



# Annual Report on grants and returns 2015/16

**Doncaster Metropolitan Borough Council**

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## Headlines

### 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 £93.3 million
- Under separate assurance engagements we certified 3 claims/returns as listed below.
  - Pooling of Housing Capital Receipts Return
  - Employment Based Initial Teacher Training Grant
  - Teachers' Pension Authority EOYCa Return

### Certification and assurance results (Pages 3-4)

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.

- Evidence required for the testing of 7 Modified Schemes was not retained by the Council; and
- Testing of Modified Scheme cases identified a total of 9 cases where the incorrect War Pensions figures had been used in the calculation of benefit.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year under the separate assurance engagements.

### Recommendations (Page 7)

We have made 1 recommendation to the Council from our work this year and agreed an action plan with officers.

### Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £17,603, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were £9,000 in total.

# Summary of reporting outcomes

Overall, we carried out work on 4 grants and returns:

- 3 were unqualified with no amendment; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2015/16 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
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1	●		●	
<b>Other assurance engagements</b>					
— Pooling of Housing Capital Receipts Return	2				●
— Employment Based Initial Teacher Training Grant	3				●
— Teachers’ Pension Authority EOYCa Return	4				●

# 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><b>Housing Benefits</b></p> <ul style="list-style-type: none"> <li>— During the audit errors were identified due to the misclassification of modified schemes this resulted in the claim being amended. The impact was Modified Schemes were understated by £1,224, Rent Rebates subsidy reduced by £806 and Rent Allowance subsidy by £418.</li> <li>— An error was identified from the initial testing of Modified Schemes cases in cell 225. Because there were only 62 cases in these cells, the Council agreed to test all cases in those cells in order to amend the claim. During this additional testing the Council identified 7 cases where the case files no longer contained all the evidence to support the eligibility of those claimants for the local scheme during the year. In each of these 7 cases, the documents were removed from the system in their seventh year as per the Council’s document retention policy. The Council has written to each of the 7 claimants to ask for permission to reconfirm the amounts with the Service Personnel and Veterans Agency. When the Council receive this confirmation and the resultant data they will update their document imaging system and Northgate system as appropriate.</li> <li>— Testing of Modified Scheme cases identified a total of 9 cases where the incorrect War Pensions figures had been used in the calculation of benefit. In these cases the claimant had no entitlement under the national scheme, but had an entitlement under the Council’s local scheme. Application of the correct war pensions figures to the calculation did not impact the overall entitlement of benefit for the cases under the national scheme since there was a nil entitlement. The errors in processing War Pension amounts in these 9 cases therefore did not affect subsidy and therefore was not classified as an error for subsidy purposes and no amendment was made to the claim. However, the errors demonstrate that there are potential data issues within the system. Currently, the Council does not have a control to assess the quality of data in this area.</li> </ul>	<p>- £1,224</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 2015/16 was £26,603.

### 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 £17,603. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £33,380.

### 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 2015/16 were less than those in 2014/15. The reason for the decrease was a £500 reduction in the Employment Based Initial Teacher Training Grant.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	17,603	33,380
Pooling of Housing Capital Receipts Return	2,750	2,750
Employment Based Initial Teacher Training Grant	3,000	3,500
Teachers' Pension Authority EOYCa Return	3,250	3,250
<b>Total fee</b>	<b>26,603</b>	<b>42,880</b>

# Recommendations

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

Priority rating for recommendations							
<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.		<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.		<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.
Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date		
<b>Housing Benefits</b>							
<b>Modified Schemes</b> Data Quality	As previously documented at page 5, the Council have had issues with the quality and integrity of the data relating to Modified Schemes. Whilst, for 2015/16, the impact is negligible, it demonstrates that the system is not operating correctly.	<b>1</b> We recommend that the Council introduce a control within the system to provide a 'sense check' on the Modified Scheme data. We have already had discussions with officers and are jointly working on a way forward.	<b>3</b>	It has been decided the council will verify all War Pension Cases for 2017, letters were sent week commencing 06/02/17 to all claimants to obtain consent.  Once returned a breakdown will be requested from the Veterans Agency and each case will be closely monitored to make sure a response is obtained.  Uprating will be done on an on-going basis as to whether just non- standard rates or all should be verified.  This will continue to be monitored.	Marian Bolton Head of Revenues and Benefits  June 2017		



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