

 COTSWOLD DISTRICT COUNCIL	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 22 JULY 2021
Report Number	AGENDA ITEM 07
Subject	KPMG LLP REPORTS – HOUSING BENEFIT SUBSIDY CERTIFICATION
Wards affected	None
Accountable member	Cllr Mike Every. Deputy Leader and Cabinet Member for Finance Tel: 07850 373022 Email: mike.every@cotswold.gov.uk
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Summary/Purpose	To update Audit committee on the outcomes of the previous 5 years external audit finding in respect of Housing Benefit assurance and the councils housing benefit subsidy claims.
Annexes	Annex A – Summary of findings
Recommendation/s	To note the details of the report
Corporate priorities	Delivering our services to the highest standards
Key Decision	No
Exempt	No
Consultees/ Consultation	The Deputy Leader and Cabinet Member for Finance, The Chief Executive, The Deputy Chief Executive, The Monitoring Officer, Group Manager for Resident Services

1. BACKGROUND

- 1.1.** At the Audit Committee meeting held on Thursday 29 April 2021 officers submitted a report updating the committee on the audit work carried out by KPMG in respect of the housing benefit subsidy certification for 2019/2020.
- 1.2.** It was resolved that a further report would be submitted to this committee outlining trends on previous housing benefit audits during the last five year period, and what actions had been taken to ensure future risks to the Council's subsidy payments were minimised.

2. MAIN POINTS

- 2.1.** The Certification process aims to ensure that subsidy claims are fairly stated and provides assurance that the housing benefit scheme is being administered correctly.
- 2.2.** Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid. The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous year's claims.
- 2.3.** The Revenues and Benefits Service administer thousands of benefit assessments during any financial year and whilst that work is undertaken with a high degree of accuracy, supported by robust quality assurance measures, a level of error is unavoidable.
- 2.4.** Annex A (attached) gives a brief summary of findings from previous housing benefit audits for the last 5 financial years.
- 2.5.** Measures have been put in place to minimise errors where possible, but with an extremely complex administrative process; where no two assessments are the same it is extremely difficult to ensure no errors in any given financial year.
- 2.6.** During 2016/2017 the Council procured a small team of specialists to undertake a full pre-audit health check. This work highlighted areas of benefit administration, such as the assessment of earned income that would require additional quality and assurance checking prior to the benefit being put into payment.
- 2.7.** The service has also created a Quality and Assurance (Q&A) post whose main focus is to ensure the accuracy of claims once they have been assessed. The Q&A officer targets those claims which are of known high risk in respect of administrative error, and assessments of officers relatively new to this area of work.

3. FINANCIAL IMPLICATIONS

- 3.1.** There are no financial implications as a result of this report.

4. LEGAL IMPLICATIONS

- 4.1.** The Department for Work and Pensions has developed the Housing Benefit Assurance Procedure (HBAP) that provides a comprehensive guide to providing assurance of Housing Benefit Subsidy claims submitted by Local Authorities including the testing methodology to establish a basis for the assurance and amendment of claims prior to final submission and the provision of the tools with which to conduct the assurance engagement. The Housing Benefit Grant Claim Audits were undertaken in accordance with the HBAP procedures.

5. RISK ASSESSMENT

- 5.1.** The work undertaken by external auditors provides external assurance to the Council on the effectiveness of arrangements for the accurate payment and recording of benefit expenditure

Annex A

Financial Year	Subsidy Claimed £	Errors Found	Subsidy Impact £
2014/2015	20,506,292	No parameter in system for Polygamous Marriages; however these are not applicable to the current housing benefit caseload population	0
		Capital incorrectly input on 3 x claims. The errors were £0.27, £20.52 and £315.14, but none of these errors effected the amount of benefit awarded or subsidy claimed	0
		Earned income incorrectly input on 2 x claims. The errors were £2.60 and £310.21; but neither error effected the subsidy claimed	0
2015/2016	20,163,295	Initial testing identified an error in one case where earned income was incorrectly input on one claim which resulted in a £0.04 error in benefit awarded. This resulted in a further 40+ testing of benefit claims which found a further 5 errors resulting in excess benefit totalling £582 being paid.	The extrapolated effected of these 5 errors resulted in £8,568 being over claimed (0.04% of subsidy claimed)
		No parameter in system for Polygamous Marriages; however these are not applicable to the current housing benefit caseload population	0
2016/2017	19,550,115	No errors were identified in initial sample checks; however due to errors identified in 2015/2016 a further 40+ testing was required on earned income. This identified 6 cases totalling £495 where benefit had been overpaid due to the miscalculation of earnings. This did not impact on the subsidy claim	0

2017/2018	18,393,310	Due to errors found in earned income during 2016/2017 a 40+ test was required. 3 errors were found; however as the errors did not result in any subsidy errors no impact was made on the subsidy claimed	0
2018/2019	15,978,921	Testing on a random sample of 20 cases identified one case where benefit had been underpaid as a result of incorrectly calculating a household size. This had no impact on subsidy and the claim was corrected	0
		A further case identified an error where the incorrect Pension Credit Assessed Income figure had been used. Again, this resulted in an underpayment and did not impact subsidy. The claim was corrected	0
2019/20	13,890,185	In the initial sample of Housing Benefit cases, KPMG LLP found an error in one case of £725 resulting in the subsidy claim being overstated. This error was due to an incorrect assessment of a household size and the incorrect application of the bedroom tax. Due to this one error a further check on 40 similar cases was carried out which did not identify any further discrepancies.	The extrapolated effected of this error resulted in £14,915 being over claimed (0.1% of subsidy claimed)

