



# Annual Report on grants and returns 2015/16

**Bolsover District Council**

January 2017



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### Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 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 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim
  - the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £22,206,058.
- Under separate assurance engagements we certified one claim as listed below.
  - Pooling of Housing Capital Receipts. This had a value of £1,348,165.

### Certification and assurance results (Page 3)

Our certification work on 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 work, the claim was subject to a qualification letter.

The reasons for the qualification were as follows:

- Incorrect State Retirement Pension (SRP) income figures used in the calculation of benefit;
- Incorrect earned income figures used in the calculation of benefit; and
- Incorrect classification of overpayments as claimant error instead of LA error.

These results were a slight deterioration on than last year given the additional work required to be undertaken in respect of the misclassification of overpayments.

Our work on the other grant assurance engagements did not result in a qualification or amendment of the return.

One adjustment was necessary to the Housing Subsidy Benefit claim as a result of our certification work this year.

- An amendment was made to modified schemes as a result of a misclassification of expenditure. The value of the amendment was £843.

No such issues were identified in the previous year.

### Recommendations (Pages 5 – 7)

We have made 3 recommendations to the Council from our work this year and agreed an action plan with officers.

In addition there were two recommendations outstanding from our previous year's work on grants and returns. These issues have remained in 2015/16.

### Fees (Page 4)

Our indicative fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £7,670. The actual proposed fee for this work is £8,430 which is subject to determination by the PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and was £3,000 in respect of Pooling of Housing Capital Receipts.

## 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 fees we charged for carrying out all our work on grants/returns in 2015/16 was £11,430.

### 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 2015/16 of £7,670. Our proposed fee is higher at £8,430, and this compares to the 2014/15 fee for this claim of £8,980.

The main reasons for the fee exceeding the original estimate were:

- Additional sample testing required in respect of the misclassifications of overpayments;
- Additional work required to confirm the cell amendments relating to the misclassification of expenditure on modified schemes; and
- Assistance provided in the accurate completion of the workbooks and generation of summaries required for submission to 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 final fees for 2015/16 were £3,000, in line with those in 2014/15.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	8,430	8,980
Pooling of Housing Capital Receipts	3,000	3,000
<b>Total fee</b>	<b>11,430</b>	<b>11,980</b>

# Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

## Priority rating for recommendations

<p><b>1</b> Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p><b>2</b> Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p><b>3</b> Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>
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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<b>Housing Benefit Subsidy Claim</b>					
<p><b>SRP Income</b></p> <p>Our sample testing identified that the Council has used incorrect SRP income figures in the calculation of benefits.</p> <p>This issue was also identified in the previous year – refer to page 7.</p>	<p>The use of incorrect SRP income figures resulted in the wrong amount of benefits being paid to claimants. If benefit is overpaid, this results in a necessity for the claimant to repay overpaid benefit back to the Council. It also reduces the amount of subsidy which the Council receives. If benefit is underpaid then the claimant is not receiving the full amount of benefit to which they are entitled. The Council can not claim subsidy on benefit which has not been paid.</p>	<p><b>1</b> Training should be provided to all benefit assessors to ensure that the correct figures are being identified for SRP.</p>	<p><b>2</b></p>		

# Recommendations (cont.)

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<b>Housing Benefit Subsidy Claim</b>					
<p><b>Earned Income</b></p> <p>Our sample testing identified that the Council has used incorrect earned income figures in the calculation of benefits.</p> <p>This issue was also identified in the previous year – refer to page 7.</p>	<p>The use of incorrect earned income figures resulted in the wrong amount of benefits being paid to claimants. If benefit is overpaid, this results in a necessity for the claimant to repay overpaid benefit back to the Council. It also reduces the amount of subsidy which the Council receives. If benefit is underpaid then the claimant is not receiving the full amount of benefit to which they are entitled. The Council can not claim subsidy on benefit which has not been paid.</p>	<p><b>2</b></p> <p>Training should be provided to all benefit assessors to ensure that they know how to calculate earned income correctly.</p>	<p>2</p>		
<p><b>Overpayment Misclassification</b></p> <p>Our sample testing identified that the Council had misclassified LA errors as claimant errors on the subsidy claim form.</p>	<p>The Council is not entitled to receive subsidy on LA error overpayments but does receive subsidy at 40% on claimant errors which are classed as eligible overpayments. This misclassification of the overpayments has meant that the Council has received more subsidy than it was entitled to.</p>	<p><b>3</b></p> <p>Training should be provided to all benefit assessors to ensure they know when an overpayment should be classified as claimant error and when it should be classified as LA error.</p>	<p>2</p>		

## Prior year recommendations

We made two recommendations in our 2014/15 Certification of Grants and Returns Annual Report. Where recommendations have not yet been implemented fully we have detailed their current status below.

Prior year recommendation	Priority	Status as at November 2016	Management comments
<b>Housing Benefit Subsidy Claim</b>			
<p><b>1 SRP Income</b></p> <p>Our sample testing identified that the Council has used incorrect figures in the calculation of benefits.</p> <p>Training should be provided to all benefit assessors to ensure that the correct figures are being identified for SRP.</p>	2	<p>Further work was undertaken in 2015/16 to test the accuracy of SRP income figures used in benefit calculations. Similar issues were identified which were reported in the qualification letter.</p>	
<p><b>2 Earned Income</b></p> <p>Our sample testing identified that the Council has used incorrect earned income figures in the calculation of benefits.</p> <p>Training should be provided to all benefit assessors to ensure that they know how to calculate earned income correctly.</p>	2	<p>Further work was undertaken in 2015/16 to test the accuracy of earned income figures used in benefit calculations. Similar issues were identified which were reported in the qualification letter.</p>	



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