

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 15 March 2021

**Report of:** Head of Housing and Benefits

**Subject:** EXTERNAL AUDIT CERTIFICATION REPORT

#### SUMMARY

This report presents the findings from the Housing Benefit Subsidy Certification work carried out by External Auditors (KPMG) in respect of 2019/20.

*The Audit and Governance Committee's areas of responsibility for External Audit include considering the external auditor's annual letter, relevant reports, and the report to those charged with governance.*

#### RECOMMENDATION

It is RECOMMENDED that the Audit and Governance Committee: -

- a) consider the findings of the Annual Certification Report 2019/20 submitted to the Department for Work and Pensions by the Council's external auditors; and
- b) comment on the findings as appropriate.

## **INTRODUCTION**

1. Housing Benefit is a national social security benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP). The DWP reimburse local authorities for the cost of administering Housing Benefit through a system of subsidy payments, based on the subsidy claims submitted to the DWP by the local authorities.
2. The DWP require appropriately qualified reporting accountants to audit the subsidy claim and issue to them a report about the financial and legal probity of each local authority's Housing Benefit Service.
3. The reporting accountant is required to perform specific tests determined by the DWP on a defined sample basis as set out in the Housing Benefit Assurance Process reporting framework.
4. Testing of cases is carried out on an initial sample of cases per benefit type across the entire caseload. More extensive testing is undertaken if the initial testing identifies errors in the calculation of benefit or as a result of errors that have been identified in the audit of previous years' claims.

## **2019/20 HOUSING BENEFIT SUBSIDY CLAIM**

5. The amount of subsidy claimed by Fareham Borough Council for 2019/20 was £15,736,470. KPMG completed the assurance process detailed above and determined there were no exceptions or errors to report and the amount claimed was correct.

## **REPORTING ACCOUNTANT'S OBSERVATIONS**

6. It was identified in the 2018/19 claim that there were some underpayments of benefit arising from the incorrect calculation of earned income and therefore additional testing was required for the 2019/20 claim. Testing of Subsidy Cell 055 (total £5,506,339) identified one claim where the earned income had been incorrectly calculated, resulting in an underpayment to the claimant of £35.10. Where benefit has been underpaid, there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded.

## **AMENDMENTS TO THE SUBSIDY CLAIM FORM**

7. Initial testing of claims within Subsidy Cell 225c (total £6,599) found one instance where the pension income had failed to be increased in line with evidence received which resulted in an overpayment of benefit totalling £0.31. All claims with occupational pensions were subsequently tested and none were found to be incorrect. The appropriate cells were amended on the subsidy claim form however these changes did not affect the headline cells and therefore the amount of subsidy claimed was correct.
8. Initial testing of claims within Subsidy Cell 011 (total £478,235) found one instance where the childcare costs had been incorrectly calculated which resulted in an overpayment of benefit totalling £13.93. All claims with

childcare costs were subsequently tested and none were found to be incorrect. The appropriate cells were amended on the subsidy claim form however these changes did not affect the headline cells and therefore the amount of subsidy claimed was correct.

## **CONCLUSION**

9. Following receipt of the Housing Benefit Reporting Accountant (KPMG) final tested claim for 2019/20, the DWP have confirmed there are no outstanding issues and our subsidy claim has been settled on this basis.

### **Background Papers:**

Reporting accountant's report for the Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2020.

### **Reference Papers:**

Statement of responsibilities of grant-paying bodies, authorities, Public Sector Audit Appointments (PSAA) and appointed auditors in relation to claims and returns – issued by PSAA

### **Enquiries:**

For further information on this report please contact Caroline Newman (Ext 4645)