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Section 151 Officer of Guildford Borough Council

26 February 2021

Dear Sir/Madam,

Housing Benefit (Subsidy) Assurance Process 2019/20 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 2020.

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

And: The Section 151 Officer of Guildford Borough Council.

This report is produced in accordance with the terms of our engagement letter with Guildford Borough Council dated 20 November 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2019/20 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Guildford 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 30 April 2020.

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 2019/20.

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 (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 2019/20 dated 30 April 2020 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 30 April 2020, 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. 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 Rebates

We have identified 1 error with the manual adjustments on B & B cases end date when the claimants leave the accommodation. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 055 HRA Rent Rebates

No claims were found to be in error

Cell 094 Rent Allowances

No claims were found to be in error

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

We have completed Module 2 uprating checklist 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 HBAP report. Where appropriate the Authority has completed testing of the sub populations for:

- 1) HRA Rent Rebates – calculation of earned income within cell 055.
- 2) HRA Rent Rebates – calculation of tax credits within cell 055.
- 3) HRA Rent Rebates – calculation of occupational pension income within cell 055
- 4) Rent Allowances – calculation of self employed income within cell 094
- 5) Rent Allowances – calculation of tax credits within cell 094

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.

Summary paragraph/ending of letter

For the form MPF720A dated 28 April 2020 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 Appendix A, B, C and D).

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

Office...London.....

Contact details (person, phone and email) ...Stacy Lang 020 7728 3293

stacy.hc.lang@uk.gt.com

Signature / stamp



Date 26 February 2021

Appendix A: Exceptions/errors found

Error Type 3 – benefit overpaid or insufficient supporting information

HRA Rent Rebate: Cell 011 – Incorrect calculation of bed and breakfast

Cell 055 HRA Rent rebate

Cell Total: £225,785

Cell Total: £125,407 – sub population

Cell Population: 168 cases

Cell Population: 140 cases – sub population

Headline Cell: £225,785

The Authority has included a manual adjustment to headline Cell 11 and eligibility Cells 012 and 013. This was to bring in claims for Bed and Breakfast cases as these are not managed within the Authority's Civica system but are instead administered manually. Bringing these cases onto the claim form had the effect of increasing the values of Cells 011, 012 and 013 by £125,407, £66,144, and £59,263 respectively.

During our initial testing, 1 case (value £433) where we have identified an error in the claimants end date of leaving the accommodation. This has resulted in an overpayment of £202.

However, given the nature of the population, an additional sample of 40 cases where an assessment in the subsidy period was based on checking the end date was tested. This additional testing has not identified any error on the claimants end date in leaving the accommodation.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 1 case	Incorrect B&B end date – Cell 011	£125,407	£202	£10,769		
Additional testing sample – 40 cases	Incorrect B&B end date – Cell 011	£125,407	£0	£42,311		
Combined sample – 41 cases	Combined - Incorrect B&B end date – Cell 011	£125,407	£202	£53,080	0.38%	£477
Corresponding adjustment:	Combined sample - Cell 012 is overstated	£125,407	£138	£53,080	0.26%	(£326)
Corresponding adjustment:	Combined sample - Cell 013 is overstated	£125,407	£64	£53,080	0.12%	(£151)
Total corresponding adjustment	Total amendment - Cell 026 understated					£477

HRA Rent Rebate: Cell 055 – Incorrect calculation of earned income**Cell 055 HRA Rent rebate****Cell Total: £11,777,581****Cell Total: £1,443,331 – sub population****Cell Population: 2,566 cases****Cell Population: 422 cases – sub population****Headline Cell: £11,777,581**

Our testing in 2015/16 identified that the Local Authority had incorrectly taken earnings into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18 and 2018/19.

During our initial testing, 4 cases (value £7,315) where the assessment based on earnings were tested and no errors were identified. However, given the nature of the population and 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:

- 2 cases (value £3,318) which has resulted in an overpayment of housing benefit to a total of £146 due to the incorrect calculation of earnings. The errors ranged from £0.12 and £146.
- 1 case (value £1,316) which has resulted in an underpayment of housing benefits to a total of £0.02. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

1 case (value £5,823) which had no impact due to the incorrect calculation of earnings. As there is no eligibility to subsidy for benefit which has not been paid, the nil impact identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes. This is the fifth year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population	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 earnings calculation – Cell 055	£1,443,331	£0	£7,315		
Additional testing sample – 40 cases	Incorrect earnings calculation – Cell 055	£1,443,331	£146	£132,419		
Combined sample - 44 cases	Combined - Incorrect earnings calculation – Cell 055	£1,443,331	£146	£139,734	0.10%	£1,443
Corresponding adjustment:	Combined sample - Cell 061 is overstated	£1,443,331	£146	£139,734	0.10%	(£1,443)
Total corresponding adjustment	Total amendment - Cell 65 understated					£1,443

Rent Allowance: Cell 094 – Incorrect calculation of tax credits**Cell 094 Rent allowance****Cell Total: £15,972,704****Cell Total: £4,381,578 – sub population****Cell Population: 2,756 cases****Cell Population: 723 cases – sub population****Headline Cell: £15,972,704**

Our testing in 2015/16 identified that the Local Authority had incorrectly taken tax credits into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18 and 2018/19.

