



# Annual Report on grant claims and returns 2016/17

**London Borough of Islington**

—

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# Contents

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	<b>Page</b>
<b>Headlines</b>	<b>3</b>
<b>Summary of certification work outcomes</b>	<b>4</b>
<b>Fees</b>	<b>6</b>
<b>Recommendations</b>	<b>7</b>

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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 returns under separate engagement terms. The work completed in 2016/17 is:

- Under the Public Sector Audit Appointments arrangements we certified the Council's 2016/17 Housing Benefit Subsidy claim.
- Under separate assurance engagements we certified two returns as listed below.
  - Teachers' Pension Return; and
  - Pooling of Housing Capital Receipts.

### Certification and assurance results (Pages 3-4)

Our certification work on Housing Benefit Subsidy 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 qualification. Our 2015/16 audit was not subject to qualification however the previous year's audit were

and given the nature of the claim and value its common in the sector for the claim to be qualified. The claim was qualified due to one error that required 40+ testing however the impact of this was relatively small based on the claim value of

Although we qualified the claim, the impact of this was relatively small based on the claim value of £203 million. The value of actual errors found was £129. An extrapolation of the errors would overstate grant expenditure by £22,959.

Our work on the other grant assurance engagements resulted in unqualified assurance reports for both the Teachers' Pension return and Pooling of Housing Capital Receipts Return.

### Recommendations

We have made one recommendation this year. There were no recommendations raised in the prior year.

### Fees (Page 5)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy claim was £24,912, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and totalled £6,000.

# Summary of reporting outcomes

Overall, we carried out work on three grant claims and returns. All three were certified unqualified without amendment.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2015/16 grant claims 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 is appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1				
<b>Other assurance engagements</b>					
— Teachers’ Pension Return	2				
— Pooling of Housing Capital Receipts Return	3				
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# 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/qualification
1	<p><b>Housing Benefit Subsidy Claim</b></p> <p>Our initial testing of 60 cases identified three errors. Two of these errors were underpayments and as there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as errors for subsidy purposes. We found one error where the Council overpaid benefit as a result of omitting to apply the spare room deduction when the claimant confirmed on the claim form their property had three bedrooms in the property and the requirement was for only two. Our 40+ testing did not identify any further errors however given the nature of the population and the variation in the errors found, we chose to qualify the claim rather than make claim adjustments.</p> <p>Although we qualified the claim, the impact of this was relatively small based on the claim value of £203 million. An extrapolation of the errors was included in our qualification letter, the value of which would have been an overstatement of grant expenditure of £22,959.</p>	Qualification
2	<p><b>Teachers' Pension Return</b></p> <p>The return was submitted to KPMG by the deadline. Following the audit, an amendment of £13,975 was made to the claim. Furthermore, we raised one reporting issue in our opinion. The return guidance requires that <i>'Reporting accountants should confirm the status of teachers in the payroll sample to the employer portal, which holds the pension details of an employer's teachers (which the employer is responsible for reviewing and updating as necessary)'</i>. Our testing of 25 teachers found that for six employees the portal had not been updated and the employee was showing as not employed when our testing confirmed they are active members employed as at 31 March 2017.</p> <p>We raised a recommendation on this matter that has been accepted by management (see page 7).</p>	Amendment and reporting issue required
3	<p><b>Pooling of Housing Capital Receipts</b></p> <p>The return was submitted to KPMG by the deadline. Working papers provided to support the claim were of a good quality and no amendments were required. The claim was therefore certified in advance of the deadline set by the CLG.</p>	No amendments required

## Fees

**Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.**

**Our fees for other assurance engagements on returns are agreed directly with the Council.**

**The overall fees we charged for carrying out all our work on grant claims and returns in 2016/17 was £30,912.**

### 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 £24,912. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £24,912.

### Grants subject to other assurance engagements

The fees for our assurance work on other 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 claim and returns		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	24,912	24,912
Teachers' Pension Return	3,000	3,000
Pooling of Housing Capital Receipts	3,000	3,000
<b>Total fee</b>	<b>30,912</b>	<b>30,912</b>

# Recommendations

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

Priority rating for recommendations		
<p><b>1</b> 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><b>2</b> 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><b>3</b> 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	Priority	Management response
<b>Teachers' Pensions</b>		
<p>Councils are required to ensure the Teachers' Pensions portal is up to date for each teacher. Our testing of 25 teachers found six teachers whose status on the employer portal had them recorded as pensionable. Our testing has confirmed these teachers are all employed by the Council at year end and the portal is therefore incorrect.</p>	<p><b>2</b></p>	<p><b>Accepted</b></p> <p>We acknowledge the issue raised and will be taking action to ensure the portal is updated correctly moving forwards. The issue has partly been due to Pooles Park School having an outsourced payroll function and the data required to update the portal has not been received by the Council. This has been raised with the payroll team in the Council and the outsourced provider Strictly Education to remind them of the correct procedures and to ensure information is submitted on time.</p> <p>Responsible: Payroll team</p> <p>Implementation date: Immediate</p>



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