



**Governance and Audit
Committee**

Tuesday 15 June 2021

**Subject: Certification of Grants & Returns 2019/20 – Housing Benefit
Subsidy**

Report by:	Assistant Director of Finance and Property Services and Section 151 Officer
Contact Officer:	Caroline Capon Corporate Finance Team Leader caroline.capon@west-lindsey.gov.uk
Purpose / Summary:	To present the Housing Benefit Subsidy Claim Audit for 2019/20 from our External Auditor, Mazars

RECOMMENDATION(S):

- 1. That the report contents and outcome of the Housing Benefit Assurance Process are accepted**
- 2. That future reports will be owned by the Assistant Director of Change Management and Regulatory Services**

IMPLICATIONS

Legal:

(N.B.) Where there are legal implications the report **MUST** be seen by the MO

Financial : FIN/15/22/CC

The cost of the Housing Benefit Subsidy Audit resulted in a charge of £7,819 (£6,100 in 2018/19) the core fee was £5,899 however additional testing was required resulting in 3 additional days of work at a cost of £1,920 and this has been contained within the revenue budget.

The Housing Benefit Rent Allowance expenditure totalled £17,039,706. During the external audit, small errors were identified in testing, which when extrapolated amount to £4,073, being 0.02% of the overall rent allowances expenditure. There is no anticipated change to the subsidy paid by the DWP for 2019/20, however they may request additional testing. As the error is only small, this is deemed unlikely at this point.

Staffing : None from this report

Equality and Diversity including Human Rights :

None from this report

Data Protection Implications :

None from this report

Climate Related Risks and Opportunities:

None from this report

Section 17 Crime and Disorder Considerations:

None from this report

Health Implications:

None from this report

Title and Location of any Background Papers used in the preparation of this report :

Risk Assessment :

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

1. Introduction

1.1 The summary letter provided in Appendix A summarises the report by our external auditors (Mazars) which was designed to meet the agreed requirements of the Council and the DWP as described in the DWP Housing Benefit Assurance Process (HBAP) reporting framework instruction 2019/20.

1.2 It is important to note that 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 Council's claim for Housing Benefit subsidy on form MPF720A

1.3 The headlines of the letter include:

- The Housing Benefits Rent Allowances total expenditure was £17,039,706
- The Grant HBAP record was signed off on 15 April 2021
- There were no significant issues identified but small errors had occurred in the calculation of benefits and these are detailed in 1.4
- The final claim was resubmitted to the DWP to correct the error.
- The final audit cost was £7,819, core fee £5,899 and 3 days of additional testing at £640 per day, £1,920

1.4 Errors and associated amendments to the Subsidy Claim form

Earned Income Calculation

During initial testing, one claim (value £1,696) had an error on the earned income calculation which resulted in an underpayment of £14. No adjustment to the subsidy claim has been made. However as the error could have resulted in an under or over payment further testing of 40 cases was undertaken (Value £96,220) which identified 2 cases (value £5,418) where an overpayment of £345 of housing benefit had occurred. The error has been extrapolated to the sub population where claims have been based on earned income. The total of this sub population was £750,338. The error rate based on the sample was 0.34% effectively requiring an adjustment of £2,554 in the claim to the DWP where Cell 103 was overstated and Cell 113 was understated.

Child Tax Credit Calculation

During initial testing, one claim (value of £1,696) had an incorrect input of child tax credit which resulted in an overpayment of £175. All claims with child tax credits were identified and a further 40 cases (Value £144,053) were tested, of which no further errors were identified. The error has been extrapolated to the sub population where claims had child tax credit included. The total of this sub population was £1,307,008. The error rate based on the sample was 0.12% effectively requiring an adjustment of

£1,519 in the claim to DWP where cell 103 was overstated and cell 113 was understated.

There is no anticipated change to the subsidy paid by the DWP for 2019/20, however they may request additional testing. As the error is only £4,073 this is deemed unlikely at this point.