



KPMG LLP

Tel [REDACTED]

15 Canada Square
London. E14 5GL
United Kingdom

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 WCC/21-22

Contact Hannah Andrews

Liz Keys
Corporate Head of Finance
Winchester City Council
Colebrook Street
Winchester
SO23 9LJ

30 January 2023

Dear Madam,

Agreed-upon Procedures Report to Winchester City Council and the Department for Work and Pensions of factual findings in relation to the Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2022

Purpose of this Agreed-upon Procedures Report and Restriction on Use and Distribution

This report is produced in accordance with the terms of our engagement letter with Winchester City Council dated 22 June 2022 and the standardised engagement terms in Appendix 2 of HBAP Module 1 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 03 May 2022.

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 2021/22.

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.

Local Authority's Responsibilities

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.

The Section 151 Officer of the Local Authority and the DWP have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Section 151 Officer is responsible for the completion of the MPF720A and is the signatory on the Local Authority's certificate on claim form MPF720A.

Our Responsibilities

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2021/22 dated 03 May 2022 by the Section 151 Officer.

We conducted our engagement in accordance with HBAP Modules 1 and 6 21/22 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

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 (Revised), *Agreed-upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board. 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 03 May 2022, and to report the factual findings, which are the factual results of those procedures to the Local Authority and the DWP. We make no representation regarding the appropriateness of the agreed-upon procedures.

The results of the agreed upon procedures are reported on in appendices A, B, C and D.

The procedures specified in DWP's HBAP Reporting framework instruction does 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.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales. For the purpose of this engagement, there are no independence requirements with which we are obliged to comply.

We apply International Standard on Quality Control (UK) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

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 one case where the claimants PIP (personal independence payment) allowance had been included twice as a result of a duplicate record being entered into the system by ATLAS automation. This has no impact upon the value of benefit paid or subsidy claimed and is identified as an observation only. Further details can be found in Appendix B.

Cell 094: Rent Allowance: No errors identified.

Cell 214/225: Modified Schemes: Our testing identified one case where war pension income has been incorrectly uprated. This error has no impact upon the value of benefit paid or subsidy claimed. Further details can be found in Appendix B.

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 the HBAP Modules we have undertaken two sets of CAKE testing based upon the preceding HBAP Accountants report in relation to:

- Cell 055: Rent Rebates: Incorrect assessment of earned income
- Cell 094: Rent Allowance: Miscalculation of private pension

The results of the CAKE testing can be found in the relevant appendix below. Our initial testing and CAKE testing undertaken in relation to cell 055 rent rebates incorrect assessment of earned income has returned no errors and is considered closed.

Appendix A: Exceptions/errors found

Cell 094 Rent Allowance – Private Pension Miscalculation

Cell 094 Rent Allowances total expenditure

Cell Total: £9,958,373

Cell Total £576,661.13 – sub population

Cell Population: 1715 cases

Cell Population: 131 cases – sub population

Headline Cell: £9,958,373

The 2020/21 HBAP Accountants report identified that the Local Authority had incorrectly calculated private pension income resulting in an overpayment of benefit. Given the nature of the population and the errors reported in the 2020/21 HBAP Accountants report, an additional random sample of 40 cases where an assessment in the subsidy period included private pension income was tested. The additional testing identified:

- 1 case (total error value £0.30) where benefit has been overpaid as a result of the incorrect assessment of private pension income. The impact of the error is to overstate cell 102, with a corresponding understatement of cell 113. There is no impact on cell 094.

No errors were identified in our initial testing of a sample of 20 cases selected at random from cell 094.

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

Overpaid benefit

The following table is based on these findings.

Sample	Movement / brief note of error:	Value of subpopulation: Cell 094 with private pension income	Sample error:	Sample value:	Percentage error rate (to 4 decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]
Initial sample – 1 case	Cell 094: Assessment of private pension income	£576,661	£0	£5,947		
Additional testing sample – 40 cases	Cell 094: Assessment of private pension income	£576,661	(£0.30)	£176,302		
Combined sample - 41 cases	Cell 094: Assessment of private pension income. Cell 102 is overstated.	£576,661	(£0.30)	£182,249	0.0002%	(£1.15)
Adjustment:	Cell 094: Assessment of private pension income. Cell 102 is overstated.	£576,661	(£0.30)	£182,249	0.0002%	(£1.15)
Adjustment:						
Adjustment:						
Total Corresponding adjustment:	Cell 113 is understated					£1.15

Appendix B Observations

Cell 055: Rent Rebates Expenditure

Cell Total: £8,903,192

Cell Population: 2,072 cases

Our initial testing of a sample of 20 rent rebate cases selected at random from cell 055 identified:

- 1 case where the claimants PIP allowance had been included twice as a result of a duplicate record being entered into the system by ATLAS automation. This has no impact upon the value of benefit paid or subsidy claimed and is identified as an observation only.

In all instances this will always result in a nil impact of the value of benefit paid or subsidy claimed, and as such no additional testing has been undertaken.

Appendix C: Amendments to the claim form MPF720A

Cell 214/225: Expenditure Due to the Voluntary Disregarding of War Disablement Pensions or War Widows Pensions

Cell Total: £33,782

Cell Population: 14 cases

Our initial testing of a sample of 3 modified scheme cases selected at random from cell 214/225 identified:

- 1 case where war pension income has been incorrectly updated. The error identified has no effect on the value of benefit or subsidy paid. As there is no eligibility to subsidy for benefit which has not been paid, the nil effect case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

In line with the requirements of module 6, an extended sample of 11 cases was selected (100% of cases in cell 214/225) to check whether war pension income had been correctly assessed. This testing identified:

- 1 case (total error value £3,778) where a system error caused the incorrect assessment of war pension income. This has led to a misclassification of expenditure and an understatement of cells 214 and 225, with a corresponding overstatement of cells 055 and 061. The error identified has no impact on the value of housing benefit paid to the claimant.

The Authority has updated the final MPF720A claim form dated 18 January 2023 to reflect the error identified above.

This is the first year this error has been included in the HBAP Accountants Report.

Appendix D Additional issues

No issues identified.