

**To:** Audit and Governance Committee  
**Date:** 14 January 2021  
**Report of:** Head of Financial Services  
**Title of Report:** Progress with the Housing Benefit External Audit with KPMG.

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To report upon progress on the external audit review of the Housing Benefit Subsidy claim on 2019-2020.
<b>Key decision:</b>	Yes
<b>Cabinet Member:</b>	Councillor Ed Turner Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	all
<b>Policy Framework:</b>	Budget
<b>Recommendation: the Committee is recommended to</b>	
<b>1. Note</b> <ul style="list-style-type: none"> <li>• KPMG are the new auditors for the Housing Benefit external audit process</li> <li>• the outcome of the Audit Report to the Department for Work and Pensions (DWP) for 2019-20</li> </ul>	

<b>Appendices</b>	
Appendix 1	KPMG Progress Report

## **Introduction and background**

1. Following a competitive tendering process in February 2020 the responsibility for the auditing of the Councils annual Housing Benefit Claim was awarded to KPMG on a rolling 1 year contract. As this year has been a successful partnership in completing this audit review, the Council have notified the DWP that contract into 2021/22 for the audit of the Subsidy Claim for 2020/21.
2. Oxford City Council is legally required to complete an annual review of the subsidy claim form for the previous year. Due to Covid 19, the normal completion date of November 31<sup>st</sup> 2020 was extended until January 31<sup>st</sup> 2021. This Council will have

the audit review and reporting documentation with the DWP on time. This is an excellent position to be in as the current national position for other Local Authorities is that less than 50% of audits will be completed by the end of January 2021.

### **Audit Report**

3. At the time of writing this report the audit is partially completed with only a single workbook left to review with the Auditors, although this is expected to have been completed by the date of the Audit and Governance meeting. The report from the auditor to date is shown in Appendix 1 and Laura Bessell, Benefits Manager and Laura Bedford of KPMG will give a verbal update at the January Audit and Governance meeting on the final position.
4. The original claim submitted by the Council to DWP in May 2020 in respect of the year 2019-20 was for a total amount of £43,709,545. One of the key aspect of this claim is in respect of local authority errors either arising from mistakes made in the entitlement of benefit by staff or overpayment of benefit due to delays in processing changes in benefit entitlement arising from changes in the circumstances of the claimant. Full benefit expenditure can be lost if the value of such errors is in excess of certain thresholds set as a percentage of the total benefit expenditure by DWP. In 2019-20 the thresholds are shown below
  - Upper threshold £224,185 (0% of benefit expenditure claimable if equalled or exceeded)
  - Lower threshold £199,275 (40% of benefit expenditure claimable if equalled or exceeded)

Total local authority error as submitted was £187,639 i.e. £11,636 below the lower threshold and at this level full housing benefit expenditure is claimable from the DWP. Where total errors are over the lower threshold subsidy is lost on such expenditure and if above the upper threshold expenditure on such errors is lost in total.

5. During the review further workbooks were required to be carried out as an error was found by the auditors in claims which had an income of State Retirement Pension and this has resulted in further checking. From this checking a further 5 more claims errors were found and resulted in over claimed expenditure. An updated position will be verbally reported to committee
6. This additional error was not identified previously in our audits. Looking at the way in which the Benefit Service automates data from the DWP in relation to State Retirement Pension from April 2020, the Service is not expecting this error to continue. We will be working with KPMG on the new processes in place which will now mitigate error in the system going forward.

### **Financial Implications**

7. These are included in the report.

### **Legal Implications**

8. The authority is required to have claims submitted for reimbursement of Housing Benefit expenditure from DWP audited by independent auditors. KPMG undertake this role on behalf of the Council.

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**Background Papers:** None

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