

**Housing Benefit (Subsidy) Assurance
Process for the financial year ending
March 2025**

**Module 6: Approach and Testing
Strategy**

(Applicable to England only)

Form: MPF720A

**Reporting Deadline: 30 November
2025**



**Department
for Work &
Pensions**

**Queries on this document should be emailed to
lawelfare.hbassurance@dwp.gov.uk**

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Introduction and approach

1. The Housing Benefit Assurance Process (HBAP) is the testing and reporting requirements to be followed by Reporting Accountants undertaking engagement work for a local authority's (LAs) claim for HB subsidy from the Department for Work and Pensions (DWP) on form MPF720A.
2. HBAP is a DWP reporting framework instruction prepared in accordance with the **International Standard on Related Services (ISRS) 4400 (Revised) Engagements to perform agreed-upon-procedures regarding financial information**. This module of HBAP specifies the testing strategy, error type definition, case testing results and reporting requirements sufficient for HBAP reports on claims for HB subsidy. The scope of the Reporting Accountant's work is limited to the contents and requirements of HBAP when undertaking this work in respect of an LA's claim for HB subsidy from DWP on form MPF720A. This document is available to both accountancy firms and LAs.
3. This module is designed to be used in conjunction with Modules 1 to 5 to provide the detail on testing methodology. This module explains the steps required to complete the HBAP report on form MPF720A.

Timetable

4. The Reporting Accountant must send the final HBAP report to the email address supplied by DWP and attach the final claim form MPF720A submitted by the LA no later than the published deadline.

5. Reporting Accountants are required to complete all modules of HBAP in time to ensure the Reporting Accountant's HBAP report is issued to the LA for comment on its factual accuracy prior to submission of the final HBAP report and final claim to DWP by the published deadline.
6. If the LA has comments on the findings of the Reporting Accountants report, they may submit a separate representation to DWP including full details of their objections to the content.
7. HBAP Modules 1, 2, 3 and 6 are issued in February of each year to allow the work required to be spread over the period to the published deadline. Module 5 is provided for each software supplier no later than the end of June 2024 as the final software position is confirmed.
8. Modules 1, 2 and 6 are available at www.gov.uk. Module 3 workbooks will be maintained and supported by DWP and will be distributed directly to the Reporting Accountant and the LA. Module 5 will be issued by DWP directly to Reporting Accountants.

Advice and support

9. Advice and support are available to Reporting Accountants and LAs. Interpretations of regulations and guidance will be provided by DWP. Reporting Accountants can email, lawelfare.hbassurance@dwp.gov.uk and further guidance can be found at:

- [Housing Benefit Assurance Process \(HBAP\)](#)
- [Housing Benefit Subsidy circulars](#)
- [Housing Benefit Adjudication circulars](#)
- [Urgent and LA Welfare Direct \(LAWD\) bulletins](#)
- [Housing Benefit Subsidy Guidance Manual](#)
- [The Housing Benefit Regulations 2006 \(as amended\)](#)
- [Supported Housing Guidance](#)

10. Where the Reporting Accountant and LA are in dispute regarding the level of testing to be completed, the nature of errors found or the treatment of specific cases, DWP should be contacted by email to lawelfare.hbassurance@dwp.gov.uk at the earliest opportunity.

11. DWP will then determine how the issue should be resolved for the purposes of HBAP testing and provide a direction to the LA and Reporting Accountant.

Year on year changes

12. The following changes are brought to the attention of Reporting Accountants:

Initial sample selection

Changes to the initial sample size are to re-set the level of testing to reflect reducing caseload and changing caseload mix.

Initial sample stratification

Ensure that the initial sample contains an equitable spread of cases including higher risk cases.

Removal of CAKE as a HBAP process in respect of prior year error testing

The removal of the requirement to test an additional 40 cases based on prior year errors. Prior year errors will be considered within a stratified initial sample.

Removal of the mandatory 20 case modified scheme compliance tests effective from FYE 2024

Module 6 and 1 have been updated to reflect the FYE 2025 position, further details of this change are provided at **5.2** in this module.

Other changes

Introduction of eVisas to replace:

- biometric residence permits (BRP)

- biometric residence cards (BRC)
- passport endorsements, such as wet ink stamps
- vignette stickers

Impact on Housing Benefit

There are no changes to the general principles of how LAs should check immigration statuses, other than noting from 31 December 2024 BRPs are no longer valid and LAs must use other methods to confirm immigration leave where required.

