



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

Section 151 officer, Guildford Borough Council

31 January 2022

Dear Sir/Madam,

**Housing Benefit (Subsidy) Assurance Process 2020/21 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 2021**

**To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbeck 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 the Guildford Borough Council dated 29 April 2021 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2020/21 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 29 April 2021.

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 2020/21.

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 2020/21 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 2020/21 dated 29 April 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 29 April 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 line with the requirements of HBAP modules we have undertaken an initial sample of cases from the headline cells. The results from this work are as follows:

Cell 011      Non HRA Rent Rebates – Expenditure classification

We identified 15 errors with the manual adjustments on Bed & Breakfast cases split between Cell 012 and Cell 013. As there were only 100 Bed & Breakfast cases in the sub population full testing of all of the cases has been completed.

Cell 055      HRA Rent Rebates – evidence for Affordable Rents

We identified two cases where the Authority was not able to provide current evidence that the properties that the two claimants lived in were included in a formal letter from the Section 151 Officer.

Cell 094      Rent Allowance

We identified one claim where there was an alignment issue which meant the wrong non-dependent deduction was used for two days. As it was not possible to correctly establish the error for amendment, additional testing of 40 cases was completed for this error.

We also identified one claim where the earnings figure was incorrectly calculated. As it was not possible to correctly establish the error for amendment, additional testing of 40 cases was completed for this 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 completed Module 2 uprating checklist and no issues were identified.

Completion of Module 5 – We 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 Local Authority have completed testing of the sub populations for:

- 1) Non HRA Rent Rebates – incorrect B&B end date
- 2) HRA Rent Rebates – calculation of occupational pension income within cell 055
- 3) HRA Rent Rebates – calculation of tax credits within cell 055
- 4) HRA Rent Rebates – calculation of earned income within cell 055
- 5) Rent Allowances – calculation of tax credits within cell 094
- 6) Rent Allowances – calculation of self-employed income within Cell 094

We 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.

The following CAKE tests have returned no errors and are considered as closed:

- HRA Rent Rebates – incorrect calculation of tax credits
- Rent Allowances – incorrect calculation of tax credits

## Summary paragraph/ending of letter

For the form MPF720A dated 29 April 2021 for the year ended 31 March 2021 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.

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Signature:



Date: 31 January 2022

## Appendix A Exceptions/errors found

### HRA Rent Rebate: Cell 055 – Incorrect calculation of earned income

Cell 055 HRA Rent Rebate

Cell Total: £11,102,662

Cell Total: £1,082,638 – sub population

Cell Population: 2267 cases

Cell Population: 276 cases – sub population

Headline Cell: £11,102,662

Our testing in 2015/16 identified the Local Authority had incorrectly taken earnings into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18, 2018/19 and 2019/20.

During our initial testing, there were three cases (value £5,381) where the assessment based on earnings were tested and no errors were identified. However, given the nature of the population and the errors found in the previous claims, an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income were tested.

The additional testing identified:

- Two cases (value £11,628) which has resulted in an overpayment of housing benefit to a total of £3 due to the incorrect calculation of earnings. The errors were £2 and £1.
- One case (value £5,198) which has resulted in an underpayment of housing benefits to a total of £28. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect and have not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the sixth 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 (claims with state retirement pension)	Sample error:	Sample value:	Percentage error rate (to four decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
<b>Initial sample – 3 cases</b>	Incorrect calculation of earned income	£11,102,662	£0	£5,381		
<b>CAKE sample – 40 cases</b>	Incorrect calculation of earned income	£1,082,638	£3	£160,814		
<b>Combined sample - 43 cases</b>	Incorrect calculation of earned income	<b>£1,082,638</b>	<b>£3</b>	<b>£166,195</b>	<b>0.0018%</b>	<b>£20</b>
Corresponding adjustment:	Cell 061 is overstated	£1,082,638	£3	£166,195	0.0018%	(£20)
<b>Total corresponding adjustment</b>	<b>Total understatement of Cell 065</b>					<b>£20</b>

**Rent Allowance: Cell 094 – Incorrect calculation of self-employed income****Cell 094 Rent Allowance****Cell Total: £14,300,785****Cell Total: £841,975 – sub population****Cell Population: 2163 cases****Cell Population: 111 cases – sub population****Headline Cell: £14,300,785**

Our testing in 2015/16 identified the Local Authority had incorrectly taken self-employed income into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18, 2018/19 and 2019/20.

During our initial testing, there was one case (value £5,928) where the assessment based on self-employed income was tested and no error was 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.

The additional testing identified:

- One case (value £6,124) which has resulted in an overpayment of housing benefit to a total of £0.02 (rounded to £1 in the table) due to the incorrect calculation of self-employed income.
- One case (value £8,356) which has resulted in an underpayment of housing benefits to a total of £0.05. 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 an error for subsidy extrapolation purposes.
- Two cases (value £18,682) 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 impacts identified do not affect and have not, therefore, been classified as errors for subsidy extrapolation purposes.

