



Ryedale District Council

Certification of claims and returns 2014/15

Annual Report

January 2016

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# Executive summary

We have pleasure in setting out in this document our report to the Overview and Scrutiny Committee of Ryedale District Council (“the Council”) on our certification work for the year ended 31 March 2015. This report summarises the principal matters that have arisen from our work. It is not intended to be exhaustive but highlights the most significant matters to which we would like to bring your attention.

This year only one item has required certification, being the housing benefit subsidy claim.

Our testing revealed a number of minor errors of both underpayment and overpayment of benefit, across both types of benefit. The individual errors ranged from £113 to £2,546. Overall the claim adjustments increased the amount of subsidy claimed by £59. A qualification letter was submitted to the Department for Work and Pensions (“DWP”) setting out the various errors found.

Given the nature of the benefits system, with a high volume of low value transactions, there will always be an element of human error. None of the errors found highlight any significant control weaknesses.

There is a risk that the errors noted in the qualification letter could be used by DWP to reclaim an element of subsidy so it is important to understand and address the errors found.

More detail on our testing and the errors noted can be found in section 3 and our specific recommendations can be found in section 4.

# 1. Grant claims and returns certified for 2014/15

The following claim has been certified and delivered to the appropriate authority within the relevant deadline:

<b>Claim</b>	<b>Value of Claim</b>	<b>Date received</b>	<b>Date certified</b>	<b>Certification deadline</b>	<b>Adjustments required</b>	<b>Qualification letter issued</b>
Housing benefit subsidy	£12m	28/07/15	26/11/15	30/11/15	Yes	Yes

## Notes

- Section 2 provides details of adjustments and qualifications required.
- An analysis of certification fees is shown in Appendix 1 to this letter.

## 2. Adjustments and qualification letter issued

The following adjustments have been made prior to certification by the auditor and a qualification letter has been issued.

### **Adjustments**

The housing benefit subsidy claim required some minor adjustments which gave rise to an increase of £59 in benefit subsidy claimed - see section 3 for commentary.

### **Qualification letter issued**

A letter was issued in respect of the housing benefit subsidy claim. Four different categories of error were reported in this year's letter to the Department for Work and Pensions (2013/14: four categories). No errors were extrapolated as all of the errors found resulted in underpayment of benefit or had no impact on the amount of benefit paid.

# 3. Commentary on housing benefit subsidy claim

## Certification approach

- Certification instruction BEN01, issued by the Audit Commission, was followed and using the HBCOUNT 2015 instructions, a Modular Approach was used to certify the claim. A planning meeting was held with key Council benefits staff in April 2015.
- The “system parameters” specified by the National Audit Office (ie this year’s benefit rates and allowances) were agreed to those in use at the Council.
- Electronic workbooks supplied by the Audit Commission were used to test a sample of cases for each of the two relevant benefit types (non-HRA rent rebates and rent allowances) for the Council. A sample of 20 was used for rent allowances and 15 for non-HRA rent rebates as a result of the small population for this type of benefit.
- Where errors are found in our initial testing, the certification instructions require extended testing of a further 40 cases (for populations over 100 cases) or 100% of cases (for populations under 100 cases) in the specific area of the error. Extended testing is performed in each instance where an initial error is found, and where prior year errors were found. This year seven sets of extended testing were performed (2013/14: eight sets).
- A review of the Northgate software controls was also performed.
- Our initial testing noted one error on Non HRA Rent Rebates. No errors were noted in the Rent Allowance initial testing. (2013/14: 35 cases - two errors).
- As a result of the error found in our initial testing, extended testing was required and one further error was noted (2013/14: 9 errors).
- All of the errors found resulted in either an underpayment of benefit or no impact on the amount of benefit paid. The underpayments ranged from £113 to £2,536. Both of these errors were as a result of the incorrect eligible rent being recorded on Northgate.

# 4. Observations and recommendations arising from our certification work

## **Housing benefit subsidy claim**

- Prior to completion of the 2015/16 claim, the Authority should seek to deliver training to all benefits staff to emphasise the importance of the issues raised in Section 3 above in order to reduce the potential for error; and
- The Authority should continue to further enhance its control environment to ensure that errors of a similar nature to those identified in the current claim and set out in Section 3 above, are minimised going forward.

## 5. Closing remarks

This report has been discussed and agreed with the Corporate Director of the Council. A copy of the report will be presented at the next Overview and Scrutiny Committee meeting.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the certification work.

A handwritten signature in blue ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

**Deloitte LLP**

Chartered Accountants

8<sup>th</sup> January 2016

*The matters raised in this report are only those that came to our attention during our certification work and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the certification methodologies as they are derived solely from the Audit Commission.*

*This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.*



# Appendix 1: Analysis of certification fees

Claim or return	2015/16 £'000	2014/15 £'000
Housing benefit subsidy claim	16.2	16.2
<b>Total</b>	<b>16.2</b>	<b>16.2</b>

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