

Certification of claims annual report 2017/18

**Borough Council of King's Lynn
& West Norfolk**

11 December 2018

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 letters.

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The Members of the Audit Committee
Borough Council of King's Lynn & West Norfolk
Kings Court, Chapel Street
King's Lynn
Norfolk
PE30 1EX

11 December 2018

Dear Audit Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on Borough Council of King's Lynn & West Norfolk's 2017/18 claims.

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 reporting accountants to certify the claims and returns submitted to them.

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 the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017/18, 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.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 28 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

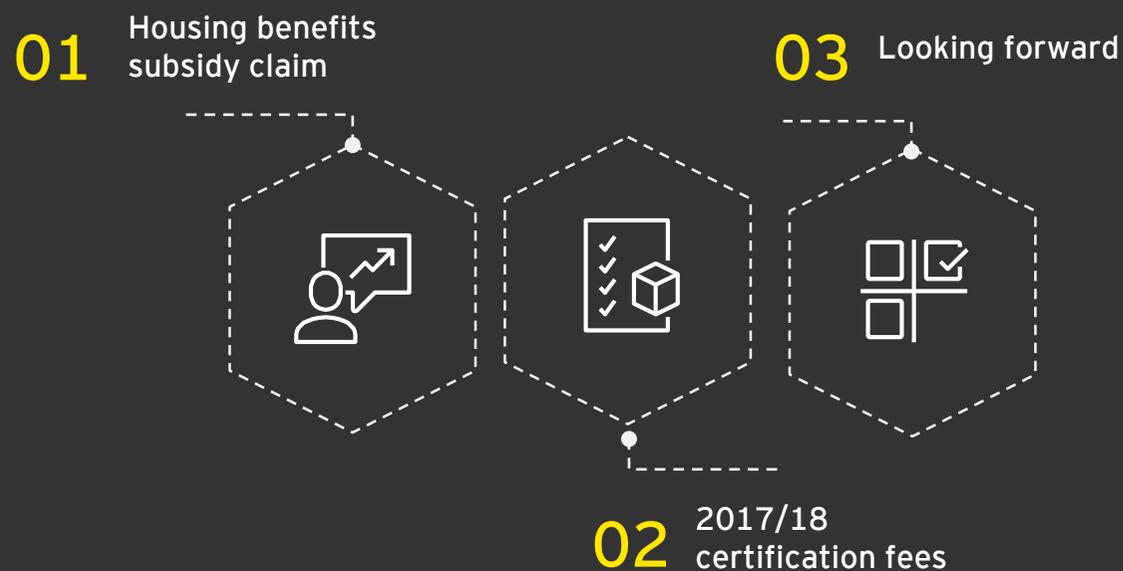
Yours faithfully

MARK HODGSON

Mark Hodgson

For and on behalf of Ernst & Young LLP

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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). 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 Committee and management of the Borough Council of King's Lynn & West Norfolk in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of the Borough Council of King's Lynn & West Norfolk 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 the Borough Council of King's Lynn & West Norfolk 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	£36,843,736 (draft)
Amended/Not amended	Amended - subsidy reduced by £190,286 to £36,653,450 (final)
Qualification letter	Yes
Fee - 2017/18	£18,556
Fee - 2016/17	£22,000

Recommendations from 2016/17	Findings in 2017/18
Ensure all new cases and changes in circumstances are assessed under the risk based verification policy.	No specific findings to report. See the results of our testing below.
No issues were identified in this area in 2017/18.	

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. We identified errors in 'Rent Allowance' cases and carried out extended testing in the following areas:

- Incorrect income assessment due to incorrect application of child tax credits and working tax credits;
- Misclassification of overpayments between eligible and local authority error; and
- Misclassification of prior year overpayments between eligible and local authority error.

We reported the extrapolated value of these errors in our qualification letter to the DWP. The total extrapolated error was £10,386.

The most significant amendment was due to the result of an issue identified by the Council. The Council notified the DWP of an error regarding classification of benefit expenditure on supported housing claims. The expenditure on these claims were incorrectly excluded from requiring a rent officer determination in accordance with the DWP's guidance. The Council had therefore over-claimed subsidy of £191,432 which relates to expenditure above the Rent Officer's determination.

Other minor amendments made to the claim resulted in an increase in subsidy of £1,146.



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's) and are available on their website (www.psaa.co.uk).

Claim or return	2017/18 Actual fee £'s	2017/18 Indicative fee £'s	2016/17 Actual fee £'s
Housing benefits subsidy claim	18,556	18,556	22,000

Despite the issues identified within Section 1 - we have been able to complete our work within the allocated fee. The actual fee is therefore the same as the indicative fee set 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 the Housing Benefit Assurance Process.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on our 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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