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# KPMG Annual Report on grants and returns work 2014/15

Gloucester City Council

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<p><b>Introduction and background</b></p>	<p><b>This report summarises the results of work we have carried out on the Council’s 2014/15 grant claims and returns.</b></p> <p><b>This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed for 2014/15 is:</b></p> <ul style="list-style-type: none"> <li>■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council’s 2014/15 Housing Benefit Subsidy claim. This had a value of £46.1 million.</li> <li>■ Under a separate assurance engagement we certified the Pooling of Housing Capital Receipts return. This had a value of £1.26 million.</li> </ul>	<p>-</p>
<p><b>Certification results</b></p>	<p><b>Our work on the Council’s Housing Benefit Subsidy claim was unqualified.</b></p> <p><b>Our work on the Pooling of Housing Capital Receipts return resulted in a qualification letter.</b></p>	<p><b>Pages 3 – 4</b></p>
<p><b>Audit adjustments</b></p>	<p><b>One adjustment was necessary to the Council’s Housing Benefit Subsidy as a result of our certification work this year.</b></p> <ul style="list-style-type: none"> <li>■ Testing of Non-HRA Rent Rebates identified an error in how overpayments were classified between claimant error overpayments and Local Authority error overpayments. Following additional testing, an extrapolated error of £4,214 was calculated and an amendment made to the claim to reduce the figure for claimant error overpayments and increase Local Authority error overpayments. The impact of this was a reduction in the amount of subsidy received of £1,686.</li> </ul>	<p><b>Pages 3 – 4</b></p>
<p><b>Fees</b></p>	<p><b>The indicative fee for our work on the Council’s 2014/15 Housing Benefit Subsidy was set by Public Sector Audit Appointments at £9,390. The actual fee for this work was £9,390.</b></p> <p><b>Our fees for the other ‘assurance’ engagements were subject to agreement directly with the Council and were:</b></p> <ul style="list-style-type: none"> <li>■ £3,000 for the certification of the Pooling of Housing Capital Receipts return.</li> </ul>	<p><b>Page 5</b></p>

## Summary of reporting outcomes

Overall, we carried out work on two grants and returns:

- one was unqualified but required some amendment to the final figures; and
- one required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
<b>Public Sector Audit Appointments arrangements</b>					
■ Housing Benefit Subsidy	1				
<b>Other assurance engagements</b>					
■ Pooling of Housing Capital receipts	2				
		1	0	1	1

## Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	<p><b>Housing Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>Sample testing of Non-HRA Rent Rebates identified an error in how overpayments were classified between claimant error overpayments and LA error overpayments. Following additional testing, an extrapolated error of £4,214 was calculated and an amendment made to the claim to reduce the figure for claimant error overpayments and increase Local Authority error overpayments. The impact of this was a reduction in the amount of subsidy received of £1,686..</li> <li>This issue has not been identified in previous years.</li> </ul>	- £4,214
2	<p><b>Pooling of Housing Capital Receipts</b></p> <ul style="list-style-type: none"> <li>The return was qualified as the relevant prime housing records used to populate the Council's housing records spreadsheet, such as evidence of the number of bedrooms or valuations as at 1999, could not be located by the Council.</li> <li>Our testing did confirm that the return was consistent with the Council's supporting spreadsheet, so the issue is therefore just about the absence of the prime evidence to support these figures.</li> </ul>	-

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2014/15 was £12,390.

### Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2014/15 (£)	2013/14 (£)
Housing Benefit Subsidy claim	9,390	11,364
Pooling of Housing Capital Receipts	3,000	1,186
<b>Total fee</b>	<b>12,390</b>	<b>12,550</b>

### Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £9,390. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £11,364.

### Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2014/15 were more than those in 2013/14. The reason for the increase was a change in the level of work required by DCLG for this year.



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