



# Annual Report on grants and returns 2016/17

**Stroud District Council**

January 2018



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

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2016/17 Housing Benefit Subsidy claim. This had a value of £24.1m.
- Under separate assurance engagements we performed work over two claims/returns:
  - The Pooling of Housing Capital Receipts 2016/17 Return to Department for Communities and Local Government (DCLG); and
  - One Housing and Communities Agency (HCA) Compliance report on a specific housing development project.

### 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 work on the other grant assurance engagements resulted in the following findings:

- Our report to DCLG relating to the Pooling of Housing Capital Receipts Return will be qualified as a result of the lack of retained evidence for us to verify the historic 1999 housing valuations used in certain aspects of the return. A similar qualification was also required for the 2014/15 and 2015/16 reports. The original reporting deadline for this return was 30 November 2017 but we have not yet reported due to the Council experiencing technical issues in completing the return in DCLG's Logasnet system. At the time of writing, the Council has liaised with DCLG and successfully completed the return for audit on 4 January 2018, and we expect to be able to conclude our work within the next few weeks (see page 7).
- One audit findings statement to HCA which contained no significant non-compliance issues.

Adjustments were necessary to one of the Council's grants and returns as a result of our certification work this year.

- Adjustment the Housing Benefit Subsidy Claim to three of the in-year reconciliation cells which did not reconcile through to the headline cells – net impact on claim £45 subsidy reduction.

### Recommendations (Page 7)

We have made one recommendation to the Council from our work this year and agreed an action plan with officers. There were no recommendations arising from previous years' work on grants and returns.

### Fees (Page 6)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £7,590, 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: £3,000 for the Pooling of Housing Capital Receipts return and £2,000 for the HCA compliance report.

# Summary of reporting outcomes






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

- One was unqualified with no amendment;
- One was unqualified but required some amendment to the final figures; and
- One will require 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 2016/17 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	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy					
<b>Other grant/return engagements</b>					
— Pooling of Housing Capital Receipts Return 2016/17					
— HCA Compliance report					
		<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>

# 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>Pooling of Housing Capital Receipts Return 2016/17</b></p> <ul style="list-style-type: none"> <li>— The return will be qualified as a result of our inability to perform the test to agree a sample of Right to Buy disposals included in the quarterly 'input data' worksheet to confirm that the archetypes and 1999 valuations have been recorded correctly, as the relevant prime housing records used to populate the Council's housing records spreadsheet could not be located by the Council.</li> <li>— This qualification was also applied to the 2014/15 and 2015/16 return.</li> <li>— The original reporting deadline for this return was 30 November 2017 but we have not yet reported due to the Council experiencing technical issues in completing the return in DCLG's Logasnet system. At the time of writing, the Council has liaised with DCLG and successfully managed to complete the return, and we expect to be able to conclude our work within the next few weeks (see page 7).</li> </ul>	N/A

## 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 2016/17 was £12,590.

### 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 £7,590. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £9,900.

### Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2016/17 were in line with those in 2015/16 except for the HCA audit as we had two projects to test in 2016 and one in 2017.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	7,590	9,900
Pooling of Housing Capital Receipts Return	3,000	3,000
HCA Compliance reports (2017: 1, 2016: 2)	2,000	3,500
<b>Total fee</b>	<b>12,590</b>	<b>16,400</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	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<b>Pooling of Housing Capital Receipts</b>					
<p><b>Logasnet system issue</b></p> <p>We are currently unable to report on the DCLG Pooling of Housing Capital Receipts return due to technical issues which are preventing the Authority from completing the return correctly in DCLG's Logasnet system</p>	<p>Without resolution of this issue, we will be unable to complete this reporting.</p>	<p><b>1</b> Liaise with DCLG to enable completion of an accurate report as soon as possible to enable timely reporting.</p> <p>Logasnet is due to be decommissioned in Spring 2018 and so the issue must be resolved prior to decommissioning (also allowing sufficient time for test once the system return is populated).</p>	<p><b>2</b></p>	<p>We have liaised with DCLG and have successfully completed the Logasnet return on 4 January 2018.</p> <p>This should now allow KPMG to conclude their testing in early 2018.</p>	<p>Lucy Clothier, January 2018</p>



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