

Governance, Audit, Risk Management and Standards Committee
London Borough of Harrow
Civic Centre
Station Road
Harrow
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21 January 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, to date.

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	£139,666,991	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 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 identified the following errors in our 2018/19 initial testing and as a consequence a further sample of cases specific to the error identified were tested:

- Initial testing identified two cases where the earned income figure used in the benefit entitlement calculation of non-HRA rent rebate was incorrect. The value of the overpayment

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identified was £113. A further 40 cases were tested, identifying a further six errors. The value of these overpayments totalled £1,086. Based on these errors we reported an extrapolated error of £9,485.

- Initial testing identified one case where the earned income figure used in the benefit entitlement calculation of rent allowances was incorrect. The value of the overpayment identified was £173. A further 40 cases were tested, identifying a further four errors. The value of these overpayments totalled £37. Based on these errors we reported an extrapolated error of £22,601.

The HBAP approach instructs where initial testing does not match with cumulative audit knowledge and experience (CAKE) then additional testing must be completed. As in previous years, additional testing was completed by the Council testing a further 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:

- Four cases where the earned income figure used in the benefit entitlement calculation of rent allowances was incorrect. The value of the overpayment identified was £150. Based on these errors we reported an extrapolated error of £1,337.

Teachers' Pensions Return

In 2018/19 the prescribed tests for our Teachers' Pensions work were set out in the guidance issued by Teachers' Pensions. Detailed findings, were reported in our letter to Teachers' Pensions dated 29 November 2019. The table below details our findings.

Return	Value of return	Amended	Findings
Teachers' Pension	£11,081,327	Yes	Yes

Factual Findings

Our letter to Teachers' Pensions included a report of factual findings. The key matters in our report were:

- Our testing identified £4,895 of contributions on the return were required to be reclassified (from 'additional contributions' to 'career average contributions').
- Teachers' contributions were understated by £50 and employer's contributions were understated by £79.

Pooling of Housing Capital Receipts

Our work on this return is on-going. We are due to complete this work by the submission deadline of 7 February 2020.

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	£17,250	£17,250
Teachers' Pensions Return	£3,500	£3,500
Pooling of Capital Receipts Return	£4,000	tbc

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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