



Annual Report on grants and returns 2015/16

Blackpool Council

February 2017



Contents

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Page

Headlines

3

Summary of certification work outcomes

4

Fees

6

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Headlines

Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 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 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £84.6 million.
- Under separate assurance engagements we certified four claims/returns as listed below:
 - DCLG Pooling of Housing Capital Receipts.
 - Teachers' Pension EOYCa return – £14.8 million.
 - SFA Subcontracting arrangements.

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.

- Additional testing had to be performed on the claim because of the incorrect classification of overpayments had occurred in previous years. Testing of 40 cases identified one where the overpayment had been incorrectly classified.
- As it would have been inappropriate to estimate an adjustment to the claim based on this single finding, it was agreed that the claim should remain unaltered, and the error identified reported in a qualification letter.
- This finding is consistent with that in 2014/15.

Our work on the other grant assurance engagements resulted in the following reports:

- The two certificates were issued with no amendments or qualifications being required.
- A number of recommendations were made on the SFA Subcontracting arrangements review, but no opinion was required.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year. This is consistent with prior years.

Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £10,112, which is in line with the indicative fee set by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were £10,845.

Summary of reporting outcomes

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

- Two were unqualified with no amendment.
- None required adjustments to the final figures.
- One required a qualification to our audit certificate.
- One did not require an opinion.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council’s 2015/16 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 likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Adjustment	Unqualified	No opinion issued
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy	1	●			
Other assurance engagements					
— DCLG Pooling of Housing Capital Receipts				●	
— Teachers’ Pension EOYCa return				●	
— SFA Subcontracting arrangements	2				●
		1	0	2	1

Summary of reporting outcomes (cont.)

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy</p> <ul style="list-style-type: none"> — Prior year certification work identified instances where overpayments were incorrectly classified as ‘claimant error, eligible overpayments’. These cases should have been classified as ‘local authority delay or overpayment error’. In 2013/14, four such cases were reported, and while no amendment was made to the claim, the claim was qualified as a result. — Over the last couple of years, the Council has undertaken a number of actions to reduce the number and scale of errors within the claim. This has included: <ul style="list-style-type: none"> – increased staff training; – greater support for staff undertaking work, including an allocated, more experienced colleague, to help answer subsidy queries as they arise; and – more regular and more detailed review of claims processed by staff. — In 2015/16, the errors identified in 2014/15 and previous years required us to undertake testing of an additional 40 cases which contained ‘local authority delay or overpayment’ errors. Testing identified only one case where the overpayment error was identified this year, a result that was consistent with 2014/15, and a significant improvement on prior years. 	<p>£nil</p>
2	<p>SFA Subcontracting arrangements</p> <ul style="list-style-type: none"> — The SFA required us to review the arrangements in place around the Council’s subcontracting arrangements with the Blackpool and the Fylde College and a number of small community based organisation using a standard, SFA-supplied, checklist. — The review identified four medium and 15 low grade recommendations based on partial or non-compliance of the funding rules for subcontracting set by the SFA. — While a large number of recommendations, we noted that four of the sub-contractors were small community based organisations who the Council engaged with to support those learners who could not attend other Council learning centres the Blackpool and the Fylde College. — The Council recognised when engaging with these bodies that a number of requirements would not be by these organisations when commencing the tendering process, and we noted that the Council was working with these bodies to support their development to ensure future compliance with the SFA Funding Requirements. 	<p>£nil</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.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £20,957.

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 2015/16 of £10,112. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £18,210. The higher charge in 2014/15 was also consistent with the indicative fee level, and reflects the greater quantum of work required on a triennial basis.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were in line with those in 2014/15, with inflationary increases only on those claims certified across the two years.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2015/16 (£)	2014/15 (£)
Housing Benefit Subsidy claim	10,112	18,210
DCLG Pooling of Housing Capital Receipts	2,800	2,750
Teachers' Pensions EOYCa return	3,045	3,000
SFA Subcontracting arrangements	5,000	-
HCA Compliance audit	-	1,500
Total fee	20,957	25,460



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