

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 14 March 2022

Report of: Head of Housing and Benefits

Subject: ANNUAL CERTIFICATION REPORT

SUMMARY

This report presents the findings from the Housing Benefit Subsidy Certification work carried out by External Auditors (KPMG LLP) in respect of 2020/21.

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 2020/21 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.

2020/21 HOUSING BENEFIT SUBSIDY CLAIM

5. The amount of subsidy claimed by Fareham Borough Council for 2020/21 was £15,233,159. 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. Given the nature of the error and the potential for overpaid benefit to arise, additional testing of Subsidy Cell 055 has been undertaken in each subsequent year. Testing of an additional random sample of 40 cases in Subsidy Cell 055 of the 2020/21 claim identified no further cases where the income had been incorrectly calculated.

SUMMARY OF TESTING

7. In accordance with the Housing Benefit Assurance Process, testing of an initial sample of cases was completed for all general expenditure cells (011, 055, 094, 225). It should be noted that not all expenditure is fully subsidised and therefore the total expenditure in these cells will not match the amount of subsidy claimed.

(a) Subsidy Cell 011 (Non-Housing Rent Account rent rebates expenditure) Value £636,091

Testing of claims within cell 011 found one claim with an incorrect application of a service charge cost. Additional testing of a further 40 cases with service charges was performed and no further issues were found. Appropriate amendments were made to the sub-cells within the claim form to account for

the error found however these changes did not affect the headline cell (cell 011) and therefore the amount of subsidy claimed was correct.

(b) Subsidy Cell 055 (Housing Rent Account rent rebates expenditure) Value £5,187,887

Testing of claims within cell 055 found no issues.

(c) Subsidy Cell 094 (Rent Allowances expenditure) Value £9,565,072

Testing of claims within cell 094 found no issues.

(d) Subsidy Cell 225 (Modified Schemes expenditure) Value £7,825

Testing of claims within cell 225 found no issues.

CONCLUSION

8. KPMG's full report setting out the findings of their testing has been submitted to the DWP who will use the information to settle the subsidy claim.

Background Papers:

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

Reference Papers:

DWP Housing Benefit Assurance Process Module 6 (Approach and testing strategy)

Enquiries:

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