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Private & confidential

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Our ref Let-CP/2017/FBC/Grts

Contact Christopher Paisley
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Dear Paul

Fylde Borough Council - Certification of claims and returns - annual report 2015/16

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 2015/16.

In 2015/16 we carried out certification work on only one claim/return, the Housing Benefit Subsidy claim. The certified value of the claim was £19.860 million, and we completed our work and certified the claim on 29 November 2016.

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.

Our work identified one issue, which resulted in a qualification to our certification of this claim. Testing of a sample of cases drawn from the Rent Allowances population identified one case where the Authority had calculated claimant earnings incorrectly, based on the prime documents available, resulting in an overpayment of benefit to the claimant. The effect of this error was to overstate cell 102 of the claim form (Total expenditure related to cases not requiring referral to the rent officer) by a total of £12, with a corresponding understatement of cell 113 (LA error and administrative delay overpayments).

Additional testing in line with the PSAA HBCOUNT methodology identified one further instance of this error, which did not result in an overpayment of benefit. Although this error did not impact on the subsidy to be claimed, since we were unable to conclude that the original error identified was isolated within the Rent Allowances population, we certified the claim on 29 November 2016, subject to a qualification letter. Our qualification letter, also dated 29 November 2016, set out our findings in relation to this error in more detail.

Given the nature and value of the errors found, we have made no recommendations to the Council to improve its claims completion process. There were no recommendations made last year and there are no further matters to report to you regarding our certification work.

Certification work fees

Public Sector Audit Appointments set an indicative fee for our certification work in 2015/16 of £7,128. Our actual proposed fee is higher than this indicative fee, at £9,043. The increase compared with the indicative fee is due to additional work required this year in respect of the error outlined above. This included testing of a further sample of cases and the production of a qualification letter, to accompany the certified claim. The proposed fee remains subject to approval by PSAA. This compares to the 2014/15 fee for this claim of £11,610.

Yours sincerely



Amanda Latham
Director



This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

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 Amanda Latham, 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. 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, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.