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28 November 2017

Ref: EY Uttlesford District Council  
Your ref: EY/16-17/UDC/MPF720A

Email: Mhodgson@uk.ey.com

Dear Sir/Madam

**Uttlesford District Council**

**Housing Benefit and Council Tax Benefit Claim for the year ended 31 March 2017  
(Form MPF720A)**

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

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

No amendments have been made to the claim for the issues raised in this qualification letter (unless otherwise indicated in the letter).

Yours faithfully

Mark Hodgson  
Associate Partner  
For and on behalf of Ernst & Young LLP  
United Kingdom

## **Appendix: Matters giving rise to qualification**

### **Cell 55: Rent Rebates – Total Expenditure (benefit granted)**

**Cell Total: £6,695,430**

**Cell population: 1,728**

#### **Incorrect Calculation of income**

No cases were identified in the initial random sample of 20 claims where income had been incorrectly calculated. . However, based on our audit knowledge from the prior year an additional random sample of 40 cases with income was selected from cell 55.

As issues were reported in the 2015/16 Qualification letter and the nature of the error was such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing income, and identified the following errors:

- ▶ 2 cases (total value £46.42) where the earnings have been incorrectly assessed resulting in an underpayment of benefit;
- ▶ 1 case where the earnings have been incorrectly assessed but there was no impact on benefit paid; and
- ▶ 1 case (total value £0.07) where the earnings have been incorrectly assessed resulting in an overpayment of benefit. The effect of these overpayments is to overstate the benefits.

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 adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
<b>Initial sample – 20 cases</b>	Incorrect assessment of earned income	£ 6,695,430	£Nil	£ 76,533			
<b>Additional sample – 40 cases</b>	Incorrect assessment of earned income	£ 6,695,430	(£0.07)	£ 146,819			
Combined sample – 60 cases	Incorrect assessment of earned income	£ 6,695,430	(£0.07)	£ 223,352	(0.00%)	(£2.10)	
<b>Adjustment</b>	Combined sample. Cell 61 overstated.	£ 6,695,430	(£0.07)	£ 223,352	(0.00%)	(£2.10)	
<b>Adjustment</b>	Combined sample. Cell 64 overstated.	£ 6,695,430	£Nil	£ 223,352	£Nil	£Nil	
<b>Total Corresponding adjustment</b>	<b>Total understatement.</b>					<b>£2.10</b>	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found was £0.07. Similar findings were included in our qualification letter last year.

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.

**Cell 67: Rent Rebates – Eligible Overpayments (Current Year)**

**Cell Total £67,056**

**Cell Population 476**

Our initial testing of claims in Cell 55 did not identify any eligible overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 67.

Additional testing identified 2 cases where overpayments had been misclassified in cell 67 eligible excess (£242), which should have been classified as: LA error and administrative delay in cell 65 (£242),

The result of my 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 -	Misclassification of overpayment	£ 67,056	(£0)	£0			
Drill down sample - 40 cases	Misclassification of overpayment	£ 67,056	(£242)	£12,576			
Combined sample – 41 cases	Misclassification of overpayment	£ 67,056	(£242)	£12,576	(1.92%)	(£1,289)	
Adjustment	Cell 67 is overstated	£ 67,056	(£242)	£12,576	(1.92%)	(£1,289)	
Total Corresponding adjustment						£1,289	
Total adjustment to subsidy	Subsidy at 40%					£516	

The percentage error rate in my sample reflects the individual cases selected. The value of the errors found range from £0.10 to £242 and the benefit period range was 1 week to 2 weeks. Similar findings were included in my qualification letter last year.

Given the nature of the population and the variation in the errors found it is unlikely that even significant additional work will result in an amendment to this cell that will allow me to conclude it is fairly stated.

**Cell 94: Rent Allowance – Total Expenditure (benefit granted)**

**Cell Total: £9,552,550**

**Cell population: 2,014**

Incorrect Calculation of income

No cases were identified in the initial random sample of 20 claims where income had been incorrectly calculated.

As issues were reported in the 2015/16 Qualification letter and the nature of the error is such that either an underpayment or overpayment may arise, we have undertaken the testing of an additional random sample of 40 cases selected from a sub population of claims containing income, and identified the following errors:

- ▶ 4 cases (total value £672.06) where the earnings have been incorrectly assessed resulting in an underpayment of benefit;
- ▶ 1 case where the earnings have been incorrectly assessed but there was no impact on benefit paid; and
- ▶ 4 cases (total value £475.24) where the earnings have been incorrectly assessed resulting in an overpayment of benefit. The effect of these overpayments is to overstate Case not requiring referral to the Rent Officer (Cell 102), LHA Expenditure (Cell 103) and Overpaid rent allowances eligible overpayment (Cell 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:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
<b>Initial sample – 20 cases</b>	Incorrect assessment of earned income	£ 9,552,550	£Nil	£ 87,200			
<b>Additional sample – 40 cases</b>	Incorrect assessment of earned income	£ 9,552,550	(£475)	£ 207,025			
Combined sample – 60 cases	Incorrect assessment of earned income	£ 9,552,550	(£475)	£ 294,226	(0.162%)	(£15,429)	
<b>Adjustment</b>	Combined sample. Cell 102 overstated.	£ 9,552,550	(£5)	£ 294,226	(0.002%)	(£169)	
<b>Adjustment</b>	Combined sample. Cell 103 overstated.	£ 9,552,550	(£470)	£ 294,226	(0.160%)	(£15,260)	
<b>Adjustment</b>	Combined sample. Cell 114 understated.	£ 9,552,550	£Nil	£ 294,226	0.00%	£Nil	
<b>Total Corresponding adjustment</b>						<b>£15,429</b>	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found range from £1 to £170 and the benefit periods range from 1 week to 12 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.

**Cell 114: Rent Allowances – Eligible Overpayments (Current Year)**  
**Cell Total £141,936**  
**Cell Population 781**

Our initial testing of claims in Cell 94 did not identify any eligible overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 114.

Testing of an additional sample of 40 cases from cell 114 eligible excess overpayments, identified 6 cases where overpayments had been misclassified in cell 114 eligible excess (£731) which should have been classified as LA error and Administrative delay benefit in cell 113 overpayments.

The result of my 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]
<b>Initial sample -</b>	Cell 94 initial testing	£141,936	(£0)	£0			
<b>Drill down sample - 40 cases</b>	Misclassification of overpayment	£141,936	(£731)	£11,841			
<b>Combined sample – 60 cases</b>	Misclassification of overpayment	£141,936	(£731)	£11,841	6.18%	(£8,767)	
<b>Adjustment</b>	Total overstatement.	£141,936				(£8,767)	
<b>Total Corresponding adjustment</b>						£8,767	
<b>Total adjustment to subsidy</b>	Subsidy at 40%					£3,507	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £5 to £507 and the benefit periods range from 1 week to 5 weeks. Similar findings were included in our qualification letter last year.

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 us to conclude that it is fairly stated.