



KPMG LLP

15 Canada Square
London E14 5GL
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 3311

Private & confidential

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

Your ref

Our ref **KPMG/WCC/BEN01**

Section 151 Officer
Winchester City Council
Colebrook Street
Winchester
SO23 9LJ

Contact **Richard Hewes**
(020) 7694 2519

23 February 2022

Dear Richard Botham (S151 Officer),

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 Winchester City Council dated 20 March 2019 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 Winchester City 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. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 - Non HRA

Our initial testing identified no errors.

Cell 055 – Rent rebates

Our initial testing identified no errors.

Cell 094 - Rent Allowance

Our initial testing identified:

- 1 case where there was an incorrect private pension calculation. Further detail has been reported in Appendix A below.

Cell 225b – Modified schemes

Our initial testing identified no errors

Cell 225c – Modified schemes

Our initial testing identified no errors

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 the uprating checklist for the 2020/21 parameters 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, as follows:

- HRA Rent Rebates – Incorrect calculation of earned income

The following CAKE test returned an error as follows:

- 1 case where there was an incorrect calculation of earned income. Further detail has been reported in Appendix A below.

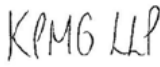
Summary paragraph/ending of letter

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 following results set out in Appendix A, B, C and D).

Firm of accountants.....KPMG LLP.....


Office.. 15 Canada Square, Canary Wharf, London. E14 5GL.....

Contact details (person, phone and email) ... Richard Hewes, Director, (020) 7694 2519 richard.hewes@kpmg.co.uk

Signature / stamp..... 

Date.....23 February 2022.....

Yours faithfully



KPMG LLP

Chartered Accountants

Attachments:

- Appendix A Exceptions/errors found
- Appendix B Observations
- Appendix C Amendments
- Appendix D Additional Issues

Appendix A Exceptions/errors found

Cell 055 Overpaid benefit – Incorrect calculation of earned income

Cell 055 HRA Rent rebate

Cell Total: £777,888

Cell Total: £146,176 – sub population

Cell Population: 2,278 cases

Cell Population: 295 cases – sub population

Headline cell: £9,724,133

It was identified in 2019/20 and reported in the HBAP Report for that year that the Local Authority had incorrectly calculated earned income.

Our initial testing of a random sample of 20 cases in cell 055 identified no errors.

Given the nature of the population and the errors found in our 2019/20 HBAP Accountants Report, an additional random sample of 40 cases was selected from the sub-population of cases in cell 055 where the assessment of subsidy included earned income.

Testing of this additional random sample of 40 cases identified:

- 1 case where an earned income was incorrectly calculated. However, there was no financial impact as the error-corrected income remained below the applicable amount totals. There is no impact on cell 055.

N/A error / No impact

As there is no eligibility to subsidy for benefit which has not been paid, the n/a error (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the second year that this error has been identified in the HBAP Report.

Our findings are set out in the table below:

Cell 55 RR Earnings

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate (two decimal places):	Cell adjustment
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample - 1 cases	Incorrect calculation of earned income	£ 9,724,133.00	£ -	£ -		
Additional Sample - 40 cases	Incorrect assessment of earnings	£ 777,888.00	£ -	£ 146,176.00		
Combined Sample - 41 cases	Incorrect assessment of earnings	£ 777,888.00	£ -	£ 146,176.00	0.00%	£ -
Adjustment:	Combined sample. Cell 61 is overstated	£ 777,888.00	£ -	£ 146,176.00	0.00%	£ -
Total corresponding adjustment:	Total understatement of cell 65	£ 777,888.00	£ -	£ 146,176.00	0.00%	£ -

Cell 094 Overpaid benefit – Private Pension calculation error

Cell 094: Rent allowances total expenditure

Cell Total: £9,751,960

Cell Total £650,105.01 – sub population

Cell Population: 1895 cases

Cell Population: 143 – sub population

Headline Cell: £10,701,561

Our initial testing of a random sample of 20 cases in cell 094 identified:

- 1 case where there was an incorrect private pension calculation. This resulted in an overpayment of £0.05.

Given the nature of the population and the errors found in our 2020/21 HBAP Accountants Report, an additional random sample of 40 cases was selected from a sub-population of cell 094 where an assessment in the subsidy period was based upon private pension.

Testing of this additional random sample of 40 cases identified:

- 1 case which had resulted in no impact of housing benefit in 2020/21 due to miscalculating the claimant's private pension. This resulted in an understatement to cell 102 of £1,546.49.

Underpaid benefit / No impact

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the first year that this error has been identified in the HBAP Report.

Our findings are set out in the table below:

Cell 94 Private Pensions

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate (two decimal places):	Cell adjustment
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample - 1 case	No errors identified	£ 650,105.01	£ 0.05	£ 14,360.00		
Additional Sample - 40 cases	Incorrect assessment of Private Pension	£ 650,105.01	£ -	£ -		
Combined Sample – 41 cases	Incorrect assessment of Private Pension	£ 650,105.01	£ 0.05	£ 14,360.00	0.00%	£ 3.48
Adjustment:	Combined sample. Cell 102 is overstated	£ 650,105.01	£ 0.05	£ 14,360.00	0.00%	£ 3.48
Total corresponding adjustment:	Total understatement of cell 113	£ 650,105.01	£ (0.05)	£ 14,360.00	0.00%	£ (3.48)

Appendix B Observations

No observations were noted

Appendix C: Amendments to the claim form MPF720A

No amendments were noted

Appendix D Additional issues

No additional issues were noted