



# Annual Report on Grants and Returns 2017/18

**Stroud  
District  
Council**

—

14 January  
2019



# Summary for Audit & Standards Committee

## Introduction & background

This report summarises the results of work we have carried out on the Authority'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 Authority's 2017/18 Housing Benefit Subsidy claim. This had a value of £22.7m. This is the final year in where the Housing Benefit Subsidy claim will be covered by the Public Sector Audit Appointments arrangements. In future years the Council will directly engage a provide to deliver the National Audit Office's Housing Benefits Assurance Process.
- Under separate engagements we issued reports on one return:
  - Pooling of Housing Capital Receipts – value of £2.6m

## Certification & assurance results

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 Pooling of Housing Capital Receipts engagement was to carry out agreed upon procedures set by the Ministry of Housing, Communities and Local Government. We identified no exceptions and reported on 11 January 2019.

# Summary for Audit & Standards Committee (cont.)

## Recommendations

We have made one low priority recommendation to the Authority from our work this year.

In addition the recommendation raised as a result of the previous year's work was closed satisfactorily this year.

See further details on pages 3-4.

## Fees

Our fee for certifying the Authority's 2017/18 Housing Benefit Subsidy grant was £9,900, which is the same as the indicative fee set by PSAA.

Our fees for the other grant and return engagements were subject to agreement directly with the Authority and were £3,000.

See further details on page 7.

# Summary of reporting outcomes

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

- 1 was unqualified with no amendment;
- 1 was unqualified but required a minor amendment to the final figures.

Detailed comments are provided on page 4.

Detailed below is a summary of the reporting outcomes from our work on the Authority'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 Authority'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 Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments on page 4	Qualified	Significant Adjustment	Minor Adjustment	Unqualified	Factual Findings Report
<b>Public Sector Audit Appointments Regime:</b>						
— Housing Benefit Subsidy	1					
<b>Other grant/return engagements:</b>						
— Pooling of Housing Capital Receipts	-					
<b>Total</b>		-	-	1	2	1

# Summary of certification outcomes

We have summarised below the key findings arising from our work in relation to each claim or return in relation to which we have provided certification services.

Ref	Summary of observations	Amendment
1	<p><b>Housing Benefit Subsidy Clam</b></p> <ul style="list-style-type: none"> <li>— One amendment was required to allocate board and lodging where the LA is the landlord correctly across cells 12 and 13 (above and below the one bedroom self-contained BRMA rate)</li> <li>— This amendment is a reoccurrence of an issue that was identified in previous audits although it has not been an issue in the last two years.</li> </ul>	£10,556
2	— <b>Pooling of Housing Capital Receipts</b>	£nil

# Recommendations

We have raised one recommendations as a result of our certification work over grants and returns in 2017/18.

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

## Priority Rating for Recommendations

<b>1</b>	<p><b>Priority One:</b> Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> <p>Recommendations Raised: nil</p>	<b>2</b>	<p><b>Priority Two:</b> Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> <p>Recommendations Raised: nil</p>	<b>3</b>	<p><b>Priority Three:</b> Issues that would, if corrected, improve the internal control 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> <p>Recommendations Raised: one</p>
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No.	Risk	Issue & Recommendation	Management Response
3	1	<p>One amendment was required to allocate board and lodging where the LA is the landlord correctly across cells 12 and 13 (above and below the one bedroom self-contained BRMA rate).</p> <p>This amendment is a reoccurrence of an issue that was identified in previous audits although it has not been an issue in the last two years.</p> <p><b>Risk</b></p> <p>Failure to identify this error results in additional time and cost in making the amendment at the time of the certification work.</p> <p><b>Recommendation</b></p> <p>Review procedures for the preparation of the subsidy form to build in a review of these cells in respect of this error.</p>	<p>This was an issue we identified, which arose with the Housing Advice Team looking much further afield for temporary accommodation. The postcodes were out of area AND properties new to placement</p> <p>Having identified this, we have built the solution (an update in BRMA fields) into doing the assessment of temps accommodation. We have also built this into the subsidy checking as a double check.</p>

# Prior year recommendations

We made one recommendation in our 2016/17 Certification of Grants and Returns Annual Report. Where recommendations have not yet been implemented fully we have detailed their current status below.

## Number of recommendations that were

Included in the original report	1
Implemented in year or superseded	1
Outstanding at the time of our interim audit	-

No.	Risk	Issue & Recommendation	Management Response	Status as at 13 January 2019
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1	2	<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><b>Risk</b></p> <p>Without resolution of this issue, we will be unable to complete this reporting.</p> <p><b>Recommendation</b></p> <p>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>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><b>Responsible Officer</b></p> <p>Lucy Clothier</p> <p><b>Implementation Deadline</b></p> <p>January 2018</p>	<p>Closed</p> <p>The return was reported on in January 2018.</p>
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# Fees

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

**Our fees for other assurance engagements on grants and returns are agreed directly with the Authority.**

**The overall fees we charged for carrying out all our work on grants and returns in 2017/18 was £12,900.**

## Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Authority's Housing Benefit Subsidy claim in 2017/18 of £9,900. Our actual fee was the same as the indicative fee, and this compares to the 2016/17 fee for this claim of £7,590.

## Grants subject to other engagements

The fees for our work on other grants and returns are agreed directly with the Authority. Our fees for 2017/18 were the same as those in 2016/17.

## Breakdown of fees for grants and returns work

Grant / Return	2017-18 Fee £	2016-17 Fee £
<b>Public Sector Audit Appointments Regime:</b>		
— Housing Benefit Subsidy Claim	9,900	7,590
<b>Other grant/return engagements:</b>		
— Pooling of Housing Capital Receipts	3,000	3,000
— HCA Compliance Reports	-	2,000
<b>Total certification fees for the Authority</b>	<b>12,900</b>	<b>12,590</b>





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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 Ian Pennington, 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, by email to [Andrew.Sayers@kpmg.co.uk](mailto:Andrew.Sayers@kpmg.co.uk). After this, 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.

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