

Decision Maker:	Audit and Performance Committee
Date	18 July 2024
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2022/23
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 grant certification process. This report provides a summary of the review of the Housing Benefit Subsidy claim for 2022/23.

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 grant's certification process.
- 3.3 There are three returns / claims separately reviewed by Grant Thornton in relation to the 2022/23 financial year:
- Housing Benefit subsidy claim (£171 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 raised to committee only if a significant problem is detected during these two reviews – no problems found this year.)

3.4 This year's Housing Benefit subsidy audit results were excellent, with only minor issues being identified. The few errors that were found have resulted in minor recalculations between cells within the subsidy claim. There were no financial amendments needed to this year's subsidy claim and the report was sent to the DWP with only the minor amendments between cells mentioned above.

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 our claim. However steady progress has been made in this area, which has resulted this year in **no errors** found during initial testing, and just one error found in the forty case 'legacy' check (a small underpayment was identified.). A forty case "legacy" sample review is required by the auditor where an error was found in a cell in the previous financial year's audit. The small error found 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 (Westminster currently has 16,100 live housing benefit cases), means that the vast majority of local authorities will have some errors identified during their annual subsidy claim audit. Whilst this year's 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 2023/24 and future subsidy claims:-

- Continued checking of the subsidy cells in late March before the subsidy claim is submitted, including a 100% check on manual adjustments.
- Continuing a 100% check on all War Pension claims, which are reviewed and adjusted manually.
- A rolling review of work practices and in-year checking procedures to help identify and correct errors.

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 2022/23 was not adjusted from the original report submission, and the Council's claim of £170,856,357 should be met in full by the DWP.

- 4.3 The auditor does not provide a qualified or unqualified statement, as the auditor just performs a set of DWP prescribed tests on the claim. However, it has been confirmed that following receipt of the 2022/23 certified claim, there are no outstanding issues and the Council's claim is accepted by the DWP. The claim has been settled on this basis and therefore is now closed.
- 4.4 The overall fee for certification of the Council's claim was £38,250.00 inc VAT which is a decrease of £8,550.00 from last year's figure. Grant Thornton waived the fee for extra testing this year as the proposed variable rate charges for these tests were not correctly set out in their original quote.

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 please contact: Martin Hinckley on 0207 641 2611 or at mhinckley@westminster.gov.uk