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Our ref LBH&F Grants/2013-14

28 January 2015

Dear Jane

### **Certification of claims and returns - annual report 2013/14**

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

<b>Claim/return</b>	<b>Certified value (£)</b>
BEN01 – Housing Benefit subsidy claim	147,362,641
CFB06 – Pooling of Housing Capital Receipts	10,099,806
<b>Total</b>	<b>157,462,447</b>

### **Matters arising**

We certified the pooling of housing capital receipts return unqualified with no amendments. We qualified the housing benefit subsidy claim following amendment by the Council which reduced the subsidy claim by £4,383.

### **Housing benefit subsidy claim**

Following our review of the Housing benefits claim we identified one error in our initial testing relating to cell 011 where the tax credit entitlement was incorrectly applied. Following our additional 40+ testing we identified a further four errors. All the errors resulted in an underclaim of subsidy and there was no amendment made for these errors.

Two amendments to the subsidy claim form were made by the Council. The first related to an incorrect report originally being run to identify the Council's modified schemes. This resulted in the amount of subsidy claimed being reduced by £4,383.

The second amendment was made in order to address an isolated issue regarding a specific type of applicable amount (lone parent protected rate) being incorrectly applied. This had no effect on the amount of subsidy being claimed.

There was one recommendation included in our 2012/13 Certification Annual Report for the Council to review the controls over the accuracy of the information used to calculate housing benefit. Whilst we certified the 2013/14 Housing benefit subsidy claim with a qualification letter, following amendment, the types of errors found were not out of line with other authorities of this size and complexity and therefore we have not raised any further recommendations this year.

### **Certification work fees**

The Audit Commission set an indicative fee for our certification work in 2013/14 of £22,564. Our actual fee for 2013/14 is £34,486 which is higher than the indicative fee but is in line with the 2012/13 fee for these claims of £38,350, as the Housing Benefit Subsidy claim no longer includes the council tax element of the claim. It is our view that the indicative fee for certification of the Housing Benefit subsidy claim did not reflect the amount of work required to certify the claim, the indicative fee is low compared to the amount of work required and the fees charged at comparable authorities of a similar size and complexity.

The details are set out in the table below.

<b>Claim</b>	<b>2013/14 Indicative fee (£)</b>	<b>2013/14 Estimated Final fee (£)</b>	<b>2012/13 Final fee (£)</b>
BEN01 – Housing Benefit subsidy claim	19,752	31,674	36,050
CFB06 – Pooling of Housing Capital Receipts	2,812	2,812	2,300
<b>Total</b>	<b>22,564</b>	<b>34,486</b>	<b>38,350</b>

The 2013/14 final fee is still subject to confirmation by the Audit Commission, and consequently our fee information is presented as ‘estimated’ rather than final.

Yours sincerely

Andrew Sayers  
Partner

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

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.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Sayers, who is the engagement leader to the Authority (telephone 0207 694 8981, e-mail [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk)) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 444 8330.