

Our reference	EY/BFC/BEN01/1718
Your reference	Form MPF720A
Date	21 November 2018

Department for Work and Pensions
Housing Benefits Unit
Room B120D
Warbreck House
BLACKPOOL
FY2 0UZ

Dear Sir/Madam

Bracknell Forest Council

Housing Benefit & Council Tax Benefit claim for the year ended 31 March 2018 (Form MPF720A)

Qualification Letter referred to in the Auditor's Certificate dated 21 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



Helen Thompson

Associate Partner

For and on Behalf of Ernst & Young LLP
Southampton

Cell 94: Rent Allowance – Total Expenditure (Benefit Granted)
Cell Total: £ 28,957,645

Cell Total: £6,209,830 (sub population)
Cell population: 6,092
Cell population: 1,278 (sub population)
Headline cell: £ 28,957,645

Qualification: Incorrect calculation of earnings

No errors were identified in the initial 2017/18 discovery sample of 20 claims of earnings being incorrectly calculated in these cases.

However, issues on the incorrect calculation of earnings were reported in the 2016/17 Qualification Letter and the nature of the error is such that either an underpayment or overpayment may arise. Therefore we undertook testing of an additional random sample of 40 cases selected from a sub population of claims containing earnings. We identified the following errors and the impact on the claim:

- ▶ 4 cases (total error value £582.78) where the earnings have been incorrectly assessed resulting in an underpayment of benefit; and
 - As there is no eligibility to subsidy for benefit which has not been paid, the 4 underpayments identified do not affect subsidy and have not, therefore, been classified as errors for subsidy purposes.
- ▶ 3 cases (total error value £254.48) where the earnings have been incorrectly assessed resulting in an overpayment of benefit. The effect of these overpayments is to overstate cells 103 and 114, with a corresponding understatement of cell 113; there is no effect on cell 094.
 - The result of our testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total – sub population:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if adjustment applied:
		[SP]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample – 20 cases	Incorrect assessment of earned income	£ 6,209,830	£Nil	£35,385			
Additional sample – 40 cases	Incorrect assessment of earned income	£ 6,209,830	(£255)	£211,931			
Combined sample – 60 cases	Incorrect assessment of earned income	£ 6,209,830	(£255)	£247,316	(0.103%)	(£6,396)	
Adjustment	Combined sample. Cell 114 overstated.	£ 6,209,830	(£161)	£247,316	(0.065%)	(£4,036)	
Adjustment	Combined sample. Cell 103 overstated.	£ 6,209,830	(£94)	£247,316	(0.038%)	(£2,360)	
Total Corresponding adjustment	Total understatement of cell 113.					£6,396	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found range from £18 to £161 and the benefit periods range from 1 week to 20 weeks. Similar findings were included in our qualification letters for 2016/17.

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.

Observation:

Cell 011: Non HRA rent rebate - Total expenditure (Benefit Granted)
Cell Total: £ 985,668
Cell Population 205
Headline Cell £ 985,668

Underpayment of subsidy

Testing of the initial sample identified 1 case where the Authority underpaid benefit as a result of the Authority entering incorrect Child Tax Credit and Working Tax Credit information in such a way that could only ever lead to more underpayments. 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.

Because this error will always lead to an underpayment of benefit (or no impact), additional testing has not been undertaken.

No similar findings have been reported in previous qualification letters.