

Report to Audit Committee

Housing Benefit Subsidy Audit 2021/22

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member Finance and Low Carbon

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Reason for Decision

This report is to present to Members the outcome of the external audit of the Housing Benefit Subsidy claim form for the financial year 2021/22.

Executive Summary

KPMG LLP undertakes the audit of the Housing Benefit Subsidy Claim. Annex 1 includes a report prepared by the officer of KPMG LLP who led the audit process. The report advises of the:

a) Work undertaken:

- which encompassed testing in relation to twenty individual cases linked to specific cells on the claim form and focussed testing of over 180 additional cases

b) Findings:

- There was one classification error of £117 which was extrapolated to £708 using the prescribed Department of Work and Pensions methodology
 - There were six observations made
 - A requirement to amend the Housing Subsidy Claim form.
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Overall, the report is reasonably positive but highlights some issues which have been reviewed in preparation for the 2022/23 audit process.

Recommendation

That Members of the Audit Committee note the outcome of the 2021/22 audit of the Housing Benefit Subsidy claim form.



Oldham Metropolitan Borough Council Audit Committee

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Introduction

In accordance with the DWP's Housing Benefits Assurance Process, the Council is required to have an annual review of its Housing Benefit Subsidy claim.

Our work on the Council's Housing Benefit claim is carried out in accordance with the DWP's prescribed process and includes:

- agreeing parameters within the Council's housing benefits system to the DWP's published standard rates for the year;
- checking that the subsidy claim has been prepared using the specified version of the benefits software;
- sample testing claims to check the calculation of benefit entitlement and that it was supported by evidence;
- undertaking testing over modified schemes payments.

Work undertaken

Testing of 20 individual cases for the following cells on the claim form:

- 011 (non-HRA rent rebates);
- 055 (HRA rent rebates);
- 094 (rent allowance); and
- 225 (modified schemes)

Focused testing which is either based on our findings in the prior year (2020/21) or by the results of our initial testing. Consequently, we undertook testing on six additional areas. Testing was therefore carried out on over 180 additional benefit cases.

Findings

Errors

From our initial testing of 20 cases within rent allowance cases, we identified no errors in respect of expenditure misclassification in cell 014. However, due to an error reported in the 2020/21 HBAP report, a random sample of 40 cases from Cell 014 were tested to confirm that expenditure has been correctly classified. The additional testing identified one claim with an error in the classification of expenditure.

So out of total subsidy claimed in Cell 014 of £533k, in our sample, we found a classification error totalling £117 across one case. We are required to extrapolate misclassification errors using the DWP's prescribed method. This resulted in a reported extrapolated figure of £708.

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Observations

We reported six observations:

- An issue with the assessment of capital tariff income in rent allowance cases. Our testing identified three cases where the authority had incorrectly assessed the claimants capital tariff. In all three cases, these errors had no impact on the value of benefit paid or subsidy claimed.
- An issue with the assessment of the calculation of capital tariff where the claimant has an additional property in two rent rebate cases. In both cases, the errors identified resulted in an underpayment of housing benefit.
- An issue with the calculation of rent in cell 102 (rent allowance housing association cases) in one case. The error identified resulted in an underpayment of housing benefit.
- An issue with the assessment of earned income in non HRA cases. Our testing identified eight cases where the authority incorrectly assessed the claimants earned income. In all cases the errors either led to an underpayment of housing benefit to the claimant or had no impact on the value of housing benefit paid or subsidy claimed.
- An issue with the assessment of a claimants motability deduction, where the claimant is in receipt of war pension income. In this instance, no further testing has been completed as this error could only ever result in an underpayment of housing benefit or have no impact on the value of housing benefit paid or subsidy claimed.
- A statement to outline that 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 significant time lapse since this scheme was originally approved.

Amendments to the claim form

The claim form was amended for one finding:

- The correction of an in-year reconciliation cell imbalance of £13,077. The Authority investigated the difference and identified that changes were not made as expected as part of the standard year end checks to the original claim form to identify and correct this difference. This amendment has been made in the final claim form.

There were no other issues to report.

Next Steps

The 2022/23 HBAP guidance is due to be published by the DWP in early April 2023. On publication, we will liaise with the Housing Benefits Team to agree a timescale to kick off and complete the 2022/23 audit.



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