

**Certification of
claims and returns
annual report
2017/18**

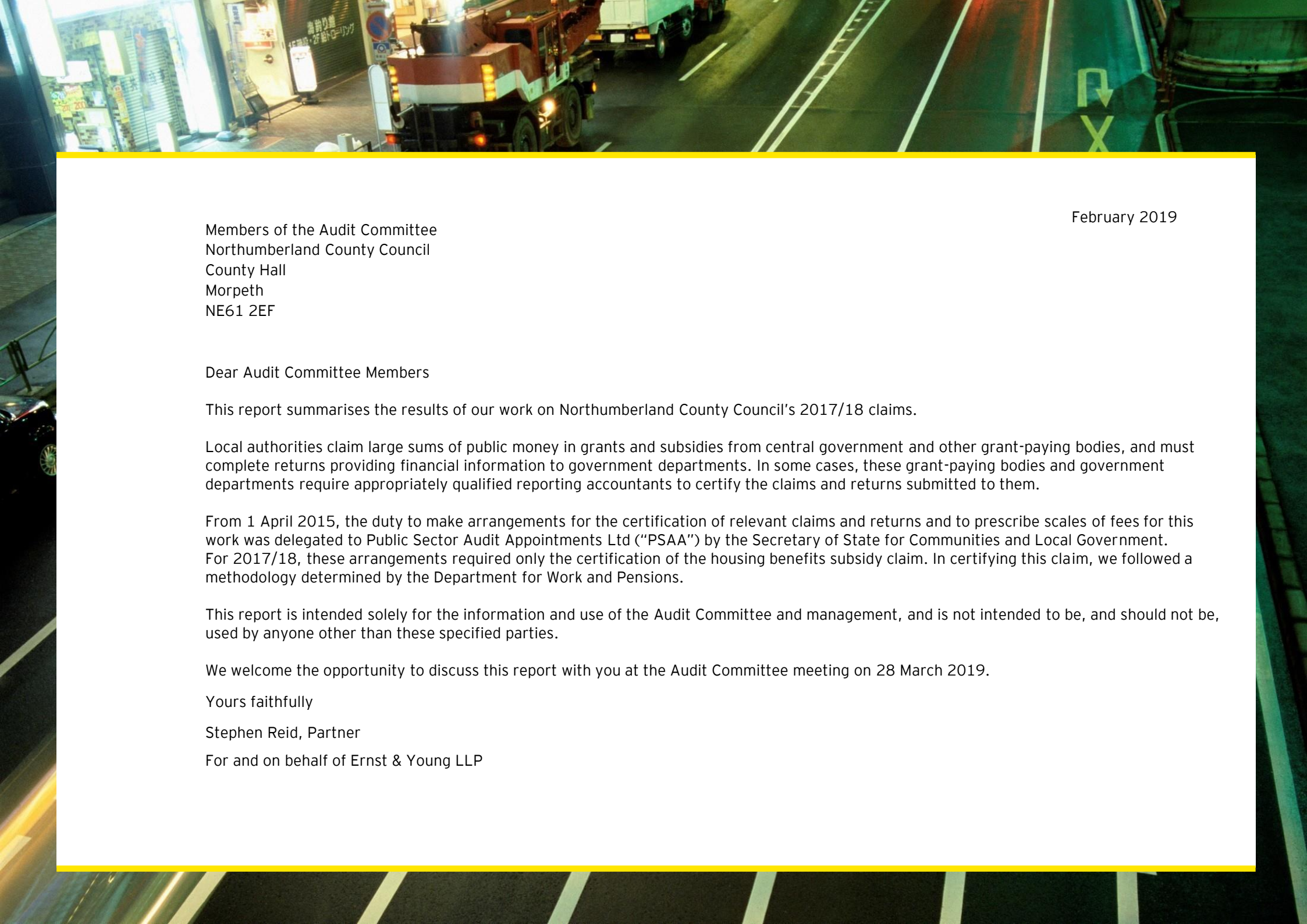
Northumberland County Council

February 2019



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February 2019

Members of the Audit Committee
Northumberland County Council
County Hall
Morpeth
NE61 2EF

Dear Audit Committee Members

This report summarises the results of our work on Northumberland County Council's 2017/18 claims.