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

The following table is based on these findings:

<b>Sample</b>	<b>Movement / brief note of error:</b>	<b>Original cell total: sub population</b>	<b>Sample error:</b>	<b>Sample value:</b>	<b>Percentage error rate (to four decimal places)</b>	<b>Cell adjustment:</b>
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 1 case	Incorrect calculation of self-employed income	£14,300,785	£0	£5,928		
CAKE sample – 40 cases	Incorrect calculation of self-employed income	£841,975	£1	£342,062		
<b>Combined sample - 41 cases</b>	<b>Incorrect calculation of self-employed income</b>	<b>£841,975</b>	<b>£1</b>	<b>£347,990</b>	<b>0.0003%</b>	<b>£3</b>
Corresponding adjustment:	Cell 102 is overstated	£841,975	£1	£347,990	0.0003%	(£3)
<b>Total corresponding adjustment</b>	<b>Total understatement of Cell 113</b>					<b>£3</b>



**Rent Allowance: Cell 094 – Incorrect calculation of earned income****Cell 094 Rent Allowance****Cell Total: £14,300,785****Cell Total: £3,324,429 – sub population****Cell Population: 2163 cases****Cell Population: 517 cases – sub population****Headline Cell: £14,300,785**

Initial testing of cases from Cell 094 identified one case (value £3,372) where the Local Authority incorrectly calculated the claimant's earned income. This has resulted in an underpayment of £10. 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 an error for subsidy purposes. There was another issue identified for this case as a result of the incorrect earned income being used, where the overpayment in cell 114 was overstated by £1.

However, given the nature of the population an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. We have re-performed a sample of the Local Authority's testing and confirm that the tests we have carried out concur with the Local Authority's results.

The additional testing identified:

- Three cases (value £17,808) which have resulted in an overpayment of housing benefit to a total of £41 due to the incorrect calculation of earned income. The overpayments ranged from £0.44 to £39.
- One case (value £771) which has resulted in an underpayment of housing benefits to a total of £50. 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 an error for subsidy extrapolation purposes.

This is the first 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 four decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 6 cases	Incorrect calculation of earned income	£14,300,785	£0	£37,799		
CAKE sample – 40 cases	Incorrect calculation of earned income	£3,324,429	£41	£267,403		
<b>Combined sample - 46 cases</b>	Incorrect calculation of earned income	<b>£3,324,429</b>	<b>£41</b>	<b>£305,202</b>	<b>0.0134%</b>	<b>£445</b>
Corresponding adjustment:	Cell 102 is overstated	£3,324,429	£1	£305,202	0.0003%	(£10)
	Cell 103 is overstated	£3,324,429	£40	£305,202	0.0131%	(£435)
<b>Total corresponding adjustment</b>	<b>Total understatement of Cell 113</b>					<b>£445</b>

**Rent Allowance: Cell 094 – Incorrect non-dependent deduction calculation****Cell 094 Rent Allowance****Cell Total: £14,300,785****Cell Total: £698,646 – sub population****Cell Population: 2163 cases****Cell Population: 110 cases – sub population****Headline Cell: £14,300,785**

Initial testing identified one case (value £7,709) where there was an alignment issue which meant the wrong non-dependent deduction was used for two days. This has resulted in an overpayment of £3.

As it was not possible to correctly establish the error for amendment, an additional sample of 40 cases where an assessment in the subsidy period included non-dependent deductions was tested. This additional testing identified:

- One case (value £4,615) which has resulted in an overpayment of housing benefit to a total of £3 due to the incorrect calculation of earnings which meant the wrong non-dependent deduction was used in the benefit subsidy calculation.
- One case (value £4,828) where the non-dependent income calculation was incorrect but the correct gross income bracket was used, 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 an error for subsidy extrapolation purposes.

This is the first 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 three decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 2 cases	Incorrect non-dependent deduction calculation	£14,300,785	£3	£11,354		
CAKE sample – 40 cases	Incorrect non-dependent deduction calculation	£698,646	£3	£248,352		
<b>Combined sample - 42 cases</b>	Incorrect non-dependent deduction calculation	<b>£698,646</b>	<b>£6</b>	<b>£259,706</b>	<b>0.002%</b>	<b>£14</b>
Corresponding adjustment:	Cell 103 is overstated	£698,646	£6	£259,706	0.002%	(£14)
<b>Total corresponding adjustment</b>	<b>Total understatement of Cell 113</b>					<b>£14</b>

## Appendix B Observations

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

#### **Cell 055 HRA Rent Rebates**

**Cell Total: £11,102,662**

**Cell Total: £1,141,458 – sub population**

**Cell Population: 2267 cases**

**Cell Population: 283 cases – sub population**

**Headline Cell: £11,102,662**

Our testing in 2015/16 identified the Local Authority had incorrectly taken occupational pension into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18, 2018/19 and 2019/20.

