

AUDIT AND GOVERNANCE COMMITTEEThursday, 7th March 2019**CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18 (REP1795)****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 £31,044,514. An indicative audit fee of £11,015 was set for this work, but the actual fee is £9,869 higher at £20,884 due to five lots of additional 40+ testing having to be completed. The audit fee for 2016/17 was £24,070.
3. Section One of the report details the findings from Ernst and Young's work.
4. Section Two refers to the Other Assurance work being completed on the Pooling of Housing Capital Receipts scheme, which at the time of writing this report was still in progress. The indicative fee for this work was £4,000, but it may rise to £4,500 due to the additional work required by the Ministry for Housing, Communities and Local Government.
5. Section Three of the report details the 2017/18 certification fee and provides further explanation for the fees charged.
6. Section Four of the report states that the Council has appointed Ernst and Young to act as reporting accountant in relation to the housing benefit subsidy claim for 2018/19 now that the Public Sector Audit Appointment no longer appoints the auditor in this area or sets the fee.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
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Cabinet Member:	Councillor Bruce Provan Cabinet Member with Responsibility for Resources
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Supporting Officer:	Simon Taylor Chief Finance Officer 01394 444570 simon.taylor@eastsoffolk.gov.uk
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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 THE 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 1st 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.
- 3.2 The overall proposed audit fee for 2017/18 is £20,884, which represents an increase in audit fee of £9,869 compared to the indicative audit fee proposed for 2017/18 of £11,015. The 2017/18 audit fee was always going to increase above the indicative fee due to five areas requiring additional 40% testing during 2016/17, as these have to be retested automatically. The 2016/17 audit fee was £24,070 therefore the 2017/18 audit fee has reduced by £3,186 compared to last years errors identified.
- 3.3 Section Two of the report explains that Ernst and Young have carried our Other Assurance work on the Council's Pooling of Housing Capital Receipts. The agreed audit fee for this work was £4,000, but this audit fee was agreed before MHCLG published their work requirement on the claim, which is substantially more than previous years. Ernst and Young have stated that the audit fee may need to increase to £4,500.

4 OTHER KEY ISSUES

- 4.1 Ernst and Young raised no recommendations this year, which is the fifth financial year running.
- 4.2 Section Four of the report details that the Council has appointed Ernst and Young to act as reporting accountant in relation to the housing benefit subsidy claim for 2018/19 now that the Public Sector Audit Appointment Ltd no longer appoints the auditor in this area or sets the fee.

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 2017/18

BACKGROUND PAPERS (none)