

Audit and Performance Committee Report

Decision Maker:	Audit and Performance Committee
Date:	5 February 2020
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2018/19
Financial Summary:	There are no direct financial implications arising from the report.
Report of:	Assistant City Treasurer (Revenue & Benefits)

1. Executive Summary

- 1.1 There is an annual external review of the grants that the City Council claims through a grants certification process. This report provides a summary of the review of the Housing Benefit Subsidy claim for 2018/19.

2. Recommendation

- 2.1 That the report is noted.

3. **Grant Thornton Annual Review**

3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.

3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification process.

3.3 There are three returns / claims separately reviewed by Grant Thornton in relation to the 2018/19 financial year:

- Housing Benefit subsidy claim (£205M)
- Teachers' Pensions return
- Pooling of Housing Capital Receipts return

The work on the Teacher's Pension return and the Pooling of Housing Capital Receipts return is ongoing at the time of writing this report and will be reported to this committee as part of the External Audit committee update report in April 2020.

3.4 The auditors identified a couple of minor errors in relation to manual adjustments and extended payments. Due to the small number of cases within these particular cells within the subsidy claim, the Council / external auditors were able to undertake 100% check of the cell contents. This resulted in a couple of minor amendments between cells on the claim and the creation of some minor overpayments on individual claims, but none of the changes affected the bottom-line amount of subsidy claimed.

3.5 In addition, the auditors found a small number of errors in cells that could not be 100% checked by officers / auditors due to the number of claims within each of the cells. Grant Thornton reported the errors to the DWP in their annual audit letter. The DWP have subsequently confirmed that these issues were not significant enough to affect the Council's subsidy claim or require further action by the Council. Therefore the Council's full claim of £205,392,249 has been accepted by the DWP.

3.7 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (currently 23,000 in WCC) means the vast majority of local authorities will have some errors identified through their annual subsidy claim audit. Whilst the audit can be considered as an acceptable outcome, the Council should continuously try to improve its position and as such the following additional measures are being introduced for the 2019/20 and future subsidy claims:-

- A 100% check of the subsidy cells that can be reviewed in late March before the subsidy claim is submitted.
- Additional training and sample checking in each error where issues were found in the 2018/19 claim.

4. Financial Implications

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 The bottom-line amount of Housing Benefit subsidy claimed for 2018/19 was not adjusted as a result of the audit and the Council's claim of £205,392,249 will be met in full by the DWP.
- 4.3 The overall fee for certification of the Council's claim was £38,000.00

5. Legal Implications

- 5.1 There are no direct legal implications arising from this report.

If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at mhinckley@westminster.gov.uk