

Decision Maker:	Audit and Performance Committee
Date	17 June 2021
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2019/20
Financial Summary:	There are no direct financial implications arising from the report.
Report of:	Director of Revenues & 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 2019/20.

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 2019/20 financial year:
- Housing Benefit subsidy claim (£192.5M)

- 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 has been reported to this committee as part of the External Audit committee update report in March 2021.

- 3.4 This year's audit results were good, with only minor issues identified with earned income calculations and manual adjustments. The few errors found have resulted in minor recalculations between cells within the subsidy claim, and the creation of a few small overpayments on individual cases. None of these changes have affected the bottom-line amount of subsidy that has been claimed.
- 3.5 Due to the small number of manual adjustment cases within the subsidy claim the Council / external auditors were able to undertake 100% check of the cell contents, finding a total of only 5 errors (out of 135 entries). There were just 2 errors identified in earned income assessment testing this year, the first one in initial testing, and then one more once additional testing of a further 40 cases had been completed. None of these changes affected the bottom line amount of subsidy claimed.
- 3.7 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (currently 22,000 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 good outcome, the Council should continuously try to improve its position and as such the following additional measures are being introduced for the 2020/21 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 2019/20 claim.
 - A rolling review of work practices and in-year checking procedures to help identify and correct errors to insure even greater accuracy of future subsidy claims.

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 2019/20 was not adjusted as a result of the audit and the Council's claim of £192,494,157 will be met in full by the DWP.

4.3 The overall fee for certification of the Council's claim was £36,000.00 – a reduction on last year's fee of £38,000.00.

5. Legal Implications

5.1 As this report comes as part of the annual review by external auditors there are no direct legal implications arising from it.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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