

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

Brentwood Borough Council

January 2019



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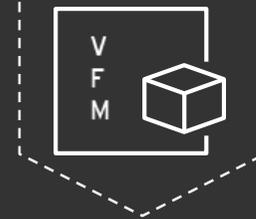
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal 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 Brentwood Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Brentwood Borough 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 Brentwood Borough 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



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£14,266,460
Amended/Not amended	Amended - subsidy decreased by £26,328
Qualification letter	Yes
Scale Fee - 2017-18	£33,606
Scale Fee - 2016-17	£28,565

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 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. A summary of the main issues we reported in our qualification letter is included in this report.

We would note that the level of errors identified continues to be high compared to a number of other local authorities where we also undertake housing benefit certification work. The Council may therefore wish to review its assessment and quality assurance processes with the aim of reducing the level of error in assessments in future years.

Housing benefits subsidy claim

Rent Allowance:

Initial testing identified four cases with errors of all of which resulted in either under or overpayments of benefit, and two cases with errors which had no impact on benefit paid but for which the nature of the errors could result in over or underpayment of benefit. As a result of these errors either extended '40+' testing or additional testing being undertaken to amend the claim. Details of these four case (which resulted in 6 different errors) and the additional work undertaken are summarised below:

- ▶ One case where the incorrect rent was used which could lead to the overpayment or underpayment of subsidy. Extended '40+' testing was undertaken which identified four errors, which resulted in errors in benefit paid, Of these four errors, one resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £8,017.
- ▶ One case with errors relating to incorrect calculation of rent, child tax credit and working tax credit. These could lead to both an underpayment or overpayment of benefit and therefore additional work was undertaken as noted below. The extrapolation of the errors in rent has been dealt with above.
 - ▶ Extended '40+' testing was undertaken for the error in child tax credits which identified two errors. Of these two errors, one resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £1,369.
 - ▶ Extended '40+' testing was undertaken for the error in working tax credits which identified fourteen errors. Of these fourteen errors, four resulted in an underpayment of benefit, 9 resulted in an overpayment and one had no impact on benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £17,138.
- ▶ Two case relating to incorrect rent as a result of a rent officer determination not being adopted. This could lead to both the overpayment and underpayment of benefit. Additional testing was undertaken for all rent allowance cases with rent officer determinations. This identified a further ten cases with errors. Of these ten errors, four resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. As we had tested the full population of all impacted cases the errors which resulted in an overpayment of benefit were amended in the claim resulting in reduction in subsidy due to the Council of £10,825.
- ▶ Two cases where the incorrect earnings was used which could lead to the overpayment or underpayment of subsidy. Extended '40+' testing was undertaken which identified eight errors, six of which resulted in errors in benefit paid, Of these six errors, four resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £20,930.

Housing benefits subsidy claim

Rent Allowance:

There was also one error from the prior year which resulted in additional testing being undertaken in the current year. This identified further errors which resulted in amendments to the claim, as summarised below:

- Errors in the calculation of student loans identified in the prior year could lead to both the overpayment and underpayment of benefit. Extended testing was therefore undertaken on 100% of rent allowance cases with student loans. This identified five cases with errors, all of which resulted in overpayment of benefit. These errors were amended in the claim resulting in reduction in subsidy due to the Council of £4,427.

Housing benefits subsidy claim

Rent Rebates:

Initial testing identified five cases with errors of which four resulted in either extended '40+' testing or additional testing being undertaken to which resulted in either reporting in the qualification letter or amends to the claim. Details of these five errors and the findings from the additional work undertaken are summarised below:

- ▶ One case relating to incorrect calculation of childcare, which resulted in an overpayment of benefit. Extended '40+' testing was undertaken which identified no further errors. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £93.
- ▶ Two cases where the incorrect earnings was used which could lead to the overpayment or underpayment of subsidy. Extended '40+' testing was undertaken which identified one error which resulted underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £52.
- ▶ Two cases where the incorrect child tax credit and one case where the incorrect working tax credit was used. Extended '40+' testing was undertaken which identified two errors, which resulted in errors in benefit paid, Of these two errors, one resulted in an underpayment of benefit and one an overpayment. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £369.

There was also one error from the prior year which resulted in additional 40+ testing being undertaken in the current year. This identified further errors which were reported in our qualification letter as summarised below:

- ▶ Errors in the calculation of pensions had been identified in the prior year. As these could lead to both the overpayment and underpayment of benefit extended 40+ testing was undertaken on rent rebate cases with pensions. This identified eight cases with errors in benefit paid. Of these eight errors, four resulted in an underpayment of benefit and four an overpayment. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the errors which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £108.

Housing benefits subsidy claim

Non-HRA Rent Rebates:

Initial testing identified five cases with errors, all of which resulted in additional testing being undertaken to amend the claim. Details of these five errors and the additional work undertaken are summarised below:

- ▶ Two cases where the incorrect rent was used on the claim which could result in the underpayment or overpayment of subsidy. Additional testing was undertaken for the whole population which identified seven further errors. Of these errors, four resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The errors which resulted in an overpayment of benefit were amended in the claim resulting in a reduction in subsidy due to the Council of £1,895.
- ▶ One case where the incorrect earnings were used which could lead to the overpayment or underpayment of subsidy. Additional testing was undertaken on the whole population which identified one error. This resulted in an adjustment of £36 which reduced subsidy due to the Council.
- ▶ One case where the benefit cap was incorrectly applied as a result of a system error. Additional testing was undertaken on all other benefit cap cases which identified one error which resulted in overstatement in benefit paid. The claim was amended for this error, which resulted in a reduction in subsidy due to the Council of £7,026.
- ▶ One case where a manual underpayment was treated incorrectly. The nature of this error was such that it could lead to either the overpayment or underpayment of subsidy. Additional testing was therefore undertaken on the whole population which identified no further errors. This resulted in an adjustment of £1,570 which reduced subsidy due to the Council.

There was also one error from the prior year which resulted in additional testing being undertaken in the current year. This identified further errors which resulted in amendments to the claim, as summarised below:

- ▶ Errors in the calculation of child tax credit identified in the prior year could lead to both the overpayment and underpayment of benefit. Extended testing was therefore undertaken on 100% of non-HRA cases with child tax credits. This identified five cases with errors in benefit paid. Of these five errors, two resulted in an underpayment of benefit and three an overpayment. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The errors which resulted in an overpayment were amended in the claim resulting in a reduction in subsidy due to the Council of £545.



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	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	£33,606	£33,606	£28,565

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