

General Purposes and Audit Committee
London Borough of Croydon
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21 February 2020

Dear Members

Results of grants work 2018/19

We were appointed to review specified claims and returns for the Council. This letter reports the findings from this work.

Housing Benefit Subsidy

In 2018/19 the prescribed tests for our Housing Benefits work were set out in the Housing Benefit (Subsidy) Assurance Process (HBAP) module issued by the Department for Work and Pensions (DWP).

The 2018/19 Housing Benefits return was subject to a qualification letter. Detailed findings, including the extrapolation of errors identified, were reported in our qualification letter to DWP dated 29 November 2019. The table below details our findings.

Claim	Value of claim	Amended	Qualified
Housing Benefit Subsidy	£171,733,236	No	Yes

Our sample testing is split between initial testing and additional testing. Initial testing tests a random sample of 20 cases from each headline cell on the subsidy claim form for each of the benefit types (non-HRA, rent rebates and rent allowances). Where errors are identified, either as part of the initial testing or Cumulative Assurance Knowledge and Experience (CAKE) – i.e. prior year issues, a further 40 cases are tested for the specific error identified. Where it is not possible to quantify the error the matter is reported as an extrapolated error in a letter to DWP.

Qualification issues

We did not identify any errors in our 2018/19 initial testing.

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The HBAP approach instructs that additional testing must be completed where CAKE identified errors in the prior year. This testing was completed by the Council, testing 40 cases looking at specific issues which arose in the prior year. We then carried out our own re-performance of a sample of these cases. This testing identified errors in 2018/19 relating to:

- HRA rent rebates – local authority error: 31 cases where the classification of overpayments was overstated. The value of the overstated overpayments identified was £2,237. Based on these errors we reported an extrapolated error of £2,616. We note that all of these errors were as a result of a single work stream.
- HRA rent rebates – eligible overpayments: 1 case where the classification of overpayments was overstated. The value of the overstated overpayments identified was £408. Based on this error we reported an extrapolated error of £4,127.
- Rent allowances - 1 case where the earned income figure used in the benefit entitlement calculation of rent allowances was incorrect. The value of the overpayment identified was £279. Based on this error we reported an extrapolated error of £21,446.

Fees

This indicative fees, and the final fees charged for 2018/19, are detailed in the table below:

Claim or return	2018/19 indicative fee	2018/19 final fee
Housing Benefit Subsidy	£11,040	£13,340

We would like to express my thanks for the assistance of the Council's team during the grants work.

Yours faithfully

Lucy Nutley
Director, Mazars LLP

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