

Housing Benefit (Subsidy) Assurance Process 2022 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 2022

By post to: Housing Benefit Subsidy Team, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ.

Or by email to lawelfare.lapaymentsandsubsidy@dwp.gov.uk Please ensure that the subject of the email contains **Hinckley and Bosworth Borough Council Financial Year Ending March 2022 HBAP Report**.

And: The Section 151 Officer of Hinckley and Bosworth Borough Council.

Dear Sirs or Madams

This report is produced in accordance with the terms of our engagement letter with the Hinckley and Bosworth Borough Council dated 7 February 2023 and the Standardised Engagement Terms in Appendix 2 of HBAP Module 1 2021/22 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 (the 'local authority') 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 22 April 2022.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the Standardised Engagement Terms) or in part, 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 DWP, we acknowledge that the local authority and/or 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 DWP as described in the DWP HBAP reporting framework instruction 2022.

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 Hinckley and Bosworth Borough Council 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 2021/22 issued by the DWP, which highlight the terms under which DWP has agreed to engage with Reporting Accountants.

As Section 151 Officer of the local authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are 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 2021-22 dated 22 April 2022 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 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 22 April 2022, 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.

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 line with the requirements of HBAP modules, an initial sample of cases was selected and tested for all headline cells (Cell 011, 055, and 094), including Cell 214. 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 result:

Cell 011 Non HRA Rent Rebate Incorrect LHA Rate

Initial testing in line with the requirements of HBAP modules of Cell 011 identified three instances whereby the Local Authority had used the incorrect LHA rate. This resulted in an underpayment of benefit. As using an incorrect LHA rate could also result in an overpayment of benefit, additional testing of all remaining cases in cell 011 was completed.

Cell 011 Non HRA Rent Rebate Incorrect Occupational Pension

Initial testing in line with the requirements of HBAP modules of Cell 011 identified one instance where the Local Authority had incorrectly calculated occupational pension. This resulted in an underpayment of benefit. As incorrectly calculated occupational pension could also result in an overpayment of benefit, additional testing of all remaining cases in cell 011 was completed.

Cell 011 Non HRA Rent Rebate Expenditure

Initial testing in line with the requirements of HBAP modules of Cell 011 identified two instances that the Local Authority had incorrectly classified as non HRA rent rebate. One case was given passported benefit as in receipt of Universal Credit, there is no entitlement to housing benefit if not housed in temporary or supported housing. This resulted in an overpayment of benefit. For the other case there is no effect on benefit paid or subsidy claimed. Additional testing of all remaining cases in cell 011 was completed.

Cell 055 HRA Rent Rebate Incorrect Occupational Pension

Initial testing in line with the requirements of HBAP modules of Cell 055 identified one instance where that the Local Authority had incorrectly calculated occupational pension. This resulted in an overpayment of benefit. As it was not possible to

correctly establish the error for amendment additional 40+ testing of cases with occupational pension was completed.

Cell 094 Rent Allowance Incorrect Earnings

Initial testing in line with the requirements of HBAP modules of Cell 094 identified one instance where the Local Authority had incorrectly calculated earnings. This resulted in an overpayment of benefit. As it was not possible to correctly establish the error for amendment additional 40+ testing of cases with earnings was completed.

Cell 094 Rent Allowance Non Dependent Error

Initial testing in line with the requirements of HBAP modules of Cell 094 identified that the Local Authority had not applied the 26 week easement period at the correct time. This resulted in an overpayment of benefit. As it was not possible to correctly establish the error for amendment additional 40+ testing of cases with non dependents was completed.

Cell 214 Modified Schemes – Rent Allowance

Initial testing in line with the requirements of HBAP modules of cell 214 Modified Schemes identified one instance where the Local Authority has incorrectly calculated war disablement pension. This had no impact on subsidy. No additional testing was required as all cases in cell 214 had been covered by initial testing.

Cell 214 Modified Schemes – Rent Rebate

Initial testing in line with the requirements of HBAP modules of cell 214 Modified Schemes identified one instance where the Local Authority has incorrectly calculated war disablement pension. This had no impact on subsidy. No additional testing was required as all cases in cell 214 had been covered by initial testing.

Completion of Modules

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

Completion of Module 2

Testing of Module 2 has not identified any issues.

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 HBAP report. Where appropriate the LA have completed testing of the sub populations for:

- Rent Rebates Cell 055 incorrect start date;
- Rent Rebates Cell 055 incorrect calculation of earnings;
- Rent Allowance Cell 094 incorrect calculation of earnings;
- Rent Allowance Cell 094 ESA contribution incorrectly calculated.

In line with the requirement of HBAP modules 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 appendix.

