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KPMG Annual Report on grants and returns work 2014/15

Ashfield District Council

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	Page
■ Headlines	2
■ Summary of certification work outcomes	4
■ Fees	7

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<p>Introduction and background</p>	<p>This report summarises the results of work we have carried out on the Council’s 2014/15 grant claims and returns.</p> <p>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 2014/15 is:</p> <ul style="list-style-type: none"> ■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council’s 2014/15 Housing Benefit Subsidy claim. This had a value of £35 million. ■ Under separate assurance engagements we certified two returns as listed below. <ul style="list-style-type: none"> – Pooling of Housing Capital Receipts Return. – Homes and Communities Agency (HCA) Compliance Report 	
<p>Certification results</p>	<p>Our work on the Council’s Housing Benefit Subsidy claim was subject to a qualification letter.</p> <p>A qualification letter was required, due to a number of recurring errors. As in the previous year, our testing identified various errors in calculating benefit including an incorrect eligible rent figure, misclassification of properties between HRA and non HRA, incorrect income figures and misclassification of eligible overpayments, as well as some system generated errors which were reported to the software supplier. Also, the Authority had not run the screen prints/reports used in its 2014/15 reconciliation process on the same date as its subsidy report.</p> <p>Our work on other grant assurance engagements resulted in the following reports:</p> <ul style="list-style-type: none"> ■ Pooling of Housing Capital Receipts Return: we issued an unqualified assurance report. ■ Homes and Communities Agency (HCA) Compliance Report: we issued a qualified assurance report. 	<p>Pages 4 – 6</p>

Headlines (continued)

<p>Adjustments</p>	<p>No adjustments were necessary to the Council’s grants and returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ Our work on the Housing Benefit Subsidy claim has not resulted in any amendments to the claim and the findings were similar to the previous year; and ■ Our work on the Housing Pooling return has not resulted in any amendments to the claim and we have no issues to report.. ■ Our work on HCA Compliance resulted in some minor areas of non compliance which were reported to the HCA. 	<p>Pages 4 – 6</p>
<p>Fees</p>	<p>The indicative fee for our work on the Council’s 2014/15 Housing Benefit Subsidy was set by Public Sector Audit Appointments at £16,000. The actual fee for this work was £3,575 higher than the indicative fee. Further work has also been requested by the DWP This work will result in an extra fee which we will agree with the Deputy Chief Executive (Resources) and which will be subject to approval by PSAA.</p> <p>Our fees for the other assurance engagements were subject to agreement directly with the Council and are set out on page 6.</p>	<p>Page 7</p>

Summary of reporting outcomes

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

- one was unqualified with no amendment; and
- two required a qualification to our certificate. The qualification relating to HCA Compliance refers only to the minor issues reported to the HCA.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 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 Council'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 Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments arrangements					
■ Housing Benefit Subsidy	1				
Other assurance engagements					
■ Pooling of Housing Capital Receipts	2				
■ HCA compliance reporting	3				

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy</p> <p>The audit approach is mandated by the Audit Commission and DWP. Testing involves a 'discovery sample' of 20 cases for each benefit type (total 60 cases), with further testing of each cell affected by errors found either in the current year's discovery testing or in previous years, on the basis that errors identified in the previous year may recur in the current year. It is a consequence of the volume of testing that errors are repeatedly found. We have identified issues that have been reported for a number of years, including the following:</p> <ul style="list-style-type: none"> • incorrect eligible rent figure • misclassification of properties between HRA and non HRA • incorrect income figures • misclassification of eligible overpayments • some system generated errors which were reported to the software supplier. <p>Also, the Authority had not run the screen prints/reports used in its 2014/15 reconciliation process on the same date as its subsidy report. Whilst we were able to establish that reconciliation work had been undertaken by the Authority, we were not able to fully substantiate the detailed figures as the reports run subsequently were impacted by further transactions. We recommend for future years that the authority run the reports at the same time to evidence its reconciliation process.</p> <p>As in previous years, the number and nature of the errors found indicates a need to continue with the programme of guidance and training of staff processing benefits claims.</p>	£0
2	<p>Housing Pooling Return</p> <ul style="list-style-type: none"> ■ Our work in relation to the certification of this return identified no issues or amendments to the return. 	£0

Summary of certification work outcomes (continued)

Ref	Summary observations	Amendment
3	<p>HCA compliance reporting</p> <p>The Homes and Communities Agency (HCA) awards grants to organisations under the National Affordable Housing Programme (NAHP) and the Affordable Homes Programme (AHP). The Compliance Audit framework applies to organisations receiving grant to ensure that the HCA's policies, funding conditions and procedures are followed. The HCA funds a number of different schemes, including shared ownership, empty homes, the homelessness change programme, traveller pitch funding and the care and support specialised housing fund. The HCA chooses a number of authorities and a sample of schemes for each which will be subject to audit each year. The audit involves completion of a detailed checklist for each scheme which is designed to ensure that the HCA's procedural requirements are met. For this Authority, the sample included three properties under the empty homes scheme. The findings of the audit were that most of the criteria required by the HCA were in place with some minor issues to report to the HCA.</p>	n/a

Fees

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

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fee we charged for carrying out all our work on grants/returns in 2014/15 was £25,575.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2014/15 (£)	2013/14 (£)
Housing Benefit Subsidy claim	19,575	17,240
Pooling of Housing Capital Receipts	3,000	467
HCA compliance reporting	3,000	n/a
Total fee	25,575	17,240

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £16,000. Our actual fee was £3,575 higher than the indicative fee, and this compares to the 2013/14 fee for this claim of £17,240. However, further work has been requested by the DWP and this has recently been completed. This work will result in an extra fee and all fees are subject to agreement with the Deputy Chief Executive (Resources) and approval by the PSAA.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for the Pooling of Capital Receipts return in 2014/15 are higher than in 2013/14. The reason for the increase was that an extended, mandatory testing programme was introduced in 2014/15 as a requirement for this assurance work being undertaken.



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