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies, and must complete returns providing financial information to government departments. In some cases, these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd ("PSAA") by the Secretary of State for Communities and Local Government. For 2017/18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this claim, we followed a methodology determined by the Department for Work and Pensions.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Audit Committee meeting on 28 March 2019.

Yours faithfully

Stephen Reid, Partner

For and on behalf of Ernst & Young LLP

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This report is made solely to the Audit Committee and management of Northumberland County Council. Our work has been undertaken so that we might state to the Audit Committee and management of Northumberland County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Audit Committee and management of Northumberland County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£81,764,834
Amended/Not amended	No
Qualification letter	Yes
Fee - 2017/18	£9,341
Fee - 2016/17	£9,900

Recommendations from 2016/17	Findings in 2017/18
No recommendations were made as part of the 2016/17 testing that was performed.	Testing of our initial sample identified one case where benefit had been underpaid as a result of an uprating parameter being applied to the value of the pension used in the benefit calculation, rather than using the more up to date direct evidence of pension payments received.

Local government administers the government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions ("DWP") towards the cost of benefits paid.

The certification guidance requires reporting accountants to follow a programme of work specified by DWP.

Detailed case testing is carried out on an initial sample of 20 cases per benefit type.

More extensive '40+' or extended testing is carried out if the initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years' claims. As the error identified as part of our initial sample testing could have resulted in an underpayment or overpayment we tested a further 40 cases to check that the correct pensions values had been used in the calculations. No further errors or exceptions were identified as part of this work.



02

Other assurance work





Other assurance work

Certification of Teachers' Pensions Return and Pooling of Housing Capital Receipts Return

For 2017/18, we also acted as reporting accountant in relation to the Council's Teachers' Pension and Pooling of Housing Capital Receipts returns.

We provided separate reports to the Council in relation to these returns. This work was undertaken outside of the PSAA regime. The fees for this certification work are included in Section 3. It is referred to here to ensure members have a full understanding of the returns on which we provide some form of assurance.

During the review, we identified three findings which were reported to Teachers' Pensions:

1. Minor arithmetical differences were identified when we recalculated the employer and teachers' contribution values disclosed in the claim form. Our understanding is that these arithmetical differences arise as the calculation of contributions in the payroll system is on an individual basis whereas the recalculation is performed on total pensionable pay in the return.
2. As part of our testing of additional pension payments made by individuals we identified one individual where pension deductions were understated by £356.70 as a result of one element of pensionable pay being excluded from the calculations for this individual. Management reviewed the remaining population of additional pension payments and identified a further understatement of £707.45 in the return.
3. We identified two individuals where additional pension payments were incorrectly classified on the return as the payroll reports were unable to split out those individuals who had elected to make additional contributions prior to 1 January 2007 from those that made the election post 1 January 2007. Management intend to revisit the reporting process as part of the new systems implementation.

We had no findings to report in relation to the Pooling of Housing Capital Receipts Return.



03

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by PSAA and are available on their website (www.psaa.co.uk).

Claim or return	2017/18	2017/18	2016/17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	9,341	9,341	10,674
Teachers Pension Return*	£2,463	-	£5,000
Pooling of Housing Capital Receipts Return*	£2,463	-	£5,000

*Certification fees in respect of these returns are outside of the PSAA regime.



04

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that from 2018/19 management has appointed us to act as reporting accountant in relation to the Housing Benefit assurance process.

We welcome this opportunity to continue undertaking this work for the Council, providing a seamless quality service, drawing on our vast array of experienced and knowledgeable public sector professionals, whilst realising the efficiencies that are achieved by undertaking both the audit and grant work.

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