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Housing Benefit Subsidy Team
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15 April 2021

Dear Sir/Madam

West Lindsey District Council
Housing Benefit subsidy claim for the year ended 31 March 2020 (form MPF720A)

Please find attached our agreed upon procedures report in respect of West Lindsey District Council's Housing Benefit subsidy claim (form MPF720A) for the year ended 31 March 2020.

Yours faithfully

Mark Dalton (Apr 15, 2021 07:57 GMT+1)

Mark Dalton
Director
For and on behalf of Mazars LLP

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

And: Tracey Bircumshaw, The Section 151 Officer of West Lindsey District Council

This report is produced in accordance with the terms of our engagement letter with the West Lindsey District Council dated 4th April 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 for 2019/20 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of West Lindsey District 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 17th March 2021. This replaces the original claim submitted by the Authority dated 30th April 2020, which has been amended as a result of adjustments agreed as part of this work.

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 for 2019/20 and supplemented by additional agreed instructions and clarifications from DWP.

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 for 2019/20 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 for 2019/20 dated 17th March 2021 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 Services (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 17th March 2021, 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.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's 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 Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

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. The Authority has completed this testing and we re-performed all 'fails' and 10% of other cases.

Cell 011 Non HRA Rent Rebate

No Claims were found to be in error.

Cell 094 Rent Allowance

Initial Testing of Cell 094 identified one case with two errors:

- a) Error type 1 (unpaid benefit) – incorrect earnings calculation

An incorrect earnings calculation resulted in benefit being underpaid by £14. As the nature of the error could lead to an overpayment as well as an underpayment, the Authority identified all claims with earnings in Cell 094 and tested a further 40 cases. The results of this testing are provided in Appendix A.



b) Error type 3 (overpaid benefit) – incorrect input of child tax credit

The incorrect input of child tax credit information resulted in benefit being overpaid by £175. The Authority identified all claims with child tax credit in Cell 094 and tested a further 40 cases. The results of this testing are provided in Appendix A.

Additional 40+ Testing

As a result of errors identified in the initial testing, 40+ testing was completed in the following areas. The Authority has completed this testing and we re-performed all 'fails' and 10% of other cases.

- Rent Allowance – Earnings. 2 further cases were found to be in error. Further detail is provided in Appendix A.
- Rent Allowance – Child Tax Credit. No additional errors found.

Completion of Modules

Completion of Module 2 – Uprating Checklist

We have completed Module 2 and no issues were identified.

Completion of module 5 – Software Diagnostic Tool

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

Completion of other tests in Module 1

Modified Schemes

The required testing was undertaken in relation to modified schemes. The Authority has completed this testing and we re-performed all 'fails' and 10% of other cases.

No errors were identified.

Other Tests

We have an observation to report in relation the Authority's local discretionary scheme (modified scheme) arrangement. Further detail is provided in Appendix B.



Summary paragraph/ending of letter

For the form MPF720A dated 17th March 2021 for the year ended 31 March 2020 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendices A, B, C and D.

Signed:  Mark Dalton (Apr 15, 2021 07:57 GMT+1)

Name: Mark Dalton

Director
For and on behalf of Mazars LLP

Date: Apr 15, 2021

Appendix A - Exceptions/errors found

Cell 094 Non Earned income calculation error

Cell 094 Rent allowances total expenditure

Cell 094 Total: £17,039,706

Cell Total £750,338 – sub population

Cell Population: 5,508 cases

Cell Population: 308 cases – sub population

During our initial testing, 2 cases (value £5,128) where the assessment was based on earned income were tested. Initial Testing showed 1 claim (value: £1,696) where the earned income calculation was incorrect and this resulted an underpayment of £14. As there is no eligibility to subsidy for benefit which has not been paid this has not been classified as an error for subsidy purposes and so is not included in the extrapolation below.

However, as the nature of the error could lead to an overpayment as well as an underpayment, the Authority identified all claims with earnings in Cell 094 and tested a further 40 cases (value £96,220). This additional testing identified 2 cases (value £5,418) which resulted in an overpayment of housing benefit to a total of £345 in 219/20 due to miscalculating the claimant' earned income.

The following table is based on these findings:

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 – 2 cases	Incorrect Earnings Calculation	£750,338	£0	£5,128		
Additional testing sample – 40 cases	Incorrect Earnings Calculation	£750,338	£345	£96,220		
Combined sample – 42 cases	Incorrect Earnings Calculation	£750,338	£345	£101.348	0.34%	£2,554
Corresponding adjustment:	Combined sample - Cell 103 is overstated					£(2,554)
Corresponding adjustment	Combined sample - Cell 113 is understated					£2,554

Cell 094 Overpaid benefit – Child Tax Credit input error

Cell 094 Rent allowance total expenditure

Cell 094 Total: £17,039,706

Cell Total £1,307,008– sub population

Cell Population: 5,508 cases

Cell Population: 445 cases – sub population

During our initial testing, 2 cases (value £6,446) where the assessment was based on the award of child tax credit were tested. Initial Testing showed 1 claim (value: £1,696) where the input of child tax credit was incorrect and this resulted an overpayment of benefit of £175.

The Authority identified all claims with child tax credits in cell 094 and tested a further 40 cases (total value £144,053). This additional testing identified no further errors.

The following table is based on these findings:

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 – 2 cases	Incorrect Child Tax Credit	£1,307,008	£175	£6,446		
Additional testing sample – 40 cases	Incorrect Child Tax Credit	£1,307,008	£0	£144,053		
Combined sample – 42 cases	Incorrect Child Tax Credit	£1,307,008	£175	£150,499	0.12%	£1,519
Corresponding adjustment:	Combined sample - Cell 103 overstated					£(1,519)
Corresponding adjustment	Combined sample - Cell 113 understated					£1,519



Appendix B - Observations

We have an observation to report in relation to the Authority's local discretionary scheme (modified scheme) agreement by full council (Test 9 – HBAP Module 1). Our assurance for this procedure has been obtained from a written representation from the Section 151 Officer that members have previously approved the 100% disregard of income from War Pensions and provision of full Council minutes of their meeting on 1st March 2021 showing members approval of the continuing local discretionary (modified scheme) arrangement.

Appendix C - Amendments to the claim form MPF720A

The original claim submitted by the Authority dated 30th April 2020 included a manual adjustment that removed uncashed payments of £1,673.01 from cell 179s and transferring this to cell 102 (£335.26) and cell 103 (£1,337.75). As uncashed payments need to be shown separately in cell 179s the manual adjustment has been reversed.

Appendix D - Additional issues

There are no additional issues to report.