where the Authority had overpaid benefit by £19 as a result of an interfacing error with the Housing system that resulted in a prior years rent figure (too high) being used in the assessment of benefits payable. The effect of this error is to overstate Cells 055 and understate Cell 065 (Error Type 3).

Based on our prior year experience of the claim we also undertook 40+ test in respect of Claimant Income assessments.

Testing of the sample identified:

- 5 cases (total value £11,303) where the Authority had underpaid the Claimants by £299 due to errors in calculating Claimant Income and the application of Working and Child Tax Credits. The effect of this error is to understate Cells 055 and 061 (Error Type 1).
- 1 case (total value £4,827) where the Authority had overpaid benefit by £1,509 as a result assessing the case as a passported case when the claimant was not in receipt of a relevant benefit. The effect of this error is to overstate Cells 061 and understate Cell 065 (Error Type 3).
- 1 case (total value £4,827) where the Authority had overpaid benefit by £1,007 as a result of omitting relevant items of income from their benefits assessment. The effect of this error is to overstate Cells 061 and understate Cell 065 (Error Type 3).
- 1 case (total value £5,156) where the Authority had overpaid benefit by £21 as a result of the use of an incorrect Working Tax Credit figure in the assessment of Claimant income. The effect of this error is to overstate Cells 061 and understate Cell 065 (Error Type 3).

## Summary findings

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### **Rent Allowance:**

#### Testing of the initial sample identified:

- 1 case (total value £9,780) where the Authority had overpaid benefit by £5 due to an adjustment the Claimants Self Employed Earnings for payments into a private pension, without their being any evidence of any such payments being made. The effect of this error is to overstate Cell 094 and Cell 103 and understate Cell 113 (Error Type 3).
- 1 case (total value £8,693) where the Authority were unable to reconcile the subsidy claimed due to a known issue with the CIVICA system regarding cases where underlying entitlement is present and more than one assessment impacting the relevant period is processed. The software supplier are developing and testing a correction to bug fix 59067 and 59065 which are due scheduled for distribution with release 18.4 sometime in December 2018 (Error Type 8).

Based on our prior year experience of the claim we also undertook 40+ testing in respect of Change of Address assessments. We identified no errors.

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