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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: The Section 151 Officer of the Sevenoaks District Council.

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

This report is produced in accordance with the terms of our engagement letter with the Sevenoaks District 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 the Sevenoaks District 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 29 April 2021.

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 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 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.

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 DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2019/20 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 (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 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 accordance with HBAP modules, an initial sample of cases was completed for all general expenditure cells. We performed all the testing:

Cell 011 Non HRA Rent Rebates - Incorrect Local Housing Allowance (LHA) rate applied

Initial testing of cell 011 identified that the Local Authority has incorrectly applied the LHA rate in two claims. There were 120 cases within cell 011 relating to LHA rates, therefore 100% additional testing was performed and no further errors were identified. However, the initial error resulted in an amendment to the subsidy form.

Cell 094 Rent Allowances: - Incorrect Occupational Pension

Initial testing of cell 011 identified that the Local Authority has incorrectly calculated the occupational pension for 1 case. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 094 Rent Allowances: - Incorrect Earnings calculation

Initial testing of cell 094 identified that the Local Authority has incorrectly calculated the earnings for 1 case. As it was not possible to correctly establish the error 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 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 findings reported in the preceding HBAP report. Where appropriate the Local Authority have completed testing of the sub populations for:

- Non HRA Rent Rebates – Earnings incorrectly calculated within Cell 011. No further errors identified.
- Non HRA Rent Rebates – Ineligible service deduction incorrectly applied within Cell 011. Further errors were identified.
- Rent Allowances – Earnings incorrectly calculated within Cell 094 (similar issue identified in current years initial testing as stated above).

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. The results are outlined in the appropriate appendix.

Summary paragraph

For the form MPF720A dated 29 April 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 Appendix A, B, C and D.

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Signature

A solid black rectangular box redacting the signature of Sarah Ironmonger.

Date – 30 April 2021

Appendix A Exceptions/errors found

Error Type 3 – benefit overpaid or insufficient supporting information

Cell 094 Rent Allowances – Overpaid benefit – earned income calculation error

Cell 094 – Rent Allowance – Total expenditure.

Cell Total: £22,409,125

Cell Total: £4,098,662 – sub population

Cell Population: 4,706 cases

Cell Population: 1032 – sub population

Headline Cell: £22,409,125

Our testing in 2015/16 identified that the Authority had incorrectly calculated the earnings applied to some claims. Further errors were noted in 2016/17, 2017/18 and 2018/19.

Testing of the initial sample identified one case with a value of £2,795 where earnings were incorrectly calculated resulting in an error of £6. Given the nature of the population and error (current year and prior years), an additional random sample of 40 cases was tested. A further 6 cases, with a total value of £30,459, were identified where calculation of earnings was incorrect. The details of the additional testing errors identified are listed below:

- 2 cases (value: £12,205) which resulted in an overpayment of housing benefit to a total of £1 due to miscalculation of claimant's earnings. The 2 errors have been classified as errors for subsidy extrapolation purposes.
- 2 cases (value: £5,316) which resulted in an underpayment of housing benefit to a total of £8 due to the miscalculation of claimant's earnings. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes.
- 2 cases (value: £12,939) which had no impact on housing benefit awarded.

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	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 8 cases	Incorrect Calculation of Earnings	£4,098,662	(£6)	£31,019		
Additional sample - 40 cases	Incorrect Calculation of Earnings	£4,098,662	(£1)	£144,904		
Combined sample – 48 cases	Combined - Incorrect Calculation of Earnings	£4,098,662	(£7)	£175,923	(0.0039%)	(£162)
Adjustment Cell 114 is overstated	Combined sample - cell 114 is overstated	£4,098,662	(£7)	£175,923	(0.0039%)	(£162)
Total corresponding adjustment	Total amendment of cell 114					£162

Error Type 3 – benefit overpaid or insufficient supporting information

Cell 094 Overpaid benefit – Incorrect Calculation of Occupational Pension

Cell 094 – Rent Allowance – Total Expenditure

Cell Total: £22,409,125

Cell Total: £1,737,335 – sub population

Cell Population 4,706 cases

Cell Population: 453 cases - sub population

Headline Cell: £22,409,125

Testing of the initial sample identified 1 case (value: £7,149) where the occupational pension was incorrectly calculated. Given the nature of the population and error, an additional random sample of 40 cases was tested by the Local Authority.

