

# Audit and Performance Committee Report

<b>Decision Maker:</b>	Audit and Performance Committee
<b>Date:</b>	5 February 2019
<b>Classification:</b>	General Release
<b>Title:</b>	External Audit Certification of Claims and Returns Annual Audit 2017/18
<b>Financial Summary:</b>	There are no direct financial implications arising from the report.
<b>Report of:</b>	<b>Assistant City Treasurer (Revenue &amp; Benefits)</b>

## 1. Executive Summary

- 1.1 External Audit annually review the grants that the City Council claims through a grants certification audit. The Council's external auditors (Grant Thornton) require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The Grant Thornton report in relation to the financial year 2017/18 is shown at Appendix A.

## 2. Recommendation

- 2.1 That the Grant Thornton report is noted.

### 3. **Grant Thornton Annual Review**

3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.

3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification audit. Grant Thornton require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.

3.3 There was only one return / claim audited by Grant Thornton in relation to the 2017/18 financial year:

- Housing Benefit subsidy claim (£211M)

The Teacher's Pension claim will be reported to this committee as part of the main Accounts audit report later in the year

3.4 In terms of the Housing Benefit Subsidy claim, Grant Thornton has made one recommendation in this year's report (the full report is shown at Appendix A):

“We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing”.

3.5 The auditors identified a couple of minor errors in relation to manual adjustments, extended payments and uncashed cheques. Due to the small number of cases within these particular cells within the subsidy claim, the Council / external auditors were able to undertake 100% check of the cell contents. The result being an adjustment of £6,373, which equates to a 0.003% adjustment to the overall claim.

3.6 In addition, the auditors found a small number of errors in the Rent and Earned Income cells. The volume of claims making up these particular cells made a 100% check impossible and therefore Grant Thornton reported the errors to the DWP in their annual audit letter. The DWP have subsequently confirmed that the Council's claim is acceptable and no adjustment is required to the claim figure of £211,088,486, i.e. the DWP accepted that the errors were not significant enough to warrant an adjustment to the claim or further action by the City Council.

3.7 The nature and complexity of the Housing Benefit scheme linked to the volume of claims (currently 25,000 in WCC) means the vast majority of local authorities will have some errors identified through their annual subsidy claim audit (this point is confirmed in Grant Thornton's letter at Appendix A). Whilst the audit and subsequent confirmation from the DWP can be considered as an acceptable outcome, the Council should continuously try to improve its

position and as such the following additional measures are being introduced for the 2018/19 and future subsidy claims:-

- A 100% check of the subsidy cells, for manual adjustments, extended payments and uncashed cheques will be undertaken in late March before the subsidy claim is submitted.
- Additional training and sample checking will be undertaken in relation to the use of rent and earned income within the benefit calculation.

#### **4. Financial Implications**

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 The Housing Benefit subsidy claim for 2017/18 was adjusted by £6,373. The adjusted claim for £211,088,486 was submitted and subsequently agreed by the DWP.
- 4.3.1 The overall fee for certification of the Council's claim was £25,386 (a reduction from the previous year cost of £29,880).

#### **5. Legal Implications**

- 5.1 There are no direct legal implications arising from this report.

**If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at [mhinckley@westminster.gov.uk](mailto:mhinckley@westminster.gov.uk)**