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**Private & confidential**

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Our ref AB/GBC/Grants

Contact Andrew Bush

28 February 2017

Dear Mike

**Gedling 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 one claim, the Housing Benefit Subsidy claim. The certified value of the claim was £26.9 million, and we completed our work and certified the claim on 30 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 three errors. In one instance we were able to undertake 100% testing over the respective sub-population for the type of error. This allowed us to amend the claim in line with DWP guidance. For the other two errors we undertook further testing of 40 cases for each type of error, the results of which we summarised in a qualification letter to the DWP.

Our testing identified:

- 1 instance where an underpayment recovered against an overpayment in the same period had been offset incorrectly. While the amount paid to the housing benefit claimant was correct, due to a system error, the Authority incorrectly over claimed £31,382 from the DWP. The Authority has amended the claim for this case. We undertook testing of 40 similar cases, which identified 6 further cases where an overpayment figure had an incorrect offset against it, of which 5 resulted in benefit being overpaid (values between £12 - £332). These cases were reviewed to try and establish the cause of the offsetting errors. At present no conclusion can be drawn apart from a suspected bug within the benefits system used by the authority that affects this issue. This issue was reported in our qualification letter to the DWP.
- 1 instance where an overpayment had been incorrectly classified within the housing benefits form. Further testing of 40 cases identified two further similar errors. This issue was reported in our qualification letter to the DWP.
- 1 instance where an incorrect credit had been applied against a prior year overpayment for a B&B case. We were able to undertake a 100% testing over the respective sub-population which did not identify any further errors.

Consequently we have made two 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.

In our 2014/15 Certification Annual Report we raised no recommendations.

### **Certification work fees**

Public Sector Audit Appointments set an indicative fee for our certification work in 2015/16 of £10,562. Our actual fee was the same as the indicative fee, and this compares to the 2014/15 fee for this claim of £13,750.

Yours sincerely



Andrew Bush  
Engagement Lead

## **Appendix 1 - Recommendations**

<b>Priority rating for recommendations</b>		
<b>High</b> <p>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>	<b>Medium</b> <p>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>	<b>Low</b> <p>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>

#	Issue	Recommendation	Priority	Comment/ Responsible officer/ Due date
1	<b><u>High value claims</u></b> <p>Our testing highlighted one claim where the Authority was incorrectly claiming £39,935 for a single rent allowance case, due to a system error. The second highest value case was £16,487 and average value rent allowance case was £3,450.</p>	As part of the subsidy closedown process the Authority should sense check audit trail reports and investigate unusually high value claims before finalising the subsidy claim.	Medium	<p>Agreed.</p> <p>Service Manager - Revenues and Welfare Support</p> <p>08/03/2017</p>
2	<b><u>Training</u></b> <p>Housing benefit regulations are inherently complex by their nature. Currently, the Benefits Manager is primarily responsible for compiling the year-end housing benefit subsidy claim, and consequently most of the subsidy experience and knowledge throughout the Authority rests with this individual, with limited knowledge amongst the wider team.</p>	To support the subsidy closedown, key individuals within the Benefits team should be trained in regards to the subsidy element of the housing benefits claim to improve the wider knowledge, and support the Benefits Manager.	Medium	<p>Agreed. We have already briefed the Benefits Manager on this matter. The two Benefits team leaders and the training officer are being included wherever possible throughout the subsidy process. We are aware that there are alternatives e.g. Civica offer a subsidy completion service.</p> <p>Service Manager - Revenues and Welfare Support</p> <p>08/03/2017.</p>

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 Appointments' website ([www.psaa.co.uk](http://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 Andrew Bush, 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