Victims of forced marriage and transnational marriage abandonment

see [circular HB A2/2024: Victims of forced marriage and victims of transnational marriage abandonment](#)

Changes to income and capital disregards in the Housing Benefit

Regulations see [circular HB A1/2024](#)

Local Housing Allowance: Indicative rates for the financial year ending

March 2025: The Chancellor announced in the Autumn Statement that the government will raise Local Housing Allowance (LHA) rates in Great Britain to the 30th percentile of local market rates in April 2024. See

[indicative LHA rates for the financial year ending March 2025](#)

Infected Blood Interim Compensation Payments see [LAWD6/2024 lite](#)

Detailed guidance

Step 1 - Preparation

1. Guidance on preparation is based on the premise that a Reporting Accountant has been engaged by signed contract in which fees, Standardised Engagement Terms as per Module 1, variations have been agreed
2. DWP recommend that the Reporting Accountant and the LA should have a planning meeting in advance of the implementation of HBAP to set up the detailed testing arrangement. This meeting should, as a minimum, cover:

- agreement on the sample size for initial testing in accordance with the caseload & testing bands published by DWP in Module 6. Step 2
- DWP will provide caseload banding information to LAs and auditors at the latest by 30 April each year. See **Appendix 2** to this module.
- a discussion that will agree the timetable for the work from the initial testing to the issue of the HBAP report, **including** when testing is going to be conducted (initial or additional testing) and what level of testing will be completed by either the LA or the Reporting Accountant
- agreeing a timetable for re-performance testing by the Reporting Accountant for any testing completed by the LA.
- the transfer of a copy of the previous year's final MPF720A and HBAP report from the LA to the Reporting Accountant
- evaluation of the previous year's HBAP report to determine the extent to which any prior year errors will be included in the initial sample (see guidance on selecting a stratified sample later in this document). This may include reaching agreement on errors characteristics that do not need to be included in the initial sample, for example where there are no longer any appropriate cases to test.
- any report made under Module X does not need to be provided, as Module X engagements are stand alone and are not intended to inform subsequent years testing.
- the confirmation of a key LA contact to deal with and clear all queries in time to meet the published deadline.
- arranging to obtain audit trails from the LA's systems and select samples, and to have access to the information derived from benefits system and the Customer Information System, including a demonstration of how to view the screens on both systems for testing purposes and an awareness of data protection and security issues. In

undertaking HBAP work, Reporting Accountants should observe their obligations under the General Data Protection Regulation 2018 and their data protection policies.

Step 2 - Initial testing - Module 3 workbook testing

1. The initial sample must be taken from the audit trails supporting the headline cells on form MPF720A containing the expenditure. For example, where the LA awards all three benefit types, the initial sample must be taken from the audit trail supporting the headline cells 011, 055 and 094 (non-Housing Revenue Account rent rebate, rent rebate and rent allowance). Where an LA awards two benefit types, the initial sample will be selected from audit trail supporting the relevant headline cells 011 and 094 or 055 and 094.
2. The Reporting Accountant must select an initial stratified sample up to a maximum total of 40 cases per LA, having consideration to the current reportable caseload pertinent to each LA as per the following table:

Band	HB caseload	Sample size if no prior year errors	Sample size if prior year errors
1	2500 or fewer	20	30
2	Between 2501 and 5000	30	40
3	Greater than 5000	40	40

3. Prior year error triggers an increase in the initial sample size in Bands 1 and 2.
4. Prior year errors that trigger the increase in sample size will be outlined in the prior year HBAP report, which will include details of errors after the de-minimis, volume and value have been considered. If there are no prior year errors that trigger the increase in sample size, the prior year report will state this. If a Reporting

Accountant is unable to determine the status of prior year errors, in regard to the deminimis level they should contact DWP.

5. Caseload volumes used to determine which band an LA is in and, therefore, determine the initial sample size will be provided by DWP. The banding table can be found at **Appendix 2** to this module. Any queries arising from banding allocation should be addressed to DWP.
6. The selected sample must be apportioned evenly over the headline cells, this may result in 1 or 2 remaining cases. These cases should be included in the cases apportioned to the headline cell with the highest expenditure figure.

Example 1 Sample size is 20 with 3 headline cells = 6 cases per headline cell the remaining 2 cases to be selected from the headline cell with the highest expenditure figure.

