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**Private & confidential**

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

Your ref

Our ref OMBC/20-21

Contact Rob Jones

Anne Ryans  
Oldham Metropolitan Borough Council  
Level 3, Civic Centre  
West Street  
Oldham  
OL1 1UT

03 March 2022

Dear Madam,

**Reporting accountant's report for the Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2021**

This report is produced in accordance with the terms of our engagement letter with Oldham Metropolitan Borough Council dated 09 September 2021 and the standardised engagement terms in Appendix 2 of Housing Benefit (Subsidy) Assurance Process ("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 Oldham Metropolitan Borough 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 30 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 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 the 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 on 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.

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 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 30 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 and in accordance with the International Standard on Related Services (ISRS) 4400, *Engagements 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 2021, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported in Appendices A, B, C and D.

The procedures specified in DWP's HBAP reporting framework instruction do 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.

## **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 outcomes of the testing undertaken are summarised below:

Cell 011: Non HRA: No errors identified.

Cell 055: Rent Rebates: Our testing identified 1 case where benefit has been underpaid as a result of the incorrect assessment of capital valuation where the claimant has an additional property. Further details can be found in Appendix B.

Cell 094: Rent Allowance: Our testing identified 1 case where benefit has been underpaid as a result of the incorrect assessment of rent charge changes in year. Further details can be found in Appendix B.

Cell 214/225: Modified Schemes: No errors identified.

### **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 testing of the Module 2 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 Local Authority has completed testing of the sub-populations for:

- Cell 014: Classification of expenditure
- Cell 094: Assessment of self-employed earnings

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 of the initial testing and CAKE testing for cell 094 assessment of self-employed earnings has returned no errors and is therefore considered as closed.

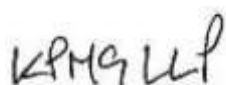
For the form MPF720A dated 30 April 2021 for the year ended 31 March 2021 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the results set out in Appendices A, B, C and D.

Firm of accountants KPMG LLP  
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Contact details Rob Jones, Director, 07799 865451,  
[Rob.Jones@kpmg.co.uk](mailto:Rob.Jones@kpmg.co.uk)

Signature 

Date 03 March 2022

Yours faithfully



**KPMG LLP**  
*Chartered Accountants*

Name for enquiries: Rob Jones

Attachments:

Appendix A: Exceptions/errors found  
Appendix B: Observations  
Appendix C: Amendments  
Appendix D: Other matters

## Appendix A: Exceptions/errors found

**Cell 014: Non HRA: Expenditure Misclassification Cell Total: £288,976.32 Cell Population: 153 Headline Cell: £807,933**

In our 2019/20 HBAP Accountants report we identified that the Local Authority had miscalculated expenditure in cell 014. Given the nature of the population and the errors reported in the 2019/20 HBAP Accountants report, an additional random sample of 40 cases were selected from cases in cell 014 to confirm whether the assessment made was correct and expenditure has been correctly classified. The additional testing identified:

- 1 case (total error value £86.13) where benefit expenditure has been misclassified. The impact of the error is to overstate cell 014, with a corresponding understatement of cell 015. There is no impact on cell 011.

No errors have been identified from our initial testing.

The results of the testing are included in the table below.

This error was included in our previous year HBAP Accountants Report.

### Expenditure Misclassification

Sample	Movement / brief note of error:	Cell population total: Cell 014	Sample error:	Sample value:	Percentage error rate	Cell adjustment:
		[CP]	[SE]	[SV]	[SE/SV]	[SE/SV X CP]
<b>Initial sample – 8 cases</b>	Cell 014: Expenditure Misclassification	£288,976	£0	£13,891		
<b>CAKE sample – 40 cases</b>	Cell 014: Expenditure Misclassification	£288,976	(£86.13)	£84,408		
<b>Combined sample – 48 cases</b>	Cell 014: Expenditure Misclassification	£288,976	<b>(£86.13)</b>	<b>£98,299</b>	<b>0.09%</b>	<b>(£260)</b>
<b>Adjustment:</b>	Cell 014: Expenditure Misclassification: Cell 014 is overstated.	£288,976	<b>(£86.13)</b>	<b>£98,299</b>	<b>0.09%</b>	<b>(£260)</b>
<b>Corresponding adjustment:</b>	Cell 015 is understated.					£260

## **Appendix B Observations**

### **HBAP Module 1 – test 9**

We have been unable to obtain prime documentation showing that the Authority's local modified discretionary scheme has been agreed by full Council, owing to the significant time lapse since this scheme was originally approved. In accordance with the guidance on page 571 of the HBAP 2020-21 Helpfile, the s151 officer at the Authority has however provided a signed representation saying that the policy is available to council members and has previously been approved.

#### **Cell 055 – Rent Rebates Expenditure – Calculation of capital tariff where claimant has an additional property Cell Total: £4,805,516**

**Cell Population: 1,239 Sub Population Total: £11,529.13 Sub Population: 3 Headline Cell: £4,805,516**

Our initial testing of a sample of 20 cases selected at random from cell 055 identified 1 case where benefit has been underpaid (total error value £525) as a result of the incorrect calculation of capital tariff income, specifically relating to the valuation of capital in respect of the claimant's additional property.

In line with the requirements of module 6, the authority has identified and tested all cases where the claimant has an additional property to confirm that the valuation is correct, and assessment of capital tariff income also correct. This testing did not identify any further errors.

As there is no eligibility to subsidy for benefit which has not been paid, the 1 case identified with underpaid housing benefit does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

#### **Cell 094 – Rent Allowance Expenditure – In year rent changes**

**Cell Total: £41,860,713 Cell Population: 10,461 Sub Population Total: £27,665 Sub Population: 4 Headline Cell: £41,860,713**

Our initial testing of a sample of 20 cases selected at random from cell 094 identified 1 case where benefit has been underpaid (total value of error £27.76) as a result of the incorrect assessment of rent. This error specifically occurred whereby the local authority has changed the rent amount during the year, but then reverted back to the previous rent amount in error at a later date in the year.

In line with the requirements of module 6, the authority has identified and tested all cases in cell 094 where the claimant has changed rent in the year, and the system has updated this but then reverted the rent value back to another amount, to confirm that assessment of such changes was accurate. This testing identified 2 further cases where housing benefit has been underpaid as a result.

As there is no eligibility to subsidy for benefit which has not been paid, the 3 cases identified with underpaid housing benefit do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes.

### **Appendix C: Amendments to the claim form MPF720A**

No issues to report.

### **Appendix D Additional issues**

No additional issues.