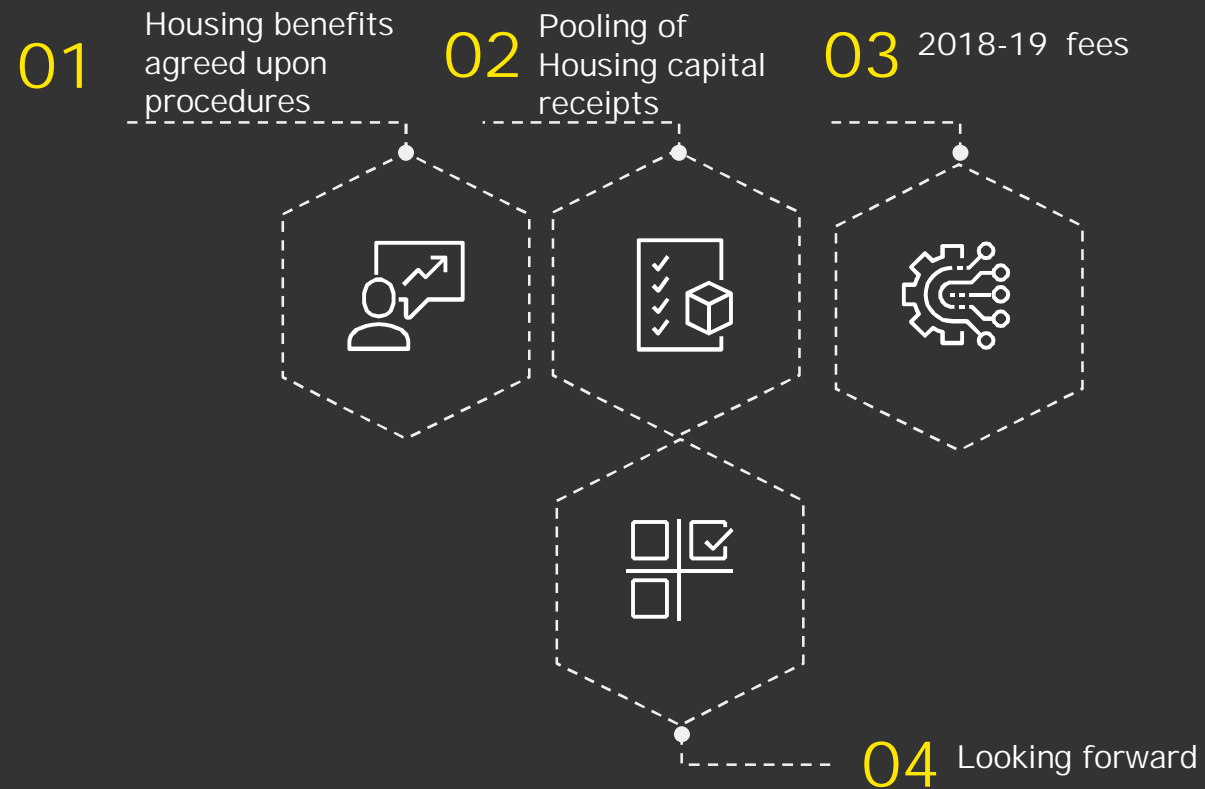


South Derbyshire District Council

Annual report of agreed upon procedures 2018-19

May 2020

Contents





01 Housing benefits



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£16,154,496
Amended/Not amended	Amended – subsidy increased by £13,338
Qualification letter	Yes
Fee – 2017-18	£16,313
Fee – 2018-19	£15,500

In previous years the audit of Housing Benefits subsidy claims has been completed in accordance with the requirements of Public Sector Audit Appointments (PSAA). In 2018, the Department of Works and Pensions (DWP) introduced a new Housing Benefits Assurance Process (HBAP), with the work completed under ISRS 4400 as an agreed upon procedures engagement. Under the new DWP arrangements, in August 2018, the Council appointed EY as its reporting accountant to undertake the agreed upon procedures. We completed and reported the findings of our work to the DWP in February 2020. The subsidy claim was re-signed and showed that the Council had underclaimed subsidy by £13,338.

