



# Annual Report on grants and returns 2017/18

**London Borough of Islington**

February 2019



# Contents

## The contacts at KPMG in connection with this report are:

### Neil Hewitson

*Director*

Tel: 0207 311 1791

[neil.hewitson@kpmg.co.uk](mailto:neil.hewitson@kpmg.co.uk)

### Paul Cuttle

*Senior Manager*

Tel: 0207 311 2302

[paul.cuttle@kpmg.co.uk](mailto:paul.cuttle@kpmg.co.uk)

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

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Hewitson, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

### Introduction and background

This report summarises the results of work we have carried out on the Council's 2017/18 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 grants/returns under separate engagement terms. The work completed in 2017/18 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2017/18 Housing Benefit Subsidy claim. This had a value of £195.5 million.
- 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 4-5)

Our certification work on Housing Subsidy Benefit 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 unqualified. Our initial testing of 40 cases identified two errors however management was able to complete testing of all cases in the relevant cells due to their small populations and was able to fully identify all errors and amend the cell. The 2016/17 claim was subject to qualification due to an error that could be fully quantified.

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. We did not identify any amendments or exceptions in relation to the Teachers' Pension return. An adjustment was required as part of the audit of the Pooling of Housing Capital Receipts Return.

### Fees (Page 6)

Our fee for certifying the Council's 2017/18 Housing Benefit Subsidy grant was £24,912, which is in line with the indicative fee set by PSAA.

Our fees for the other grant/return engagements were subject to agreement directly with the Council and were £6,000 in total.

## Summary of reporting outcomes

### Overall, we carried out work on three grants and returns:

- One was unqualified with no amendment;
- Two were unqualified but required some amendment to the final figures; and
- No claims required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2017/18 grants 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 are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment but unqualified	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1			●	
<b>Other grant/return engagements</b>					
— Pooling of Housing Capital Receipts	2			●	
— Teachers’ Pension return	3				●

# 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
1	<p><b>Housing Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>— The claim was submitted to KPMG by the deadline.</li> <li>— The claim was certified without qualification (the claim was subject to qualification in 2016/17).</li> <li>— Two errors were identified in our initial testing of 60 cases both relating to non-HRA overpayments.</li> <li>— For one error (relating to cell 28) management were able to re-check the remaining 66 cases in the cell. A further 14 errors were found. The total value of the amendment was £1,041.</li> <li>— One error was a result of a software issue that following investigation was found to potentially impacted on only 19 cases. The Council reviewed all cases and found that seven cases should be removed from the claim to the value of £14,003.</li> <li>— The claim was therefore certified in advance of the deadline set by the CLG.</li> </ul> <p>The value of the errors total £15,044 is minor compared the total value of the claim of £195.5 million.</p>	(£15,043)
2	<p><b>Teachers' Pension Return</b></p> <ul style="list-style-type: none"> <li>— 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.</li> </ul>	-
3	<p><b>Pooling of Housing Capital Receipts</b></p> <ul style="list-style-type: none"> <li>— The return was submitted to KPMG by the deadline. Working papers provided to support the claim were of a good quality however an amendment was required.</li> <li>— As part of the recent GLA grant bidding process (which took place in 18/19 after the submission of the 17/18 claim) the Council submitted a bid and were award GLA grant in respect of three schemes for which expenditure had been incurred in 17/18. As such expenditure of £362,008 was removed from the claim reducing the cell from £6.4 million to £6 million.</li> <li>— The deadline for submission was delayed from 30 November 2018 to 13 January 2019 by the CLG while certification procedures were agreed but this gave less time for the claim to be certified. The certified claim was submitted to the CLG on the 25 January 2019 because while the audit was completed before the 13 January 2019 the Council was unable to amend the relevant cell. The value in the cell is hardcoded into the claim form and could only be amended by the CLG which resulted in the slight delay.</li> </ul>	(£362,008)

## Fees

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

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

The overall fees we charged for carrying out all our work on grants/returns in 2017/18 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 2016/17 fee for this claim of £24,912.

### Grants subject to other engagements

The fees for our assurance work on other returns are agreed directly with the Council. Our fees for 2017/18 were in line with those in 2016/17.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2017/18 (£)	2016/17 (£)
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>



[kpmg.com/uk](https://kpmg.com/uk)



© 2019 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.