



Ernst & Young LLP Tel: + 44 118 928 1599
Apex Plaza Fax: + 44 118 928 1101
Forbury Road ey.com
Reading
RG1 1YE

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

29 November 2019

Ref:
Your ref:

And The Section 151 Officer of Aylesbury Vale District Council

Aylesbury Vale District Council HBAP Report 2018-19

This report is produced in accordance with the terms of our engagement letter with the Aylesbury Vale District Council dated January 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2018/19 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Aylesbury Vale District Council 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 2019.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), 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 Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2018-19.

This report should not therefore be regarded as suitable to be used or relied 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 2018/19 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants. The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is 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 2018/19 dated 30 April 2019 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 which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement 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 30/04/2019, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

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.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

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 Rent Rebate

Initial testing of Cell 011 identified that 1 claim has incorrect earned income resulting in an overpayment. Extended testing was carried out on this error type.

Cell 094 Rent Allowance

Initial Testing of Cell 094 identified no errors.

Completion of Modules

Completion of Module 2

Testing of the module 2 did not identify any errors arising from the incorrect application of system parameters.

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 Qualification Letter for 2017-18. Where appropriate the Authority has completed testing of the sub populations for:

Rent allowances Cell 094 – overpaid Benefit incorrect calculation of self-employed earnings error

We have re-performed a sample of the Authority's testing and confirm the tests we have carried out concur with the Authority's results. These results are outlined in the appropriate appendix.


Summary paragraph

For the form MPF720A dated 30 April 2019 for the year ended 31 March 2019 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: Ernst & Young LLP.....

Office: Reading.....

Contact details (person, phone and email): Sue Gill, 07779 575 702, sgill4@uk.ey.com

Signature / stamp: .....

Date: 29 November 2019.....

Appendix B Observations

Error Type 1 – underpaid benefit which would always result in an underpayment.

Where benefit has been underpaid, there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded. Underpaid benefit must, therefore, be excluded from the calculation of a cell amendment or extrapolation in a qualification letter.

Rent Allowance - Incorrect calculation of self-employed earnings

Headline Cell total: £44,068,558

Cell total: £2,830,785 (sub population)

Cell population: 531

As issues were reported in the 2017/18 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings as a result of CAKE.

2 errors were identified in the additional sample of 40 cases of self-employed earnings resulting in underpayment.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

Appendix C: Amendments to the claim form MPF720A

Error Type 3 – benefit overpaid or insufficient supporting information.

Cell 011 Non HRA Rent rebate Self-employed earnings incorrectly calculated

Cell 011 Non HRA Rent rebate

Cell Total: £88,576

Cell Total £88,576– sub population

Cell Population: 42 cases – sub population

Initial Testing of Cell 011 identified that the Local Authority has incorrectly calculated earned income resulting in an overpayment of benefit. One claim (£559.24) was incorrect. The Authority identified all earned income claims in Cell 011 and has tested each claim and amendment made to the claim form, dated 29 November 2019, which replaces the original.

Cell 026 was found to be understated by £674.41 and Cell 028 was overstated by £674.41. Further manual adjustments of £45.48 were made to Cell 13 and 26. Cell 13 was overstated and Cell 26 understated.

Error Type 4 – expenditure misclassification. Where benefit expenditure has been misclassified.

Cell 94 – Rent Allowances

Testing of cell 94 identified expenditure misclassification in cells 113 and 114. Cell 113 was found to be understated by £22,873 and cell 114 overstated by £22,873. Further manual adjustments of £23,883 and £776 were made to Cells 102 and 113 respectively which were both understated with a corresponding total adjustment of £24,659 to cell 94 which was overstated. The manual adjustments are not in effect errors but rather than awards for entitlement unable to be completed in the system.

Cell 225 – Modified Schemes

There were 13 cases in total in cell 225. Testing of cell 225 identified 9 errors in total.

This is reflected in the amendment as per the table below made to Form MPF720a dated 29th November 2019.

Cell 94	Cell 99	Cell 102	Cell 113	Cell 225
£2,603.08	£1.40	£6.92	£2,594.76	£2281.74

Due to the above amendments, we are can comfortably conclude that cell 225 is fairly stated.

Appendix D Additional issues

There are no additional issues which we need to bring to the attention of the DWP.

Housing Benefit Assurance Process (HBAP) Module 5: Northgate - noncompliance data return - Appendix 2

Please indicate which control matrix questions the authority failed on completion of HBAP Module 5 and attach this Appendix 2 to the final HBAP Report submitted to DWP as specified in HBAP Modules 1 and 6.

NB: nil returns are required.

Audit Scotland, Wales Audit Office & Firms should also inform their HB Leads.

Authority: ...Aylesbury Vale DC.....

Audit Manager:Sue Gill.....

HB System:Northgate.....

Control Question:	Please indicate those questions that the authority failed:	Comments:	Included in qualification letter (yes or no)? If no please state reasons:
1) Has the authority used the correct version of the benefits software?	N/a – none failed	N/a	N/a
2) Has the authority ensured that it has received all the relevant patches / upgrades throughout the year?	N/a – none failed	N/a	N/a
3) Has the authority received and loaded the latest patch for the claim onto the benefits system?	N/a – none failed	N/a	N/a
4) Has the authority performed all the recommended validation checks / recalculations suggested on patch upgrade?	N/a – none failed	N/a	N/a
5) Has the authority used the correct version of the year end subsidy program to compile the claim?	N/a – none failed	N/a	N/a
6) Has the standard claim reconciliation methodology been followed?	N/a – none failed	N/a	N/a