No errors within our initial or additional 40+ CAKE testing:

- Rent Rebates Cell 055 incorrect start date

Summary paragraph/ending of letter

For the form MPF720A dated 14 November 2023 for the year ended 31 March 2022 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...AZETS AUDIT SERVICES.....

Office...BIRMINGHAM.....

Contact details (person, phone and email) ..LAURA HINSLEY.....

6th FLOOR, BANK HOUSE
CHERRY STREET
BIRMINGHAM
B2 5AL

Signature / stamp...Azets Audit Services.....

Date...15 NOVEMBER 2023.....

Appendix A Exceptions/errors found

Error Type 3 – benefit overpaid or insufficient supporting information

Cell 055 HRA Rent Rebate Incorrect Occupational Pension

Cell 055 HRA Rent Rebate

Cell Total: £4,273,589

Cell Total £484,340 – sub population

Cell Population: 1303 cases

Cell Population: 201 cases – sub population

Initial testing identified one case (value: £3,153) where that the Local Authority had incorrectly calculated occupational pension, that resulted in an overpayment of £3.38 (rounded up to £4.00 for the purpose of the extrapolation table).

Given the nature of the population and the error found, an additional sample of 40 case where an assessment in the subsidy period included occupational pension was tested. The additional testing identified no further errors of a similar nature.

This is the first year that this error has been identified in the HBAP report.

Sample:	Movement/brief note of error:	Original cell total: sub population (claims with occupational pension)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample - 4 cases	Incorrect occupational pension calculation - Cell 055	4,273,589	4	13,013		
Additional sample - 40 cases	Incorrect occupational pension calculation - Cell 055	483,340	0	93,365		
Combined sample - 44 cases	Incorrect occupational pension calculation - Cell 055	483,340	4	106,378	0.004%	18
Corresponding cell adjustment	Cell 061 overstated				(0.004%)	(18)
	Cell 065 understated				0.004%	18
Total corresponding adjustment	Total amendment off Cell 061 and 065				0.004%	18

Appendix B Observations

Cell 011 Non HRA Rent Rebate Incorrect Occupational Pension

Cell 011 Non HRA Rent Rebate

Cell Total: £129,960

Cell Total £129,960 – sub population

Cell Population: 130 cases

Cell Population: 130 cases – sub population

Initial testing of Cell 011 identified one instance where the Local Authority had incorrectly calculated occupational pension. This resulted in an underpayment of benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as errors for subsidy extrapolation purposes.

As incorrectly calculated occupational pension could also result in an overpayment of benefit, additional testing of cases was completed on all the remaining cell 011 cases. No further errors were identified in relation to calculation of occupational pension.

Cell 055 HRA Rent Rebate Incorrect Start Date

Cell 055 HRA Rent Rebate

Cell Total: £4,273,589

Cell Total £ 236,027– sub population

Cell Population: 1303 cases

Cell Population: 140 cases – sub population

In 2019/20 and 2020/21 HBAP reports it was identified that the Local Authority has incorrectly applied the start date of a claim.

Initial testing in 2021/22 did not identify any errors in relation the application of start dates.

Given the nature of the population and the error found, an additional sample of 40 case was tested where an assessment in the subsidy period included a change in start date. The additional testing identified no further errors of a similar nature. As such, we deem this matter closed.

Cell 094 Incorrect Calculation of Earnings

Cell 094 Rent Allowance

Cell Total: £6,824,653

Cell Total £406,573 – sub population

Cell Population: 1360 cases

Cell Population: 122 cases – sub population

In 2019/20 and 2020/21 it was identified that the Local Authority has incorrectly calculated earned income resulting in an overpayment of benefit. No errors were found in our initial testing.

However, given the nature of the population and the error found, an additional sample of 40 case where an assessment in the subsidy period was based on earned income was tested. The additional testing identified:

- 1 case (value £16,194) where despite the earned income being incorrectly calculated, there was no impact on the benefit paid to the claimant; and
- 1 case (value £ 5,353) which had resulted in underpayment of housing benefit due to miscalculating the claimants' earned income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the third year that this error has been identified in the HBAP report.

Cell 094 ESA contribution incorrectly calculated

Cell 094 Rent Allowance

Cell Total: £6,824,653

Cell Total £124,072 – sub population

Cell Population: 1360 cases

Cell Population: 20 cases – sub population

In 2019/20 and 2020/21 HBAP reports it was identified that the Local Authority has incorrectly calculated ESA Contribution income.

Initial testing in 2021/22 did not identify any errors in relation the calculation of ESA Contribution income.

As it was not possible to correctly establish the error for amendment, 100% testing was performed on claims with ESA Contribution.

Two errors were identified where the ESA Contribution was incorrectly calculated. In both cases there is no effect on benefit paid or subsidy claimed.

