

Audit and Performance Committee Report

Decision Maker:	Audit and Performance Committee
Date	6 September 2023
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2021/2022
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 2021/22.

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 2021/22 financial year:

- Housing Benefit subsidy claim (£176 million)
- Teachers' Pensions return.
- Pooling of Housing Capital Receipts return

The Teachers Pension, and the Housing Capital receipts returns are both reviewed by Grant Thornton purely from an assurance perspective. A report is only raised to committee if a significant problem is detected during these two reviews. No problems were found for the 2021/22 financial year.

3.4 This year's audit results were once again good, with only minor issues being identified relating to subsidy claimed on locally agreed War Pensions disregards, and a legacy check on earned income calculations. The few errors found have resulted in minor recalculations between cells within the subsidy claim. The War Pensions subsidy issue resulted in a £0.75p error being detected, resulting in a one-pound adjustment to the subsidy claim (the £0.75p error figure was rounded up to £1.00) .

3.5 Due to the very complex nature of earned income assessments most local authorities will uncover some errors during the auditing process. This has been the case with Westminster, however steady progress has been made in this area. No errors were found during initial testing, and just one error (a small £5 overpayment error) found in the enhanced testing required for types of error found in last year's return. This small error did not affect 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 16,427 housing benefit cases in WCC) means that the vast majority of local authorities will have some errors identified during their annual subsidy claim audit. Whilst the audit can be considered as a good outcome, the Council should continuously try to improve its position and as such the following additional measures are being maintained and/or introduced for the 2022/23 and future subsidy claims:-

- Continued checks of the subsidy cells that can be reviewed in late March before the subsidy claim is submitted, including 100% checks on manual adjustments.
- Changes to the process in which all claims which include a War Pension are now uprated. 100% of these claims are now reviewed and

adjusted manually, instead of being allowed to go through automated updating.

- 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 adjustment to the Council's Housing Benefit subsidy claim for 2021/22 was a one-pound adjustment, and the Council's claim of £175,945,351 should be met in full by the Department for Work and Pensions (DWP).
- 4.3 The overall fee for certification of the Council's claim was £39,000 which is an increase of £3000 from last year. It is understood that this increase was due to increased testing required to meet DWP testing requirements.

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.

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