



# Portfolio Holder Decisions

## Resources Portfolio

1. **Procurement of external auditors for the certification of the Housing Benefit Subsidy Claim** (Pages 1 - 4)

Report of the Head of Finance

This page is intentionally left blank



## Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

| Report of:                      | Portfolio Holder   | Date of publication |
|---------------------------------|--|---------------------|
| Clare James,<br>Head of Finance | Cllr. Alan Vincent,<br>Resources Portfolio Holder<br>and Deputy Leader | 12 July 2018        |

### Procurement of external auditors for the certification of the Housing Benefit Subsidy Claim

#### 1. Purpose of report

- 1.1 To seek approval to procure the services of Deloitte LLP to carry out the annual certification of the Housing Benefit (HB) subsidy claim and for this arrangement to be for the financial year 2018/19 only.

#### 2. Outcomes

- 2.1 To deliver cost effective, quality services.

#### 3. Recommendations

- 3.1 That approval is given to proceed with the engagement of Deloitte LLP under the exemption to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that exceptions may apply regarding "the appointment of consultants, including architects, engineers, quantity surveyors, solicitors, barristers and other people providing professional services".

#### 4. Background

- 4.1 The council claim around £30 million per year in HB subsidy which is paid in monthly instalments throughout the year based on an estimate submitted to the Department for Work and Pensions (DWP). A final HB subsidy claim is then submitted at the end of each financial year. The claim details the total amount of money the council has paid in respect of HB and how much has been overpaid or paid incorrectly. The external auditors then verify the accuracy of the claim before certifying it, which then allows the DWP to reconcile the HB payments made with the actual amount owing, before paying the final balancing amount of subsidy, or reclaiming any overpaid amount.

**4.2** On the 19 January 2017, the Council opted into the Public Sector Audit Appointments (PSAA) scheme to determine our external auditors from 1<sup>st</sup> April 2018 following the end of the current contract with KPMG.

**4.3** The PSAA process is now complete and Wyre’s new external auditors will be Deloitte LLP for at least the next five financial years from the 1 April 2018. Previously KPMG undertook both the Housing Benefit (HB) subsidy claim certification and the audit of the council’s statement of accounts and aligning the arrangements for the two areas with our new external auditor is the most cost effective and efficient approach.

**5. Key issues and proposals**

**5.1** The appointment of external auditors to certify the HB subsidy claim did not form part of the national PSAA procurement owing to its omission from the legislation giving the body authority to act in place of the former Audit Commission. Owing to this oversight, local authorities must make their own arrangements. There are no plans for a Lancashire wide procurement exercise and all local authorities in the county are expected to appoint the same external auditor firm for the subsidy claim certification as for the audit of the statement of accounts.

**5.2** It is therefore proposed that Deloitte LLP are appointed under the relevant exemption to audit the HB subsidy claim allowing them to do so as part of their larger audit remit.

**6. Delegated functions**

**6.1** The matters referred to in this report are considered under the following Executive Function delegated to the Resources Portfolio Holder (as set out in Part 3.03 of the Council’s Constitution): “To consider departures from Rules relating to financial and contractual matters if appropriate”.

| <b>Financial and legal implications</b> |   |
|---|---|
| Finance                                 | The current External Audit arrangements with KPMG expire after the completion of the 2017/18 audit and the appointment of Deloitte LLP beyond this period has been agreed through the PSAA process. It makes sense to use the same external auditors for our HB subsidy claim certification which was not part of the PSAA procurement. Having sought quotes from KPMG and Deloitte, the fee of £8,000 for 2018/19 has been negotiated and will be reflected in the budget. |
| Legal                                   | The exemption referred to in the report complies with the council’s Financial Regulations and Procedure Rules. The new contract with Deloitte LLP will enable them to carry out the annual certification of the Housing Benefit subsidy claim in 2018/19.   |

### Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

| risks/implications     | ✓ / x |
|------------------------|-------|
| community safety       | x     |
| equality and diversity | x     |
| sustainability         | x     |
| health and safety      | x     |

| risks/implications | ✓ / x |
|--------------------|-------|
| asset management   | x     |
| climate change     | x     |
| data protection    | x     |

| report author | telephone no. | email  | date       |
|---------------|---------------|--|------------|
| Clare James   | 01253 887308  | <a href="mailto:clare.james@wyre.gov.uk">clare.james@wyre.gov.uk</a> | 29.06.2018 |

| List of background papers: |      |                                |
|----------------------------|------|--------------------------------|
| name of document           | date | where available for inspection |
| None                       |      |                                |

### List of appendices

None

arm/ph/re/cr/18/0007cj2

This page is intentionally left blank