Example 2 Sample size is 40 with 3 headline cells = 13 cases per headline cell the remaining case to be selected from the headline cell with the highest expenditure figure.

7. Stratification

In addition to the caseload consideration the Reporting Accountant should also have reference to the type of cases to be included in the sample, such as supported accommodation and prior year errors. Using the sample size as set out in the previous section, the stratified initial sample should include the following:

Sample size	Number of cases subject to reduced subsidy (temporary accommodation and supported accommodation)	Number of passported cases	Remaining sample to be picked at random from remaining non passported caseload	Cases with characteristics due to prior year error where appropriate
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Band 1	Minimum of 4 (at least 2 from each applicable headline cell)	Minimum of 3 (at least 1 from each headline cell)	Remaining available sample	Minimum of 1 case per prior year error
Band 2	Minimum of 8 (at least 4 from each applicable headline cell)	Minimum of 6 (at least 2 from each headline cell)	Remaining available sample	Minimum of 1 case per prior year error
Band 3	Minimum of 12 (at least 6 from each applicable headline cell)	Minimum of 9 (at least 3 from each headline cell)	Remaining available sample	Minimum of 1 case per prior year error

The sequence for selecting sample cases, subject should follow the columns in the table above.

1 - Pick a sample to include minimum supported accommodation and temporary accommodation cases. (column 2)

2 -Pick any additional sample to meet the minimum number of passported cases. (column 3)

3 - Next, pick the remaining sample volume from the non-passported caseload. (column 4)

4 - Finally evaluate the sampled cases to ensure all prior year error characteristics to be tested have been included – and if not adjust the sample to ensure a minimum of one case with applicable characteristics is included (column 5).

If there are insufficient numbers left in the sample to cover all the error case characteristics, reporting accountants should contact DWP to assist with selection.

Example 1: Small LA caseload sits in Band 1 as under 2500 the previous year's HBAP reports indicates no prior year errors to consider.

Therefore, the initial sample size is 20, the LA has a HRA and therefore the initial sample of 20 cases must be split evenly over the 3 headline cells, 6 from cell 011, 6 from cell 055 and 6 from cell 094. This leaves 2 cases from the sample of 20 which will be assigned to the headline cell with the highest expenditure - in this example cell 094 has the highest expenditure figure increasing the sample within 94 from 6 to 8.

As there are no prior year errors to consider, the cases should be selected as follows, from cell 011 – 6 cases in total – consisting of 2 temporary accommodation cases which if passported count towards the requirement of having 3 in the entire initial sample. The remaining 4 cases should be selected at random from non passported cases.

Cell 055 – 6 cases in total - there may be no supported accommodation and temporary accommodation in this cell so ensure 1 passported case is included in the selection. The remaining 5 cases should be randomly from non passported cases.

The final cell 094 – in this example 8 cases - will need the remaining balance of the requirement to include a total of 4 temporary accommodation and supported accommodation and 3 passported cases – selection would be at least 2 temporary accommodation and supported accommodation cases. If these are passported this will meet both requirements. If they are not passported then a further passported case will need to be selected and the remaining cases can be selected at random from non passported cases.

Example 2: Mid-sized LA, caseload into Band 2 with 6 prior year errors not under the deminimis value or volume.

The sample size will be 40, split over (in this case) 3 headline cells, 13 cases per headline cell with the remaining 1 case allocated to the headline cell containing the highest expenditure value – in this case RA cell 094 increasing the sample from cell 094 from 13 to 14.

As there are prior year errors to consider the cases should be selected as follows - for each headline cell select 4 temporary accommodation and supported accommodation cases. If these cases are passported then they will count to the minimum requirement of passported cases, being a total of 6 from the entire sample, split as 2 from each headline cell.

If enough passported cases are not in the selected cases to meet the minimum required, you will need to select further passported cases to meet the required number.

The remaining test cases should be selected as non passported cases from the relevant headline cells.

Once the selection has been made you should then ensure that the cases selected cover the relevant characteristics to cover the 6 prior year errors, if needs be, swapping some of the non passported cases for others with the characteristics. Taking care to ensure the minimums in the table above are met.

