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**Private & confidential**

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Our ref **HDC/tc/16-17grants**

Contact **Sundeep Gill**  
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12 February 2018

Dear Simon

**Harborough District Council - Certification of claims and returns - annual report 2016/17**

Public Sector Audit Appointments requires its external auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for 2016/17.

In 2016/17 we carried out certification work on only one claim, the Housing Benefit Subsidy claim. The certified value of the claim was £11.2 million, and we completed our work and certified the claim on 29 November 2017.

**Matters arising**

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.

As set out below, our certification work on Housing Subsidy Benefit claim resulted in a small amendment of £108 and was subject to a qualification letter.

- The claim was amended to correct one error in respect of the inclusion of incorrect Employment Support Allowance (Contributions) in the benefit entitlement calculations. Following 100% testing of these Rent Allowance cases, undertaken by your officers, an amendment to the claim of £108 was made. This had a nil impact on subsidy claimed by the Authority.

A qualification letter was required, due to a number of issues, as set out below:

- Rent Allowance – Inclusion of incorrect earnings in the benefit entitlement calculations;
- Rent Allowance – Inclusion of incorrect Employment Support Allowance (Contributions) in benefit entitlement calculations; and
- Rent Allowance – Inclusion of incorrect savings credits in benefit entitlement calculations.

Consequently we have made one recommendation to the Authority to improve its claims completion process, which is included in Appendix 1.

In our 2014/15 and 2015/16 Certification Annual Reports we raised one recommendation relating to the improvement of the claim completion process. It remains outstanding at January 2018 and has been included in our 2016/17 recommendation.

### **Certification work fees**

Public Sector Audit Appointments set an indicative fee for our certification work in 2016/17 of £15,668. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £14,335.

Yours sincerely

Tony Crawley  
Director

## Appendix 1 – 2016/17 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
<p>❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	The inclusion of incorrect claimant data included in the benefit entitlement calculations. This is a recurring issue from previous two years.	Review and improve the process for the inclusion of claimant data in the benefit entitlement calculations to reduce the level of errors being repeated in subsequent years.	❷	<p><b>Management Response:</b>            We have following the recent audit discussed this internally and currently preparing an action plan covering earnings which is one of our 'error' areas that has continued for the last couple of years.</p> <p>This will cover:</p> <ul style="list-style-type: none"> <li>• Review 'Real Time Information' procedures;</li> <li>• Undertake training needs analysis;</li> </ul>



				<ul style="list-style-type: none"><li>• Effective date refresher training to include the understanding of a 'material change';</li><li>• Further internal audit checks undertaken; and</li><li>• Benefit Officers to be shown audit workbooks so they understand the impact of errors made.</li></ul> <p><b>Responsible Officer:</b> Business Development and Support Manager at Leicestershire Partnership - Revenues and Benefits.</p> <p><b>Due Date:</b> 30 June 2018</p>
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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.