



Annual Report on Grants and Returns 2017/18

Kettering
Borough Council

—
January 2019



Summary for Audit Committee

Introduction & background

This report summarises the results of work we have carried out on the Authority's 2017/18 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2017/18 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim, the Authority's 2017/18 Housing Benefit Subsidy claim. This had a value of £22.0 million. This is the final year in where the Housing Benefit Subsidy claim will be covered by the Public Sector Audit Appointments arrangements. In future years the Council will directly engage a provide to deliver the National Audit Office's Housing Benefits Assurance Process.
- Under separate engagements we issued reports on one return as listed below.
 - Pooling of Housing Capital Receipts.

Certification & assurance results

Our certification audit work on 2017/18 Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our audit work, the claim was subject to a qualification letter.

- 4 cases (total value £116) where the Authority had overpaid benefit as a result of the Authority inputting the incorrect rent cost;
- 1 case (total value £270) where the Authority had underpaid benefit as a result of the Authority inputting the incorrect rent cost;
- 1 case (total value £1,184) where the Authority had overpaid benefit as a result of applying the incorrect LHA rate;
- 1 case (total value £241) where the Authority had underpaid benefit as a result of the Authority applying the incorrect LHA rate;
- 1 case (total value £240) where the Authority had underpaid and misclassified benefit as a result of the Authority applying the LHA rate instead of the full rent liability where the claimant lived in a housing association property; and
- No such errors were reported in the previous year qualification letter.

Summary for Audit Committee (cont.)

Certification & assurance results (continued)

Our work on the other grant assurance engagements resulted in the following reports:

— Pooling of Housing Capital Receipts.

No adjustments were necessary to the Authority's grants and returns as a result of our certification work this year.

See further details on page 4.

Recommendations

We have made no recommendations to the Authority from our grants audit work this year. This reflects the fact that those issues identified through our audit are not uncommon across the sector and arise from the large volume of claims being processed by the Authority's Benefits team throughout the year.

In addition there were no recommendations raised as a result of the previous year's work on grants and returns which require follow-up this year.

Fees

Our fee for certifying the Authority's 2017/18 Housing Benefit Subsidy grant was £10,904, which is the same as the indicative fee set by PSAA.

Our fees for the other grant and return engagements were subject to agreement directly with the Authority and were £4,500.

See further details on page 5.

Summary of reporting outcomes

Overall, we carried out work on two grants and returns:

- One was unqualified with no amendment;; and
- One required a qualification to our audit certificate.

Detailed comments are provided on page 4.

Detailed below is a summary of the reporting outcomes from our work on the Authority’s 2017/18 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Authority’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments on page ...	Qualified	Significant Adjustment	Minor Adjustment	Unqualified	Factual Findings Report
Public Sector Audit Appointments Regime:						
— Housing Benefit Subsidy	4	1	0	0	0	0
Other grant/return engagements:						
— Pooling of Housing Capital Receipts	4	0	0	0	1	0
Total		1	0	0	1	0

Summary of certification outcomes

We have summarised below the key findings arising from our work in relation to each claim or return in relation to which we have provided certification services.

Ref	Summary of observations	Amendment
1	Housing Benefit Subsidy Claim <ul style="list-style-type: none">— We have issued a qualified opinion on the Authority's Housing Benefit Subsidy Claim, this is due to the errors found in our testing.— These include overpayment of benefits as a result of the Authority inputting the incorrect rent cost, underpayment of benefits as a result of the Authority inputting the incorrect rent cost, overpayment of benefits as a result of the Authority applying the incorrect LHA rate, underpayment of benefits as a result of the Authority applying the incorrect LHA rate; and underpaid and misclassified benefit as a result of the Authority applying the LHA rate instead of the full rent liability where the claimant lived in a housing association property.— In the future the Authority should not make the same errors due to the risk of possible reclaim of grant income.— No such errors were reported in the previous year qualification letter.	£0
2	Pooling of Housing Capital Receipts <ul style="list-style-type: none">— No adjustments were necessary to the Authority's grants and returns as a result of our certification work this year.	£0

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants and returns are agreed directly with the Authority.

The overall fees we charged for carrying out all our work on grants and returns in 2017/18 was £15,404.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Authority's Housing Benefit Subsidy claim in 2017/18 of £10,904. Our actual fee was the same as the indicative fee, and this compares to the 2016/17 fee for this claim of £11,438.

Grants subject to other engagements

The fees for our work on other grants and returns are agreed directly with the Authority. Our fees for 2017/18 were £4,500, compared to £3,000 in 2016/17.

Breakdown of fees for grants and returns work

Grant / Return	2017/18 Fee £	2016/17 Fee £
Public Sector Audit Appointments Regime:		
— Housing Benefit Subsidy Claim	10,904	11,438
Other grant/return engagements:		
— Pooling of Housing Capital Receipts	4,500	3,000
Total certification fees for the Authority	15,404	14,438



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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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