8. Reporting Accountants will be required to fully substantiate their reasoning, for sample size and case characteristics selection within the HBAP report (see specimen HBAP report).
9. If testing is started early using a source other than the final claim form, it is essential that the details tested are reconciled to the final claim form before the claim is reported upon. Any differences must be examined and the impact on the sample, test findings and the claim must be assessed before a HBAP report is issued (see Step 6).
10. Initial testing is required on both the headline cell entries and the analysis of expenditure in the detailed cell(s) that support the headline cell entry for each initial sample. The total of the detailed cell entries should equal the headline cell expenditure (excluding any prior year overpayments).

11. An initial case is defined by its case reference number. All benefit transactions in the year against the case reference number must be tested. If a claimant has more than one case reference number in the year; for example, where the claimant returns to benefit and the LA uses a new claim reference number, only the expenditure against the single case reference number selected for testing needs to be examined.
12. If the LA changes HB IT software or IT software supplier which results in a change in reference number for the sample case within the subsidy year, the Reporting Accountant will need to test all sample case transactions from the legacy system and new system so that all benefit transactions in the year made to the claimant are tested.
13. The detailed testing required is set out in the HBAP Module 3 workbooks. The testing must also comply with Appendix 3 in HBAP Module 1. The workbooks require the Reporting Accountant or LA to evidence details of the sample cases and testing results, for example, the relevant dates, the claimant's entitlement to benefit and the subsidy coding of the payments made. The specific evidence that the Reporting Accountant or the LA must verify is listed in the tests attached to the workbooks. The workbooks record whether each case passes or fails each test. The outcome of this testing must be evaluated in accordance with the guidance in Step 4.
14. Where the LA undertakes the initial testing, the Reporting Accountant will carry out re-performance testing on the LAs work. Reporting Accountants will re-perform all failed and a random 10% of the passes.
15. This will be carried out according to a timetable that allows the Reporting Accountant to review the work and findings completed by the LA, in time to enable any additional testing to be completed to meet the reporting deadline. If the re-performance testing identifies errors in the LA's testing the Reporting Accountant will point out the incorrect conclusion reached by the LA and the LA is instructed to review all cases again in light of this issue. The Reporting Accountant will then pick a further sample for re-performance testing including some with the

characteristics of the incorrect conclusion. If this second, LA attempt is tested without error then the Reporting Accountant will rely on the results. If there are further errors the Reporting Accountant will move to simply disclaim the LA testing and the Reporting Accountant will re-perform the full sample.

Step 3 – Prior year errors Module 3

1. Module 1 Appendix 2 requires the LA to provide the Reporting Accountant with the HBAP report (including any supplementary reports, but excluding any report produced under Module X) from the previous subsidy year where there has been a change of accountancy firm between the previous and current subsidy years. The Section 151 Officer is required to provide the Reporting Accountant with the prior year final tested subsidy claim form (MPF720A) with any amendments made to the form initialled by the Section 151 Officer.
2. The Reporting Accountant is required to refer to the prior year final tested subsidy claim form and HBAP report (including any supplementary reports, but excluding any report produced under Module X) to identify issues that were reported which resulted in exception, observation, or amendment of the claim.
3. Prior year errors that exceed the de-minimis level are to be tested as part of an increased stratified initial sample in accordance with paragraph Step 2 - Initial testing para 7. Prior year errors will only be included in an increased initial sample where they breach the de-minimis level set out below. In practice if an error leads to additional (40+ testing) in year it should be included in the following year initial sample. Netting off overpayments against underpayments is not permitted when considering deminimis, see Step 5.1 para 4.
4. If prior year errors are identified, an increased volume of testing would be carried out in the initial sample with a focus on including cases with the characteristics in common with the error type being tested. The increased initial sample would be invoked irrespective of whether prior year error characteristics are included in the standard sampling instruction for initial sample selection. For example, if the prior

year error relates to calculation or categorisation of overpayments, then cases with an overpayment would be selected in the initial sample.

5. If there is no identified sub population containing the error characteristics, then the Reporting Accountant is to randomly select the required number of prior year checks from the headline cell.
6. Any errors found during the initial sample will be evaluated against the criteria for triggering additional testing. Any errors leading to additional 'in-year' testing will be included in an increased initial sample the following year (see table step 2 para 2).
7. Prior year errors will be treated as closed if:
 - no errors are found during the testing of the initial sample, or
 - the errors found do not breach the de-minimis value or volume (as set out below).

Step 4 - Evaluating the results of initial testing

(Completion of Modules 2, 3, and 5).

