

Certification of claims annual report 2015-16

London Borough of Havering

February 2017

Ernst & Young LLP



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The Members of the Audit Committee
London Borough of Havering
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01 February 2017

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Dear Members

Certification of claims annual report 2015-16 London Borough of Havering

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on the London Borough of Havering's 2015-16 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this claim we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the main issues.

We checked and certified the housing benefits subsidy claim with a total value of £96,376,077. We met the certification deadline of 30 November 2016. No qualification letter was required and no amendment to the claim was needed. This is an improvement over 2014-15 when the previous auditors issued a qualification letter.

Fees for certification and other returns work are summarised in section 2. Fees for the certification of 2015-16 housing benefit subsidy claims were published by the PSAA in March 2015 and are available on the PSAA's website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the March 2017 Audit Committee.

Yours faithfully

Debbie Hanson
Executive Director
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£96,376,077
Amended/Not amended	Not amended
Qualification letter	No
Fee - 2015-16	£15,080
Fee - 2014-15	£21,570

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 housing benefit claim is a high value and complicated claim and many benefit claims subject to audit are amended or qualified, or both, as a result of errors identified. The absence of errors identified in relation to Havering's 2015-16 claim therefore represents good performance.

2. 2015-16 certification fees

The Public Sector Audit Appointments Ltd (PSAA) determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the PSAA in March 2015 and are available on the PSAA's website (www.psa.co.uk).

Claim	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	15,080	15,080	21,570

3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £16,178. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2016-17. Indicative fees for 2016-17 housing benefit subsidy certification work are based on final 2014-15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees and inform the Head of Strategic Finance and Property. We are not proposing a variation to the 2015-16 indicative fee.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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