



Progress Report on Housing Benefit Subsidy Claim 2019/20

**Oxford City
Council**

January 2021



Summary for Audit and Governance Committee

Introduction & background

This report summarises the progress of the work that we have carried out on the Authority's 2019/20 Housing Subsidy Benefit grant claim to December 2020.

- Under the Department for Work and Pensions (DWP) Housing Benefits Assurance Process we were engaged by the Authority to complete the 2019/20 Housing Benefit Subsidy claim. This has a value of £43.7 million.
- We commenced our work in summer 2020, with both KPMG and the Authority successfully working remotely due to the impact of Covid-19.
- We have worked closely with the benefits team and have held regular catch up calls to track progress and discuss, plus resolve any technical queries.
- Good progress has been made, and we expect to complete our work ahead of the revised DWP deadline of 29 January deadline.

Certification & assurance results

Our certification work on Housing Subsidy Benefit claim includes:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments and verifying the accurate completion of the claim form.

We are due to complete our testing and issue our HBAP Accountants Report to the DWP in January 2021. The claim will be subject to a qualification letter, as in previous years. The following issues will be reported which are comparable to those found in 2018/19:

- Incorrect assessment of earned income across all benefit types;
- Misclassification of overpaid benefit (claimant error) across all benefit types;
- Incorrect assessment of claimant capital in relation to HRA rent rebates;
- Incorrect calculation of student loan income in respect of HRA rent rebate and rent allowance cases; and
- Incorrect assessment of child tax credit income in relation to non HRA rent rebates, and HRA rent rebate cases.

New errors were also identified in the following areas in 2019/20:

- Incorrect assessment of state retirement pension income in respect of HRA rent rebate and rent allowance cases;
- Misclassification of overpaid benefit (local authority error and admin delay) in respect of HRA rent rebate cases; and
- Miscalculation of rent allowance (LHA) eligible rent.

Some areas of the claim have been subject to 100% testing therefore we anticipate that adjustments will be necessary to the Authority's claim.

Summary for Audit and Governance Committee (cont.)

Audit Team

The core members of our audit team members are outlined below:



Andrew Cardoza

Director
Local Government
KPMG LLP UK



Daniel Hayward

Senior Manager
Local Government
KPMG LLP UK



Laura Bedford

Manager
Local Government
KPMG LLP UK

Fees

Our fee per our engagement letter for certifying the Authority's 2019/20 Housing Benefit Subsidy grant is £19,000.

We anticipate that the final fee will be higher than the planned fee due to additional testing being required on the incorrect assessment of state retirement pension income in respect of HRA rent rebate and rent allowance cases, misclassification of overpaid benefit (local authority error and admin delay) in respect of HRA rent rebate cases, and the miscalculation of rent allowance (LHA) eligible rent.

Looking forward, the Benefits Manager has notified the DWP of Oxford City Council's intention to continue to contract with KPMG in relation to the audit of the Housing Benefits Subsidy claim in 2020/21.



The key contacts in relation to our audit are:

Andrew Cardoza
Director

T: +44 (0) 121 2323869
E: Andrew.Cardoza@kpmg.co.uk

Daniel Hayward
Senior Manager

T: +44 (0) 7776 101412
E: Daniel.Hayward@kpmg.co.uk

Laura Bedford
Manager

T: +44 (0) 7920 502249
E: Laura.Bedford@kpmg.co.uk

kpmg.com/uk



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner Tim Cutler, by email to Tim.Cutler@kpmg.co.uk.

© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

CREATE: CRT086281A