



Annual Report on grants and returns 2016/17

Wiltshire Council

February 2018



Contents

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Page

Headlines	2
Summary of certification work outcomes	4
Fees	7

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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 Darren Gilbert, 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 (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, 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.

Introduction and background

This report summarises the results of work we have carried out on the Council's 2016/17 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 2016/17 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2016/17 Housing Benefit Subsidy claim submitted to the Department for Work & Pensions (DWP). This had a value of £112 million;
- Under separate engagements we issued reports on two claims/returns as listed below:
 - Teachers' Pensions Contributions for the year ended 31 March 2017 with a value of £16 million; and
 - Pooling of Housing Capital Receipts 2016/17 with a value of £3 million.
- Also under a separate engagement, and in accordance with earlier timescales, we issued our report in relation to the Homes & Communities Agency ("HCA" now Homes England) Compliance Audit Checklist for 2017/18.

Certification and assurance results (Pages 4-6)

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 as a result of errors identified in the sample testing of benefit claims relating to:

- the recording of claimant income, costs, rent liability, rent free weeks and claim dates; and
- the calculation and classification of overpayments.

Our work on the other grant assurance engagements resulted in:

- reasonable assurance reports in relation to both the Teachers' Pension Contributions and Pooling of Housing Capital Receipts returns, with no issues being reported; and
- a factual findings report in relation to the HCA Compliance Audit Checklist which highlighted a limited number of issues.

Adjustments were necessary to one of the Council's grants and returns as a result of our certification work this year with the overall value of the Housing Benefit Subsidy claim being increased by £71. It is possible, however, that DWP will apply reductions to subsidy depending on how it resolves the matters identified in our qualification letter

Recommendations

We have made no recommendations to the Council from our 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 Council's benefits team throughout the year. We note that the level of errors identified is reduced from the prior year and the Council already has established arrangements to respond to these matters, for example through staff training and its own on-going quality assurance arrangements.

In addition there were no recommendations raised as a result of the previous years' work on grants and returns.

Headlines (cont.)

Fees (Page 7)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £21,165, which is in line with the indicative fee set by PSAA.

Our fees for the other grant/return engagements were subject to agreement directly with the Council and were:

- £3,000 for the certification of the Teachers' Pensions Contributions Return;
- £3,000 for the certification of the Pooling of Housing Capital Receipts Return;
and
- £2,500 for the completion of the HCA Compliance Audit Checklist.

Summary of reporting outcomes






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

- two were unqualified with no amendment;
- one required a qualification to our audit certificate; and
- one resulting in a factual findings report.

Detailed comments are provided on pages 5 and 6.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2016/17 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 on pages 5-6	Qualified	Significant adjustment	Minor adjustment	Unqualified	Factual Findings Report
Public Sector Audit Appointments regime						
— Housing Benefit Subsidy	1					
Other grant/return engagements						
— Teachers’ Pensions Contributions	2					
— Pooling of Housing Capital Receipts.	3					
— HCA Compliance Audit Checklist	4					
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Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on page 4.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy grant claim</p> <p>As a result of our sample testing of housing benefit claims we identified:</p> <ul style="list-style-type: none"> — Nine errors (from a sample of 180 claims) in relation to the recording of income, costs, rental figures, rent free weeks and claim dates. These resulted in both under and overpayments of benefits; — 21 inaccuracies (from a sample of 180 claims, 60 of which were also part of the above sample) in relation to the identification and classification of overpayments resulting in errors in the level of subsidy being claimed. <p>Whilst the number of errors identified may appear relatively high, representing 10% of the overall sample, the average value of the errors was only £30 per claim compared to average claim values of £3,327. No adjustments were made to the claim in relation to these errors; rather the Department for Work & Pensions will consider the results of this work and decide if any adjustment is required.</p> <p>In addition to the above we identified the following errors where the whole population could be tested and therefore an adjustment could be made:</p> <ul style="list-style-type: none"> — Nine instances where the tenancy type had been incorrectly recorded as Non-HRA but should have been recorded as a private tenancy; — 42 instances where claims had been recorded as backdated incorrectly either because they were not eligible for backdating or because no backdated payments had been made; — Six instances where claims did not include a meal deduction when calculating the claimants rent liability; and — Seven instances where deductions for non-dependents living in the property were incorrect calculated as a result of using incorrect figures for non-dependent earnings. 	£71
2	<p>Teachers' Pensions Contributions</p> <p>No issues identified as a result of our certification work</p>	No Amendment
3	<p>Pooling of Housing Capital Receipts</p> <p>No issues identified as a result of our certification work</p>	No Amendment

Summary of certification work outcomes (cont.)

This table summarises the key issues behind each of the adjustments or qualifications that were identified on page 4.

Ref	Summary observations	Amendment
4	<p>HCA Compliance Audit Checklist</p> <p>As a result of our sample testing of claims we reported that:</p> <ul style="list-style-type: none"> — Dates recorded on the HCA Investment Management System for Planning Consent, Start on Site and Practical completion were inaccurate due to the fact that they were not recorded at the time and the system does not allow retrospective entries; and — The Authority had not formally adopted the 2012 Construction Commitments although we noted that the Authority could demonstrate compliance with the key elements of those commitments. The 2012 Construction Commitments were initially developed for the London 2012 Olympics and are designed to improve construction performance across a range of areas such as design, sustainability, health & safety and procurement. 	<p>No Amendment</p>

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 2016/17 was 27,165.

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 2016/17 of £21,165. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £16,916. The increase in the fee compared to prior year is a result of the way in which Public Sector Appointments Limited calculates the annual fees based upon the outcomes of previous housing benefit certification work.

Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. In relation to Teachers' Pension Contributions and Pooling of Housing Capital Receipts our fees for 2016/17 were the same as those charged in 2015/16. Our fee for the HCA Compliance Audit Checklist was £2,500 with this being the first year of us completing this work for the Authority.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	21,165	16,916
Teachers' Pensions Contributions	3,000	3,000
Pooling of Housing Capital Receipts	3,000	3,000
HCA Compliance Audit Checklist	2,500 ¹	-
Total fee	29,665	22,916

¹ Note that the HCA Compliance Audit Checklist relates to the 2017/18 financial year but is reported here for completeness as our work is already complete.



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