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Private & confidential

Department for Work and Pensions
Housing Benefit Unit
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Your ref 11571025
Our ref KPMG/Exeter City
Council/BEN01
Contact Darren Gilbert
029 2046 8205

15 November 2018

Dear Sir/Madam

Exeter City Council
Housing benefit subsidy claim for the year ended 31 March 2018 (Form
MPF720A)
Qualification Letter referred to in the Auditor's Certificate dated 15 November
2018

Details of the matters giving rise to our qualification of the above claim are set out in the Appendix to this letter.

The factual content of our qualification has been agreed with officers of the Authority.

No amendments have been made to the claim for the issues raised in this qualification letter.

Yours faithfully

KPMG LLP

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Observations

Cell 011: Rent Rebates (Tenant of Non-HRA Properties) – Total expenditure (Benefit Granted)

Cell Total £1,098,772

Cell Population 464

Headline Cell £1,098,772

Testing of the initial sample identified one case (total value £436) where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. The effect of these errors is to overstate cells 14 and 15 with a corresponding understatement of cell 31.

Testing of an additional sample of 40 cases identified no further cases where proof of income could not be established.

The result of our testing is set out in the table below:

Sample:	Movement / brief note of error:	Original 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	Income miscalculation.	£1,098,772	£15.97	£41,152			
Additional sample - 40 cases	No errors found	£1,098,772	£0	£1,034			
Combined Sample – 60 cases	Income miscalculation and no proof of income/ Income Support.	£1,098,772	£15.97	£42,186	0.4%	£440	
Adjustment	Combined sample. Cell 14 is overstated.	£1,098,772	£8.68	£42,186	0.4%	£239	
Adjustment	Combined sample. Cell 15 is overstated.	£1,098,772	£7.29	£42,186	0.4%	£201	
Total Corresponding adjustment	Total understatement of cell 31.					£440	

The percentage error rate in our sample reflects the individual cases selected. The value of the error found was £15.97 and the benefit period was 7 weeks.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow me to conclude that it is fairly stated.

Similar errors in income have been included in our qualification letter in the previous three years, however they have all been underpayments.

Cell 055: Rent Rebates (Tenant of HRA Properties) – Total expenditure (Benefit Granted)

Cell Total £10,004,256

Cell Population 3,234

Headline Cell £10,004,256

Testing of the initial sample identified one case (total value £35) where the Authority incorrectly recorded the claimant's income, which resulted in an underpayment of benefits.

As there is no eligibility of 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.

However, because errors in recording income values could also result in overpayment, an additional random sample of 40 cases was tested. The additional 40 cases tested identified one further case (total value £1,561) where income had been incorrectly recorded. This case resulted in an underpayment, and hence have no impact on amount of subsidy claimed.

Similar findings have been included in our qualification letter in the previous two years.

Cell 094: Rent Allowance – Total expenditure (Benefit Granted)
Cell Total £25,863,031
Cell Population 6,434
Headline Cell £25,863,031

Testing of the initial sample identified one case (total value £224) where the Authority incorrectly recorded the claimant's income, which resulted in an underpayment of benefits.

As there is no eligibility of 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.

However, because errors in recording income values could also result in overpayment, an additional random sample of 40 cases was tested. The additional 40 cases tested identified three further cases (total value £7,961) where income had been incorrectly recorded. Two of these cases resulted in underpayments, and hence have no impact on amount of subsidy claimed. One case was identified where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. The effect of these errors is to overstate cell 103, with a corresponding understatement of cell 113.

The result of our testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentag e error rate:	Cell adjustme nt:	Revised cell total if cell adjustmen t applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 20 cases	No errors found	£25,863,031	£0	£28,789	0%		
Additional sample - 40 cases	Income miscalculatio n	£25,863,031	£1.80	£113,367	0.1%		
Combined Sample – 60 cases	Income miscalculati on and no proof of income/ Income Support.	£25,863,031	£1.80	£142,156	0.1%	£259	
Adjustment	Combined sample. Cell 103 is overstated.	£25,863,031	£1.80	£142,156	0.1%	£259	



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Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentag e error rate:	Cell adjustme nt:	Revised cell total if cell adjustmen t applied:
Total Correspondin g adjustment	Total understatem ent of cell 113.					£259	

The percentage error rate in our sample reflects the individual cases selected. The value of the error found was £1.80 and the benefit period was 8 months.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow me to conclude that it is fairly stated.

Similar errors in income have been included in our qualification letter in the previous three years, however they have all been underpayments.