Cell 214 Rent Rebate Modified Schemes War Disablement Pension Incorrectly Calculated

Cell 214 Modified Schemes

Cell Total: £7,073

Cell Population: 2 cases

In 2020/21 HBAP report it was identified that the Local Authority had used the wrong value for War Disablement Pension.

Within our initial testing of 100% of modified schemes within rent rebates we identified one case where the Local Authority had used the wrong value for War Disablement Pension. This had no impact on the subsidy granted, therefore no amendment was required.

Cell 214 Rent Allowance Modified Schemes War Disablement Pension Incorrectly Calculated

Cell 214 Modified Schemes

Cell Total: £4,764

Cell Population: 1 case

In 2020/21 HBAP report it was identified that the Local Authority had used the wrong value for War Disablement Pension.

Within our initial testing for modified schemes within rent allowances we identified one case where the Local Authority had used the wrong value for War Disablement Pension. This had no impact on the subsidy granted, therefore no amendment was required.

Appendix C Amendments

Cell 011 Non HRA Rent Rebate Expenditure Misclassification

Cell 011 Non HRA Rent Rebate

Cell Total: £129,960

Cell Total £129,960 – sub population

Cell Population: 130 cases

Cell Population: 130 cases – sub population

Initial testing of Cell 011 identified two instances where the Local Authority had classified the expenditure as Non HRA when it was in fact Rent Rebate.

In one instance this had no impact on the subsidy amount, only the classification, as such Cells 011 and 023 are overstated by £3,918 and Cells 055 and 061 are understated by the corresponding amount.

In the other instance it was subsequently identified that no subsidy should've been awarded to this claimant and as such Cell 023 is overstated by £876 and Cell 026 is understated by the corresponding amount.

Due to the small number of cases classified as Non HRA, the Council undertook a 100% review of these cases. Two further errors were identified from this testing resulting in Cells 011 are overstated by £1,893, Cell 023 overstated by £354, Cell 026 overstated by £1,466 and Cell 028 overstated by £72. Cell 055, 061, 065 and 067 are understated by the respective corresponding amount.

This is reflected in the amendment made to the form MPF720A dated 31st March 2022.

Cell 011 Non HRA Rent Rebate Incorrect LHA Rate

Cell 011 Non HRA Rent Rebate

Cell Total: £129,960

Cell Total £129,960 – sub population

Cell Population: 130 cases

Cell Population: 130 cases – sub population

Initial testing of Cell 011 identified three instances where the Local Authority had applied the wrong LHA rate. This resulted in an underpayment of benefit. As

applying the wrong LHA rate could also result in an overpayment of benefit, additional testing of cases was completed on all the remaining cell 011 cases.

Eleven further instances were identified all leading to underpayments of benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as errors for subsidy extrapolation purposes.

One further instance was identified which led to an overpayment of benefit, as such Cell 012 is overstated by £11 and Cell 026 is understated by the corresponding amount.

This is reflected in the amendment made to the form MPF720A dated 31st March 2022

Cell 055 HRA Rent Rebate Incorrect Earned Income

Cell 055 HRA Rent Rebate

Cell Total: £4,273,589

Cell Total £75,125– sub population

Cell Population: 1303 cases

Cell Population: 40 cases – sub population

In 2020/21 it was identified that the Local Authority has incorrectly calculated earned income resulting in an overpayment of benefit. A full review of cases with earned income was undertaken. The additional testing identified:

- 3 cases (value £3,879) where the Local Authority had incorrectly calculated earned income resulting in an overpayment of £43 leading to an overstatement of Cell 061 and corresponding understatement of Cell 065; and
- 1 case (value £638) where despite the earned income being incorrectly calculated, there was no impact on the benefit paid to the claimant.

This is reflected in the amendment made to the form MPF720A dated 31st March 2022.

Cell 094 Rent Allowance Non-dependent easement period

Cell 094 Rent Allowance

Cell Total: £6,824,653

Cell Total £19,897 – sub population

Cell Population: 1360 cases

Cell Population: 5 cases – sub population

Initial testing identified one case where the Local Authority had incorrectly calculated the non-dependent easement period for a claimant on pension credit. The error resulted in an overpayment of benefit. Consequently, as a result of the overpayment, cell 113 is understated by £387.96 and cell 102 is overstated by £387.96. There is no effect on cell 094.

It was possible to narrow down the error to those cases in receipt of pension credit with non-dependents and there were less than 100 cases in the subpopulation. Therefore, the Council undertook a 100% review of these cases. No further errors were identified from this testing.

This is reflected in the amendment made to the form MPF720A dated 31st March 2022

Appendix D Other matters

There are no other matters to report.