



## AUDIT & GOVERNANCE COMMITTEE

Thursday, 15 March 2018

### CERTIFICATION OF CLAIMS AND RETURNS 2016/17 (REP1653)

#### EXECUTIVE SUMMARY

1. Ernst and Young's report summarises the results of their certification work on the Council's claims and returns.
2. The report shows that the Council's housing benefit subsidy claim totalled £36,723,748. An indicative audit fee of £16,740 was set for this work, but the actual fee is £7,330 higher at £24,070 due to five lots of additional 40+ testing need to be completed compared to two lot of additional 40+ testing last year. The audit fee for 2015/16 was £8,351.
3. Section One of the report details the findings from Ernst and Young's work. Section Two of the report details the 2016/17 certification fee and provides further explanation for the fee charged.
4. Section Three of the report states that the indicative fee for 2017/18 has been set by Public Sector Audit Appointments Ltd at £11,015.

Is the report Open or Exempt?	Open
<b>Wards Affected:</b>	All Wards in the District
<b>Cabinet Member:</b>	Councillor Bruce Provan Cabinet Member for Resources
<b>Supporting Officer:</b>	Homira Javadi Chief Finance Officer 01394 444529 <a href="mailto:homira.javadi@eastsoffolk.gov.uk">homira.javadi@eastsoffolk.gov.uk</a>

## **1 INTRODUCTION**

- 1.1 Each year, the Council's External Auditors outline the results of their certification of the Council's housing benefit subsidy claim. The purpose of this report is to provide the Committee with the significant issues arising from Ernst and Young's work.

## **2 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?**

- 2.1 There is no direct link to the East Suffolk Business Plan, but the Secretary of State for Communities and Local Government delegated to the Public Sector Audit Appointments Ltd (PSAA) from 1<sup>st</sup> April 2015 the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work. These arrangements required only the certification of the housing benefit subsidy claim.

## **3 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 3.1 Section One of the report details significant findings from Ernst and Young's work, which has resulted in a qualification letter being issued and the claim being amended, resulting in £402 reduction in subsidy due to the Council.
- 3.2 The overall proposed audit fee for 2016/17 is £24,070, which represents an increase in audit fee of £7,330 compared to the indicative audit fee proposed for 2016/17 of £16,740. The reason for the additional fee is a result of five lots of additional 40+ testing being required this year compared to only two lot of 40+ testing last year. In addition, the volume and complexity of fails in the 40+ testing was high with a total of 29 fails.
- 3.3 Section Two of the report explains that the 2016/17 fee should be compared to the 2014/15 fee, which was the fee used by the PSAA to calculate the 2016/17 indicative fee with a 25% reduction.
- 3.4 The 2014/15 fee was £22,320 and when the actual 2016/17 fee is compared, it presents an increase of £1,750 or 7.84%.

## **4 OTHER KEY ISSUES**

- 4.1 Ernst and Young raised no recommendations this year, which is the fourth financial year running.
- 4.2 Section Three of the report details the indicative audit fee for 2017/18. This is the third certification fee set by Public Sector Audit Appointments Ltd, following the closure of the Audit Commission. The indicative fee has been set as £11,015.

## **5 CONSULTATION**

- 5.1 There have been ongoing updates during the financial year with the Audit team and key stakeholders.

## **6 OTHER OPTIONS CONSIDERED**

- 6.1 No other options have been considered.

## **7 REASON FOR RECOMMENDATION**

- 7.1 To provide the Committee with the results of Ernst and Young LLP's work on certifying the Council's claims and returns.

**RECOMMENDATION**

That the Committee notes the findings from Ernst and Young LLP's work on certifying the Council's claims and returns.

**APPENDICES****Appendix A**

Certification of Claims and Returns Annual Report 2016/17

**BACKGROUND PAPERS (none)**