A further 6 cases, with a total value of £21,313, were identified where calculation of occupational pension was incorrect. The details of the additional testing errors identified are listed below:

- 4 cases (value of £10,853) which resulted in an overpayment (total of £154) of housing benefit and, therefore have been classified as errors for subsidy extrapolation purposes. The errors ranged from £13 to £105.
- 2 cases (value of £10,460) which resulted in an underpayment of housing benefit to a total of £8. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the first year this issue has been reported in our HBAP Report.

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	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 3 cases	Incorrect Calculation of Occupational Pension	£1,737,335	(£0)	£12,728		
Additional sample - 40 cases	Incorrect Calculation of Occupational Pension	£1,737,335	(£154)	£160,885		
Combined sample - 43 cases	Combined - Incorrect Calculation of Occupational Pension	£1,737,335	(£154)	£173,613	(0.09%)	(£1,536)
Adjustment Cell 114 is overstated	Combined sample - cell 114 is overstated	£1,737,335	(£154)	£173,613	(0.09%)	(£1,536)
Total corresponding adjustment	Total amendment of cell 114					£1,536

Appendix B Observation

Error Type 3 – Benefit overpaid or insufficient supporting information. Cell 11 Non HRA Rent Rebate – Earnings incorrectly calculated

Cell 11 Non HRA Rent rebates

Cell Total: £242,472

Cell Total - £17,811- sub population:

Cell Population: 120

Cell Population: 15 - sub population:

Headline Cell £242,472

In the 2018/19 HBAP report, we reported that the Local Authority had incorrectly awarded benefit as result of a miscalculation of earned income and thus, CAKE testing was completed by the Local Authority in 2019/20.

We have not identified any errors relating to earned income within our initial testing. There were 15 cases within Cell 011, the Local Authority has tested 100% of the population to ensure the earned income has been correctly calculated.

No claims were identified to be in error from the CAKE testing.

We have re-performed the test on 4 cases and the Authority's findings on those claims were correct.

Error Type 3 – Benefit overpaid or insufficient supporting information. Cell 11 Non HRA Rent Rebate - Ineligible service deduction incorrectly applied

Cell 11 Non HRA Rent rebates

Cell Total: £242,472

Cell Total – sub population: £63,960

Cell Population: 120

Cell Population: - sub population: 36

Headline Cell £242,472

In the 2018/19 HBAP report, we reported that the Local Authority had incorrectly applied ineligible service deduction on 4 cases which led to overpayments of housing benefit. A 100% check was completed by the Local Authority for this error in 2019/20 and 5 errors were identified. Our initial testing in 2019/20 did not identify any errors in relation to ineligible service deductions. However, the Local Authority restrict the eligible rent to the Local Housing Allowance rate. No claim was under/overstated in cell 012 or cell 014 and the under/overstatement is all held in cells 013 and 015 which attracts nil subsidy, therefore no amendment to the claim was required.

We have re-performed the test on 9 cases and the Authority's findings on those claims were correct.

Appendix C: Amendments to the claim form MPF720A

Error Type 3 – Benefit overpaid or insufficient supporting information.

Cell 11 Non HRA Rent Rebate – LHA Rate incorrectly applied

Cell 11 Non HRA Rent rebates

Cell Total: £242,472

Cell Population: - sub population: £242,472

Cell Population: 120

Cell Population: - sub population: £242,472

Initial testing of cell 011 identified that the Local Authority has incorrectly applied the LHA rate on 2 cases (value: £5,705). 1 case resulted in an underpayment of housing benefit of £97 and 1 case resulted in an overpayment of housing benefit of £1,004. Given the nature of the population and error, 100% additional testing was performed by the Local Authority. There were 120 cases in cell 011 relating to LHA rates and no additional cases were identified to be in error.

We have re-performed the test on 12 cases and the Authority's findings on those claims were correct.

As a result, the following cells have been adjusted for overpayment:

- Cell 014 Expenditure up to the lower of 90% of the appropriate LHA rate for the property, and the upper limit (£500 or £375): by £1,004 (overstated).
- Cell 015 Expenditure above the lower of 90% of the appropriate LHA rate for the property plus the management costs element, and the upper limit (£500 or £375): by £1004 (understated).

Appendix D Additional issues

No additional issues to report.