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**Private & confidential**

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Contact **Neil Hewitson**

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London Borough of Barnet  
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23 February 2023

Dear Sir/Madam

**Agreed-upon Procedures Report to London Borough of Barnet and the Department for Work and Pensions of factual findings in relation to the Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2022**

**Purpose of this Agreed-upon Procedures Report and Restriction on Use and Distribution**

This report is produced in accordance with the terms of our engagement letter with London Borough of Barnet dated 17 February 2021 and the standardised engagement terms in Appendix 2 of HBAP Module 1 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of London Borough of Barnet (the “**Local Authority**”) 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 29 April 2022.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the standardised engagement terms) or in part, 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 the Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2021/22.

This report should not therefore be regarded as suitable to be used or relied on 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.

**Local Authority’s Responsibilities**

As Section 151 Officer of the Local Authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are 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.

The Section 151 Officer of the Local Authority and the DWP have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Section 151 Officer is responsible for the completion of the MPF720A and is the signatory on the Local Authority's certificate on claim form MPF720A.

### **Our Responsibilities**

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2021/22 dated 29 April 2022 by the Section 151 Officer.

We conducted our engagement in accordance with HBAP Modules 1 and 6 21/22 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

Our engagement was carried out in accordance with the DWP reporting framework instruction and in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board. 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 29 April 2022, and to report the factual findings, which are the factual results of those procedures to the Local Authority and the DWP. We make no representation regarding the appropriateness of the agreed-upon procedures.

The results of the agreed upon procedures are reported on in appendices A, B, C and D.

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.

### **Professional Ethics and Quality Control**

We have complied with the ethical requirements in the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales. For the purpose of this engagement, there are no independence requirements with which we are obliged to comply.

We apply International Standard on Quality Control (UK) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity,

professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

## **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.

- Cell 011 – Non HRA

Two errors were identified where the incorrect rent was applied resulting in overstatements in Cell 023 and Cell 012. Further detail is included in Appendix A. In line with the requirements of HBAP Modules, we have undertaken additional testing which identified no further errors.

- Cell 094 – Rent Allowance

No issues identified

- Cell 055 – Rent Rebates

No issues identified

- Cell 225 – Modified Schemes

No issues identified

### **Completion of Modules**

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

#### **Completion of Module 2**

No issues identified

#### **Completion of Module 5**

We have completed the questionnaire for the appropriate software supplier and no issues 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 HBAP report. Where appropriate the Local Authority has completed testing of the sub-populations for:

- *Cell 103 Total expenditure in claims administered under LHA rules: incorrect rent and LHA rate:*

A random sample of 40 cases from Cell 103 were tested to ensure rent and the LHA rate had been correctly applied. The additional testing identified one case where Cell 103 (Cell 094) was understated. Where Cell 094 was understated subsidy has



**Appendix A – Exceptions/errors found  
Cell 011: Non HRA Expenditure**

**Cell Total: £18,356,301**

**Cell Population: 1952**

**Headline Cell: £18,356,301**

**Incorrect rent**

Two exceptions were identified in the initial testing because of the incorrect rent being applied. The impact of the error was to overstate Cell 023 by £4 and Cell 012 by £51 and to understate Cell 026 by £54. There is no impact on Cell 011. A random sample of 40 cases from Cell 011 were tested to ensure rent had been correctly applied.

The additional testing identified no further errors.

**Overpaid benefit:**

Sample:	Movement / brief note of error:	Cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample: 20 cases	Cell 011: Incorrect rent applied	£18,356,301	£55	£229,996	0.024%	£4,390	See combined sample
Additional sample: 40 cases	No further errors to note	£18,356,301	£0	£ 377,454	0%	£0	See combined sample
<b>Combined sample: 60 cases</b>	<b>Incorrect rent applied</b>	<b>£18,356,301</b>	<b>£55</b>	<b>£607,450</b>	<b>0.01%</b>	<b>£1,662</b>	<b>£18,354,639</b>
Adjustment	Combined sample. Cell 023 and Cell 012 is overstated					<b>(£1,662)</b>	
Total corresponding adjustment	Cell 026 is understated					<b>£1,662</b>	

## **Appendix B – Observations**

**Cell 103: Total expenditure in claims administered under LHA rules**

**Cell Total: £100,702,846**

**Cell Population: 8702**

**Headline Cell: £156,089,661**

### **Incorrect rent and LHA rate**

No exceptions were identified in the initial testing related to the rent and LHA rate applied for cases contained within Cell 094. Due to an error reported in the prior year HBAP report, a random sample of 40 cases from Cell 103 were tested to ensure rent and the LHA rate had been correctly applied. The additional testing identified one case where Cell 103 (Cell 094) was understated by £1001.

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

### **HBAP Module 1 – Test 9**

We have been unable to obtain prime documentation showing that the Authority's local modified discretionary scheme has been agreed by full council, owing to significant time lapse since this scheme was originally approved. However, in accordance with the guidance on page 597 of the HBAP 2021-22 Helpfile, the s151 officer at the Authority has provided a signed representation from the s151 officer saying that the policy is available to council members and previously has been approved

## **Appendix C – Amendments**

There are no amendments to report.

## **Appendix D – Other Matters**

There are no other matters to report.