



Annual Report on grants and returns 2016/17

Doncaster Metropolitan Borough Council

February 2018



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Headlines

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. This had a value of £90.8 million.
- Under separate engagements we issued reports on 3 claims/returns as listed below.
 - Teacher's Pension's Agency Return
 - NCTL Teaching Bursary Return
 - Pooling Capital Receipt 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. The details of the qualifications are outlined on pages 5 and 6.

- There were more issues noted than in previous periods. We note that these issues did not result in an amendment being made to the claim.

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

Recommendations (Page 8)

We have made 2 recommendations to the Council from our work this year and agreed an action plan with officers.

We note that the Council had successfully addressed the one recommendation that was raised in the previous period.

Fees (Page 7)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £25,035, 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 £9,000 in total.

Summary of reporting outcomes





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

- 3 were unqualified with no amendment;
- Housing Benefit Subsidy required a qualification to our audit certificate.

Detailed comments are provided on pages 5 + 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 overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1				
Other grant/return engagements					
— Teacher's Pensions Agency Return	2				
— NCTL Teaching Bursary Return	3				
— Pooling Capital Receipt 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>Housing Benefits Subsidy</p> <ul style="list-style-type: none"> — HRA property in Non-HRA cases — During initial testing it was identified that a HRA property was included in the Non-HRA cases tested. It was identified that the benefit and the subsidy on this case would be the same if transferred into the HRA section of the claim. — A report was produced which suggested that there were no further cases where the property was incorrectly classified. — As there was no impact on Subsidy claimed no further work was completed. — Incorrect earnings in Non-HRA rent rebates — Initial testing identified one case where the incorrect Earnings had been included in the calculation of benefit leading to an overpayment of benefit. — Testing of the remaining seventeen cases which met this criteria was selected, with one further error identified. Although an amendment was possible, the adjustment was made in the system for 17/18 and therefore not adjusted in 16/17 claim. — Incorrect earnings in Rent Allowances — Testing of the initial sample identified one case in which the benefit was underpaid due to an error in value included in the Earned Income as compared to the payslips. — Testing of a further forty cases identified seven further cases with errors in the earnings used in the calculation. Of the seven errors, two led to underpayment of benefit, two had no impact on benefit paid, and three led to overpayment of benefit. — When extrapolated, this gives a potential underpayment of £7,076 which has been included in our qualification letter. — Incorrect classification of overpayments — Testing of the initial sample identified one case in which an overpayment was misclassified as a claimant error when it was a LA error. — Testing of a further forty cases identified eight further cases with classification errors. — When extrapolated, this gives us a potential misclassification error of £44,220 which has been included in our qualification letter 	No Amendments Made

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>Housing Benefits Subsidy</p> <ul style="list-style-type: none"> — Ineligible backdated expenditure in rent allowances — Testing of the initial sample identified one case in which an eligible backdate period had been extended by a week when eligible benefit was due — As the benefit payment was eligible and subsidy was due, there is no impact on subsidy. As there is no impact on subsidy and the error identified where the extended period was extended into the eligible benefit period there can be no impact on Subsidy, therefore no further testing was carried out — Extended payments granted in rent allowances when conditions not met — Testing of the initial sample identified one case in which an extended payment was granted when conditions were not met — Testing of a further forty cases identified no further cases with errors — When extrapolated, this gives us a potential overpayment of £4,385 which has included in our qualification letter — Manual adjustment error in rent allowances — Testing of the initial sample identified one case in which a manual adjustment was made to a notice period resulting in an overstatement — Testing of a further forty cases identified four further cases with errors to the notice period caused by manual adjustments. Of the four errors, one led to underpayment of benefit, and three led to overpayment of benefit. — When extrapolated, this gives us a potential overpayment error of £26,778 which has been included in our qualification letter 	No Amendments Made

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 £34,035.

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 £25,035. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £17,603. The increase in fee reflects the additional work required on the claim following reappraisal of the fee by PSAA.

Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2016/17 were in line with those in 2015/16.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	25,035	17,603
Teacher's Pensions Agency Return	3,250	3,250
NCTL Teaching Bursary Return	3,000	3,000
Pooling Capital Receipt Return	2,750	2,750
Total fee	34,035	26,603

Recommendations

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

Priority rating for recommendations						
<div>1</div> 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.		<div>2</div> 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.		<div>3</div> 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
Theme heading						
Housing Benefits Subsidy Earnings calculations	The testing in the year identified numerous errors in the calculation of earned income in the benefit assessment. This could lead to significant incorrect payments being made to claimants.	<div>1</div>	The Council should provide additional training for their assessors in the calculation of Earned income.	<div>3</div>	The council have reminded staff to take extra care entering the relevant data. We already use a template provided by our software supplier to calculate the earned income for benefit and this greatly reduces the risk of error.	Marian Bolton Head of Revenues and Benefits December 2017

Recommendations

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

Priority rating for recommendations					
<p>1 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>2 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>3 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>	
Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing Benefit Subsidy</p> <p>Overpayments Classifications</p>	<p>The testing of the classification of overpayment identified numerous errors. This could lead to the Authority to claim the incorrect subsidy value from the DWP.</p>	<p>2</p> <p>The Council should provide additional training for their assessors in the assessment as to what was the cause of the overpayment and whether this is reflected correctly in the subsidy claim.</p> <p>The council should consider sample testing the overpayments identified in the subsidy claim.</p>	<p>3</p>	<p>The council have reminded staff to take extra care entering the relevant data and further guidance has been issued to processing staff when applying a rent increase or decrease.</p> <p>In addition to the steps above, a random 2% checking sample is already carried out and high value payments are separately checked. The results of this checking are reviewed and form part of staff performance reviews.</p>	<p>Marian Bolton Head of Revenues and Benefits December 2017</p>



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