During our initial testing, there were four cases (value £8,419) 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:

- One case (value £7,858) 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 an error for subsidy extrapolation purposes.

This is the sixth 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: £11,102,662**

**Cell Total: £1,079,665 – sub population**

**Cell Population: 2267 cases**

**Cell Population: 266 cases – sub population**

**Headline Cell: £11,102,662**

Our testing in 2015/16 identified the Local Authority had incorrectly taken tax credits into account in calculating benefit entitlement. Further errors were noted in 2016/17, 2017/18, 2018/19 and 2019/20.

During our initial testing, there were three cases (value £8,700) 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 occupational pension was tested. This additional testing identified no further errors.

This issue is therefore considered to be closed.

**Rent Allowances: Cell 094 – Incorrect calculation of tax credits****Cell 094 Rent Allowances****Cell Total: £14,300,785****Cell Total: £3,260,275 – sub population****Cell Population: 2163 cases****Cell Population: 473 cases – sub population****Headline Cell: £14,300,785**

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, 2018/19 and 2019/20.

During our initial testing, there were eight cases (value £49,550) 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 occupational pension was tested. This additional testing identified no further errors.

This issue is therefore considered to be closed.

**HRA Rent Rebates: Cell 060 – Lack of evidence for affordable rent properties****Cell Total: £473,414****Cell Population: 72 cases****Headline Cell: £11,102,662**

During our initial testing, there were two cases (value £11,359) that were included in “Cell 060 – (England only) – Expenditure on affordable rents: Total expenditure on affordable rents for properties in the HRA”. Whilst we have been able to obtain evidence that Affordable Rents are being charged on these addresses via the use of s11 Funding and exclusion from the Pooling Returns, there was no formal letter from the Section 151 Officer notifying us of the properties which are included within the Affordable Rents Scheme.

The authority has issued a backdated letter for 2020-21 from the Section 151 Officer which shows the addresses for all of the properties that are included within the Affordable Rents Scheme. The addresses for the two cases in our initial testing are included within the letter. The authority will ensure that a formal letter will be available annually in respect of the 2021-22 HBAP and following years.

## Appendix C Amendments to the claim form MPF720A

**HRA Rent Rebate: Cell 011 – Incorrect bed and breakfast end date**

**Cell 011: Non HRA Rent Rebate total expenditure**

**Cell Total: £175,499**

**Cell Total £96,541 – sub population**

**Cell Population: 122 cases**

**Cell Population: 100 cases – sub population**

**Headline Cell: £175,499**

The Local 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 £96,541 £59,478, and £37,063 respectively.

Our testing in 2019/20 identified the Local Authority had used the incorrect bed and breakfast end date in calculating benefit entitlement.

During our initial testing, there were 15 cases (value £20,594) where the assessment based on checking the end date in leaving the Bed and Breakfast accommodation were tested and no errors were identified. However, given the nature of the population, the full population of 100 cases where an assessment in the subsidy period was based on checking the end date was tested. This additional testing of 85 cases identified one error on the claimant's end date in leaving the accommodation.

As all claims have been tested as this is a small population, we are able to determine the extent of the adjustment required to the claim as follows:

Cell 011 overstated by £105

Cell 012 overstated by £38

Cell 013 overstated by £67

These amendments have been made to the claim.

This is the second year that we have reported this error.

**HRA Rent Rebate: Cell 012 and Cell 013 – Misclassification of expenditure****Cell 011: Non HRA Rent Rebate total expenditure****Cell Total: £175,499****Cell Total: £59,478 – sub population (Cell 012)****Cell Total: £37,063 – sub population (Cell 013)****Cell Population: 122 cases****Cell Population: 100 cases – sub population (Cell 012)****Cell Population: 99 cases – sub population (Cell 013)****Headline Cell: £175,499**

The Local Authority has included a manual adjustment to headline Cell 011 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 £96,541 £59,478, and £37,063 respectively.

During our initial testing, there were 15 cases (value £20,594) where we have identified errors in the misclassification of expenditure in Cell 012 and Cell 013. This has resulted in a misclassification of expenditure in Cell 013 of £1,166 which should have been classified in Cell 012.

However, given the nature of the population, the full population of 100 cases where the classification of expenditure in Cell 012 and Cell 013 was tested. This additional testing identified 85 errors which resulted in a misclassification of expenditure in Cell 013 which should have been classified in Cell 012.

As all claims have been tested as this is a small population, we are able to determine the extent of the adjustment required to the claim as follows:

Cell 012 understated by £5,597

Cell 013 overstated by £5,597

These amendments have been made to the claim.

This is the first year that we have reported this error.

## **Appendix D Additional issues**

There are no additional issues to report.