During our initial testing, 5 cases (value £35,110) where the assessment based on tax credits were tested and no errors were identified. However, given the nature of the population and errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon tax credit was tested. This additional testing identified:

- 1 case (value £6,097) have resulted in an overpayment of housing benefit to a total of £87 due to the incorrect calculation of tax credits.

This is the fifth year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 5 cases	Incorrect tax credit calculation	£4,381,578	£0	£35,110		
Additional testing sample – 40 cases	Incorrect tax credit calculation	£4,381,578	£87	£273,957		

Combined sample – 45 cases	Combined – incorrect tax credit calculation	£4,381,578	£87	£309,067	0.028%	£1,227
Corresponding adjustment:	Combined sample - Cell 102 is overstated	£4,381,578	£87	£309,067	0.028%	(£1,227)
Total corresponding adjustment	Total amendment - Cell 113 understated					£1,227

Appendix B Observations

HRA Rent Rebates: Cell 055 – Incorrect calculation of occupational pension

Cell 055 HRA Rent Rebates

Cell Total: £11,777,581

Cell Total: £1,079,904 – sub population

Cell Population: 2,566 cases

Cell Population: 274 cases – sub population

Headline Cell: £11,777,581

Our testing in 2015/16 identified that the Local Authority had incorrectly taken occupational pension into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18 and 2018/19.

During our initial testing, 2 cases (value £5,666) where the assessment based on occupational pension were tested and no errors were identified. However, given the nature of the population and errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon occupational pension was tested. This additional testing identified:

- 1 case (value £7,575) which had no impact on the housing benefit entitlement. As there is no eligibility to subsidy for benefit which has not been paid, the nil impact identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the fifth year this error has been identified in the HBAP Report.

HRA Rent Rebates: Cell 055 – Incorrect calculation of tax credits

Cell 055 HRA Rent Rebates

Cell Total: £11,777,581

Cell Total: £1,343,498 – sub population

Cell Population: 2,566 cases

Cell Population: 380 cases – sub population

Headline Cell: £11,777,581

Our testing in 2015/16 identified that the Local Authority had incorrectly taken tax credit into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18 and 2018/19.

During our initial testing, 6 cases (value £14,502) where the assessment based on tax credit were tested and no errors were identified. However, given the nature of the population and errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon tax credits was tested. This additional testing identified:

- 2 cases (value £10,727) which had resulted in an underpayment on the housing benefit entitlement. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the fifth year this error has been identified in the HBAP Report.

Rent Allowance: Cell 094 – Incorrect calculation of self employed income**Cell 094 Rent allowance****Cell Total: £15,972,704****Cell Total: £ 1,150,004 – sub population****Cell Population: 2,756 cases****Cell Population: 181 cases – sub population****Headline Cell: £15,972,704**

Our testing in 2015/16 identified that the Local Authority had not correctly taken self employed income into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18 and 2018/19.

During our initial testing, 5 cases (value £29,741) where the assessment based on self employed income were tested and no errors were identified. However, given the nature of the population and errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon self employed was tested. This additional testing identified:

- 4 cases (value £32,472) which had resulted in an underpayment on the housing benefit calculation. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.
- 2 cases (value £14,077) which had resulted in nil impact on the housing benefit calculation. As there is no eligibility to subsidy for benefit which has not been paid, the nil impact identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the fifth year this error has been identified in the HBAP Report.

Appendix C: Amendments to the claim form MPF720A

There were no amendments to the claim form MPF720A.

Appendix D: Additional issues

During our initial testing, we were unable to verify some claimant's applications and rental agreements. The Local Authority explained that they are hard copies and kept in the Council's office or in storage. Due to the national lockdown, the Council offices are closed. Therefore, the hard copies required to address some standard verification tests was not accessible.

To summarise the missing documentations.

Initial testing Cell 011 - 2 cases where no application forms were made available.

Initial testing Cell 055 - 5 cases where no application forms were made available.

Initial testing Cell 094 - 4 cases where no application forms were made available and 3 cases where no rent documentation could be provided.

We were able to obtain sufficient evidence for all other aspect of these benefit claims and thus we were satisfied these were valid benefit claims for 2019-20.

In previous years, the Local Authority has been able to provide hard copy documentation to verify the claimant's eligibility and rent liability. We have not had this issue in previous years.