1. Step 4 must be followed in all cases. Errors identified by testing cannot be corrected on the current form without addressing the likelihood of similar errors in the population; and an extrapolation cannot be avoided because an adjustment has been or will be made in the following year for the errors found.
2. **Triggering additional testing (de-minimis level)** HBAP testing will now include a de-minimis amount of £50 per case per year. Errors under this value would not lead to additional (40+) testing in year and would not be considered as prior year errors for the purposes of triggering an increased initial sample for the following year. Netting off overpayments against underpayments is not permitted when considering deminimis, see Step 5.1 para 4.

Additional testing would be triggered if the:

- value of one error exceeds the de-minimis value (£50 per case per year), or

- volume of cases with relevant errors, is greater than 33.00 percent of the cases tested in the relevant headline cell (where the errors share similar characteristics). Where errors with similar characteristics are identified in sufficient volumes to indicate that there could be systemic error present in the HB caseload and subsidy claim.
3. In scenarios where the volume of errors tested results in a fractionalised figure then normal accepted methods of rounding should be applied to the nearest whole figure (below 0.5 round down above 0.5 round up).
 4. Where additional testing is not triggered (due to de-minimis or volume) all errors falling under de minimis amount will still require recording in the amendment (for overpayments) or observation (for underpayments) section of the HBAP report. Reporting accountants should notify the local authority of the error and request that both the benefit case and the subsidy claim form are corrected.
 5. The volume of cases to be tested where de-minimis is breached will be determined in accordance with step 4.2 Additional Testing.
 6. The Reporting Accountant will complete Modules 1, 2 and 5 as well as the initial testing. Errors discovered from modules will be evaluated in the same way as an error found in initial testing.
 7. Where a Reporting Accountant identifies during testing that a claim had been incorrectly assessed by an LA, but that the LA's own quality assurance or checking procedures (including any 'one off' checks) has identified the error and corrective action has been undertaken by the LA prior to the Reporting Accountant requesting case population lists from which to select the current year samples, the individual case should be treated as correct, except where errors are still present in the case when it is checked by the Reporting Accountant. In these circumstances, where the case is correct at the point the Reporting Accountant or LA carry out a test under these procedures, the previous error does not need to be reported in the HBAP report, and no further action is required by the Reporting Accountant. Where errors are still present in the case,

these should be reported in the HBAP report as per the HBAP procedures. This paragraph does not apply to errors identified following the Reporting Accountants request for the case population lists relevant to the current year samples in other words corrected as part of the HBAP process, where the relevant HBAP procedures will continue to apply.

8. In every case, with an error above de minimis the Reporting Accountant must critically evaluate the reason for an error and the likelihood of similar errors in the population. If it cannot be established that an error is isolated see page 13 step 4.1, or that all errors have been corrected in the year under review, the error needs to be subjected to additional testing and the results extrapolated for DWP to consider the impact on subsidy.
9. The fact that an error identified by testing is corrected by an agreed amendment on the subsidy claim form only deals with the individual error, not the likelihood of similar errors in the rest of the caseload.
10. If the LA is able to identify a whole population or sub-population relating to the error found and wishes to amend form MPF720A in relation to that error, the instructions in Step 5 of Module 6 must be followed.
11. If the LA wishes to test a sample larger than applicable level but without testing the entire population or sub-population, this will be subject to a separate engagement, and the LA should approach DWP to agree the level of testing and re-performance testing required, as per Module X.
12. Where the LA has undertaken to amend all cases found to contain the error in the following subsidy year this will need to be reported in the current HBAP report.
13. Where initial testing identifies errors, the Reporting Accountant must examine the reasons for these errors to determine what action and additional testing is necessary to allow the Reporting Accountant to report as required by HBAP.

