



# Annual Report on grants and returns 2017/18

**Sheffield City Council**

November 2019



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### 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 £182.1 million.
- Under separate assurance engagements we certified two returns and one arrangement as listed below.
  - Pooling Capital Receipts;
  - Teachers' Pension Return; and
  - SFA subcontracting arrangements.

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### 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 subject to a qualification letter. In summary we qualified on 4 issues and raised 5 observations. Detail can be found on page 5. We note that the Housing Benefit Subsidy claim is large and complex, therefore it is not unusual for us to identify issues. We understand from management that the Department has accepted the claim without need for follow up or amendment to the grant payable.

Our work on the Teachers Pension Return, the Pooling Capital Receipts Return and the SFA subcontracting arrangements were unqualified.

A total of five adjustments were necessary to the Housing Benefit Subsidy Claim. These adjustments totalled: £74,348.

No further adjustments were necessary to the Council's grants and returns as a result of our certification work this year.

### Recommendations (Pages 7 – 8)

We have made 2 recommendations to the Council from our work this year and agreed an action plan with officers.

In addition there were 4 recommendations outstanding from previous years' work on grants and returns.

### Fees (Page 6)

Our fee for certifying the Council's 2017/18 Housing Benefit Subsidy grant was £30,025, which is in line with the indicative fee set by PSAA. A further fee of £5,317 was agreed with the Council and PSAA due to additional work required to be undertaken.

Our fees for the other grant/return engagements were subject to agreement directly with the Council and totalled £13,000 (prior period £12,000).

# Summary of reporting outcomes

Overall, we carried out work on 4 grants and returns:

- 3 were unqualified with no amendment; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

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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 possible that the relevant grant paying body might require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. However, we understand that the Department has confirmed to the Council that the claim has been accepted with no loss of grant.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments regime</b>					
— Housing Benefit Subsidy	1	●		●	
<b>Other grant/return engagements</b>					
— Teacher’s Pensions Agency Return	2				●
— Pooling Capital Receipt Return	3				●
— SFA Subcontracting	4				●

# 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.

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Ref	Summary observations	Amendment
1	<p><b>Housing Benefits Subsidy Claim</b></p> <p><b>Qualifications</b></p> <p>We reported a total of 5 qualifications in our letter dated 30<sup>th</sup> November 2018.</p> <ol style="list-style-type: none"> <li>Rent Rebates - we reported two issues as follows:                             <ul style="list-style-type: none"> <li>Benefit had been overpaid as a result of the Authority inputting ineligible rent charges into the benefit calculation incorrectly. Total extrapolated error of £6.</li> <li>The earned income had been calculated incorrectly in the benefit calculation resulting in both under and overpayment of benefit. This is the fourth year we have reported this issue and the total extrapolated error was £31,568.</li> </ul> </li> <li>Rent Allowances – we reported three issues as follows:                             <ul style="list-style-type: none"> <li>The additional earnings disregard had been incorrectly applied to the benefit calculation, which resulted in overpayment of benefit in one case. This is the second year we have reported this issue and the total extrapolated impact reported was £85.</li> <li>Child care costs had been miscalculated resulting in both under and overpayments of subsidy. This is the first year we have reported this issue. Total extrapolated impact reported was £25,328.</li> <li>The earned income had been calculated incorrectly in the benefit calculation resulting in both overpayment and underpayment of benefit. This is the fourth year we have reported this issue and the total extrapolated error was £17,361.</li> </ul> </li> </ol> <p><b>Observations</b></p> <p>We reported a total of 1 observation in our letter dated 30<sup>th</sup> November 2018.</p> <ol style="list-style-type: none"> <li>There were a total of 5 identified cases whereby a case had moved from being standard to passported on the incorrect date. No errors impacting subsidy were identified.</li> </ol>	<p><b>Total amendment / extrapolated impact was £74,348</b></p>

## 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.

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### 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 2017/18 of £30,025. Our actual fee is higher than the indicative fee at £35,342, and this compares to the 2016/17 fee for this claim of £23,262. As a result of audit findings and additional testing that was required to be carried out we have agreed an additional fee of £5,317 with the Council. This additional fee was approved by PSAA.

### Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2017/18 saw a small increase on those from 2016/17.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2017/18 (£)	2016/17 (£)
Housing Benefit Subsidy claim	35,342	23,262
Teacher's Pensions Agency Return	3,250	3,250
Pooling Capital Receipt Return	3,750	2,750
SFA subcontracting arrangements	6,000	6,000
<b>Total fee</b>	<b>48,342</b>	<b>35,262</b>

# Recommendations

We did not make any recommendations in relation to our 2017/18 work.

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# Prior year recommendations

We made 2 recommendations in our 2016/17 Certification of Grants and Returns Annual Report. We are pleased to report that no similar issues have been identified in the 2017/18 period with recommendations having been implemented.



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