



Certification of claims and returns annual report 2018/19

Darlington Borough Council

October 2020



EY

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Audit Committee
Darlington Borough Council
Town Hall
Feethams
Darlington
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October 2020

Dear Audit Committee Members

This report summarises the results of our work on Darlington Borough Council's 2018/19 claims.

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies, and must complete returns providing financial information to government departments. In some cases, these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

We acted as reporting accountants for the certification of the housing benefits subsidy claim. In certifying this claim, we followed a methodology determined by the Department for Work and Pensions.

In addition to this, we also acted as reporting accountants in relation to the Council's Teachers' Pensions, Housing Pooling returns and 2018-19 Homes England Compliance Audit Checklist.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Audit Committee meeting on 28 October 2020.

Yours faithfully



Helen Henshaw

For and on behalf of Ernst & Young LLP

Contents



This report is made solely to the Audit Committee and management of Darlington Borough Council. Our work has been undertaken so that we might state to the Audit Committee and management of Darlington Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Audit Committee and management of Darlington Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£33,395,659
Amended/Not amended	Not amended
Qualification letter	Yes
Fee - 2017/18	£8,911
Fee - 2018/19	£8,911

Findings from 2017/18

We set out below the findings from the 2017/18 certification work, along with information as to whether these issues were also identified in 2018/19.

1. Import of ESA income (Rent Allowances)

From our testing performed in 2017/18, we identified one case where ESA Income had been imported into the Housing Benefits system twice in error, and therefore caused an overstatement of the claimant's income, and an underpayment of benefit.

Our testing in 2018/19 did not identify any similar errors.

Findings from 2018/19

We set out below the findings from the 2018/19 certification work.

1. Modified Schemes Non-HRA Rent Rebate

We identified that only one claim was included in this cell, However, the claim had been deleted from the Northgate system and was manually input into the claim form. As a result, we were unable to test this claim. We performed the following testing in relation to the modified schemes for HRA Rent Rebates and Rent Allowances:

- We reconciled the modified schemes disclosed in the claim form for both HRA Rent Rebates and Rent Allowances to the Northgate system without exception.
- We tested a sample of modified schemes for both HRA Rent Rebates and Rent Allowances and identified no exceptions.
- We performed a comparison of all modified schemes disclosed in 2017/18 and 2018/19 in order to identify any potential missing claims. From this, we identified five cases which were included in 2017/18 but not 2018/19. We reviewed all cases, obtained and corroborated appropriate explanations from management as to why these cases were not included in 2018/19.

As a result of the testing detailed above, we are satisfied that there are no similar errors included in the claim form and therefore we have treated this as an isolated error.



02

Other assurance work





Other assurance work

During 2018/19, we also acted as reporting accountants in relation to the following returns:

- ▶ Teachers' Pensions return;
- ▶ 2018-19 Homes England Compliance Audit Checklist; and
- ▶ Housing Pooling return.

We have provided separate reports to the Council in relation to the Teachers' Pension return and Housing Pooling return. The Homes England Compliance Audit Checklist is submitted online via the Homes England IMS portal, and no separate report is therefore made to the Council. The fees for this are included in section 3. They are referred to here to ensure Members have a full understanding of the returns on which we provide some form of assurance.

We did not identify any issues from our certification of the Housing Pooling return or Homes England Compliance Checklist that require reporting to members.

However, during our review of the Teachers' Pensions return, we identified one finding, which was reported to Teachers' Pensions:

1. A number of arithmetical differences were identified when we recalculated the employer and teacher contributions values disclosed in the claim form. Employer contributions were overstated by £1.26 and teachers contributions were understated by £37.89. The Council have confirmed that these differences mainly relate to rounding. For Tier 1 Teachers' Contributions, the difference also includes £37.57 relating to a teacher included on the default rate of 9.6% for one month (due to missing the cut-off for banding), when the Tier 1 rate of 7.4% should have been used. We noted no further issues.



03

2018/19 certification fees





2018/19 certification fees

Claim or return	2017/18	2018/19
	Actual fee £	Actual fee £
Housing benefits subsidy claim	8,911	8,911
Teachers' Pension return	3,200	3,200
Housing Pooling return	3,000	3,000
Homes England Compliance Audit Checklist	N/A	4,000



04

Looking forward



Looking forward

2019/20 and beyond

As your appointed auditor for the financial statements audit, we are pleased that in 2019/20 the Council has also appointed us to act as reporting accountant for the following certification claims:

- Housing Benefit Subsidy Claim.
- Teachers' Pension Return.
- Housing Pooling Return.
- Homes England Compliance Audit Checklist.

We welcome this opportunity to continue undertaking this work for the Council, providing a seamless quality service, drawing on our vast array of experienced and knowledgeable public sector professionals, whilst realising the efficiencies that are achieved by undertaking both the audit and grant work.

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