In March 2019, we reported to Audit-sub Committee the results of the 2017/18 Housing Subsidy claim, which highlighted a number of errors impacting on the claims for the different types of benefits administered by the Council. The 2018/19 work not only identified some of the errors repeated from prior years but the incidence of errors had increased. The errors arising from our work are summarised below;

Overpayment of benefit subsidy

1. Rent Rebates (benefits to Council tenants)
 - Occupational pension assessed incorrectly
2. Rent rebates (private tenants)
 - Tax credits had been incorrectly been applied in the assessment

Misclassifications of expenditure and overpayments

1. Non- HRA benefits
 - Various misclassifications including errors between non-HRA and HRA, and Local Authority and Technical overpayments. These were amended in the final claim.
2. Rent Rebates (benefits to Council tenants)
 - Misclassifications in Local Authority error and administrative delays.
 - Misclassifications of expenditure and incorrect use of the local rent reference resulted in adjustments in classifications of rent allowance expenditure. There was no impact on the overall subsidy claim.
3. Modified schemes
 - Testing identified that local scheme element of the modified scheme was overstated resulting in an amendment to the final claim.

Housing benefits subsidy claim

Underpayment of benefit subsidy

1. Non-HRA benefits

- Incorrect calculation of claimant earnings
- Liability off-set had not been applied correct to a claimant moving address

2. Rent rebates (private tenants)

- Incorrect application of under-occupancy rate
- Incorrect omission of Family premium
- Incorrect calculation of claimant earnings
- Incorrect calculation of claimant occupational pension
- Incorrect calculation assessment of employment support allowance (calculation based)
- Incorrect calculations of a claimant self-employed income (wrong national insurance band applied and pension contribution excluded).

claim software and system reconciliation workbooks

Our work on module 5 identified imbalances in the year-end reconciliations. The Council reconciled the imbalances for Rent Rebates (private tenants) and Council Tenants (HRA) and this results amendments to the claim with a reduction to rent allowances of £900.



02

Pooling of Housing capital receipts





Pooling of housing capital receipts

During 2018-19 we also acted as the Council's reporting accountant to complete agreed upon procedures for the pooling of housing capital receipts return.

This work has been undertaken outside the PSAA regime and we did not identify any issues from this work to be brought to the attention of the Audit-sub Committee.

The fees for this are included in the figures in Section 3. They are referred to here to ensure to ensure Members have a full understanding of the various returns on which we provide assurance.

A blurred office scene with a laptop, papers, and glasses of water on a desk.

03

2018-19 certification fees





2018-19 fees

Claim or return	2018-19	2018-19	2017-18
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	15,500	15,500	16,313
Pooling of housing capital receipts return	2,000	2,000	1,800



04

Looking forward



Looking forward

Housing Benefits 2019/20

Our work in 2018/19, as detailed in section 1, has reported a greater level of errors, than compared with audits in prior years. The nature of the errors have resulted in underpayments across different benefit types particularly rent allowances (private tenants), which in practical terms means that the Council's housing benefit claimants are receiving a lower entitlement to benefit and are having to pay a higher level of rent.

The impact of the covid-19 crisis on the UK economy has been unprecedented seeing many people being furloughed or made unemployed. This has inevitably placed many individuals and families into financial hardship and resulted in a significant rise in claims for state benefit both with the DWP and local Authorities including South Derbyshire District Council.

It is important for the Council to ensure that claims are assessed accurately and claimants receive the correct entitlement based on their circumstances. Therefore, the Council should continue to review its arrangements which include;

1. Regular Training

- Review training requirement to ensure that HB assessors are up to date with changes in legislation and regulations and to focus on the types of errors referred to in the HBAP report to the DWP; and

2. Quality assurance reviews

- Review the adequacy of current arrangements including factors such as;
 - Are sample numbers at a sufficient level?
 - Is the quality control check a general review or could the review be focused to align to specific types of error included in the HBAP report to the DWP?