



Grant Thornton

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Our ref: HBBC
Your ref:

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Section 151 officer
Hinckley and Bosworth Borough Council

29th November 2019

Dear Sirs,

Housing Benefit (Subsidy) Assurance Process 2019 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2019

This report is produced in accordance with the terms of our engagement letter with the Hinckley and Bosworth Borough Council dated 19th September 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2018/19 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Hinckley and Bosworth Borough Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 13th November 2019.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2018/19.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2018/19 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2018/19 dated 13th November 2019 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 13th November 2019, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 Non HRA Rent Rebate Incorrect application of Non-dependant Deduction

Initial testing of Cell 011 identified 1 claim where the Local Authority had offset against tenure types when processing an overpayment, this resulted in the overpayment being allocated to Cell 028 instead of Cell 067. The Authority identified that there were no more cases which were affected by this error.

Cell 055 HRA rent rebate

No claims were found to be in error.

Cell 094 Rent Allowance

No claims were found to be in error.

Completion of Modules

Completion of Module 2

Testing of Module 2 has been undertaken and no issues were identified.

Completion of module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding Qualification Letter. Where appropriate the Authority has completed testing of the sub populations for:

Rent Allowance – Cell 94 Incorrect Calculation of Earnings

Rent Rebates – Cell 055 Incorrect Input of State Retirement Pension

We have re-performed a sample of the Authority's testing and confirm the tests we have carried out concur with the Authority's results. These results are outlined in the appropriate appendices.

Summary paragraph/ending of letter

For the form MPF720A dated 13th November 2019 for the year ended 31 March 2019 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

Firm of accountants..... Grant Thornton UK LLP

Office..... Birmingham

Contact details (person, phone and email)..... M. STOKES 0121 232 5437

Signature / stamp..... Grant Thornton UK LLP

Date..... 29/11/19

Appendix A Exceptions/errors found

Error type 3 – benefit overpaid or insufficient supporting information

Cell 94 Overpaid benefit – Earned Income calculation error

Cell 94: Total Expenditure – Benefit Granted

Cell Total: £8,063,616

Cell Total £534,196 – sub population

Cell Population: 825 cases

Cell Population: 225 cases – sub population

Headline Cell: £8,063,616

In 2017/18 it was reported that the Local Authority had incorrectly calculated earned income resulting in an overpayment of benefit. Based on the information available to us as the new auditors, the matter has been reported for at least 3 years. During our initial testing, 5 cases (value £13,490.71) where the assessment was based on earned income were tested and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. This additional testing identified:

3 cases which resulted in an overpayment of housing benefit to a total of £396.12 in 2018/19 due to miscalculating the claimants earned income. The errors ranged from £0.38 to £388.80.

5 cases which had resulted in an underpayment of housing benefit to a total of £12 in 2018/19 due to miscalculating the claimants earned income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earning)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 20 cases	Incorrect Income Calculation	£2,764,393	£0	£13,491		
CAKE sample – 40 cases	Incorrect Income Calculation	£534,196	£397	£90,994		
Combined sample - 46 cases	Incorrect Income Calculation	£534,196	£397	£104,485	0.38%	£2,030
Corresponding adjustment:	Cell 103 is overstated	£534,196	£397	£104,485	0.38%	-£2,030
Total corresponding adjustment	Total understatement of Cell 113					£2,030

Appendix B Observations

Benefit software: reconciliation of benefit granted to paid

The Authority uses the Academy benefit software. The software supplier provides a method for the Authority to reconcile benefit granted per the benefit software to benefit paid per the benefit software.

The benefit granted figures in the claim form and the benefit granted figures used in the reconciliation differ by the amounts in column C below. The authority has performed the software supplier's reconciliation but failed to investigate the following variance:

	A	B	C	D	E	F
Cell:	Benefit granted per the claim form	Benefit granted per the software supplier's reconciliation of benefit granted to paid:	Difference A - B:	Benefit granted per the software supplier's reconciliation increased by	Benefit granted per the software supplier's reconciliation decreased by	Adjusted benefit granted figure per authority reconciliation B + D - E
055 – Rent Rebates	£5,385,722	£5,386,161	£439	£439	£0	£5,385,722

Appendix C: Amendments to the claim form MPF720A

Error Type 4 – expenditure misclassification. Where benefit expenditure has been misclassified

Cell 55 Rent Rebates – offsetting on tenure types

Initial testing of Cell 011 identified 1 claim where the Local Authority had offset against tenure types when processing an overpayment, this resulted in the overpayment being allocated to Cell 028 instead of Cell 067. The Authority identified that there were no more cases which were affected. An amendment was made to Cell 028 and Cell 67 for £116 to rectify this error.

This is reflected in the amendment made to Form MPF720a dated 13th November 2019

Appendix D Additional issues

No additional issues to report.