14. The Reporting Accountant must conclude on the type of error (see page 17 Step 5.2) to assess whether they represent an error that will require additional testing; is the error quantifiable; or an isolated error?
15. An example of this evaluation would be where the initial sample identified one claim where earned income had been incorrectly calculated resulting in the claimant being underpaid. Despite the error being an underpayment, this error could result in an overpayment. There is unlikely to be enough data in the results of initial testing to provide the Reporting Accountant with enough information. Therefore, the Reporting Accountant should conduct additional testing to evaluate the error.
16. Having found an error, additional testing will be required unless:
- the additional testing approach is not required for errors which by their nature do not affect the amount of subsidy claimed. For example, the misclassification of HB cases between cells of the same subsidy value, with the same method of entitlement calculation, which produce the same amount of qualifying expenditure.
 - the value of the error falls under the de-minimis amount of £50 per case per year and is not part of a group of errors with similar characteristics being identified in sufficient volumes to indicate that there could be systemic error present in the HB caseload and subsidy claim. (See Step 4, paragraph 2)
 - it relates to errors that would always result in underpaid benefit because such errors have no impact on the subsidy claimed (see error type 1). In this case the initial sample results only need be reported under the observations heading in the HBAP report. However, all overpayments are excluded from this provision; this is because of their complexity. If errors in overpayments are identified they must be subjected to additional testing.

- Is this an isolated error? In most cases this is unlikely as most errors tend not to be so singular that they can be classified as isolated and could never happen again.

17. It may be possible to conclude immediately that errors in the initial sample are representative of the population and to agree an amendment to the claim to be made by the LA. This will be possible, for example, where system parameters are wrong and the records can be interrogated to quantify the impact on subsidy claimed.

18. It may be possible to conclude an error is an isolated error or, through drilling down, relates to a small population or sub-population. These outcomes are covered in later sections of this Module. If such classification is not possible additional testing will be required on the headline (011, 055, 094) or detailed cell contents to help determine the significance of errors found in the initial sample.

It is important that the timetable for initial testing allows any additional work to be completed and any amendments or report results concluded in time to meet the published deadline. Reporting Accountants are encouraged, where possible, to carry out initial work earlier and to focus on high-risk areas and known problems first. Reporting Accountants cannot rely on the LA obtaining an extension to the reporting deadline. Extensions to statutory deadlines are granted only in exceptional circumstances. It is not acceptable to issue a holding HBAP report because work is not complete.

Step 4.1 - Isolated errors

1. Given the nature of the populations in benefit claims, 'isolated errors' are extremely rare. The presumption should be that errors are not isolated and that without a clear compelling case they should not be treated as such. Additional testing will usually be required.
2. If the Reporting Accountant concludes that an isolated error has been identified, the Reporting Accountant can then apply the LA amendment procedure outlined in Step 5. If an amendment is agreed, Reporting Accountants also need to

consider the effect of amending one cell on other cells: other cells may also need to be amended (see Step 5 below).

3. Where it cannot be shown that the error can only have happened in this one instance only then additional testing will be applied.

Step 4.2 Additional testing

1. Having found errors from the initial testing above the de-minimis level then, additional testing will be carried out using the following steps. The additional testing will focus on the characteristics of the error only. These characteristics may relate to an expenditure type for example earnings (In this case you would select from the appropriate headline cell for that expenditure type) or to a specific detailed cell.
2. When errors are identified within the additional testing that do not share the characteristics of the focused error, the case and the subsidy claim must be corrected, and the Reporting Accountant should record the error as an observation in the HBAP report.
3. The Reporting Accountant will have reference to any observations and agreed amendments made in the previous year's HBAP report. Any observations or amendments that have breached the de-minimis level should be treated as prior year errors and taken into consideration when assessing the initial sample size and stratification
4. For additional testing, the HBAP Module 3 workbooks should be used. However, the testing and workbook completion should focus on the nature and characteristics of the error being tested. The workbooks record whether each case passes or fails each test.
5. A case for additional testing is defined by its case reference number. All benefit transactions relevant to the error in the year against the case reference number must be tested.

6. Where testing identifies errors unrelated to the original error being tested do not undertake any further additional testing in respect of this new error. This should be reported in the HBAP report as an observation.
7. The volume of cases to be included in a sample for additional targeted testing on specific error characteristics will remain unchanged at 40 cases, subject to the instruction on small populations.

Step 4.2.1 – Small populations

1. Small populations are defined by DWP as 100 cases. Where test findings show there are errors affecting cells with small populations and the Reporting Accountant does not have a sufficient understanding of the cell population to agree an LA amendment, or the LA does not agree an amendment, the whole population must be tested by the LA to allow an agreed amendment to be made.
2. When testing the full population and the results of the re-performance testing do not identify any errors in the LA's testing, an agreed amendment must be made. If the Reporting Accountant agrees an amendment the effect of amending one cell on other cells must also be considered: other cells may also need to be amended (see Step 5).
3. Where the LA completes the additional testing, the Reporting Accountants will re-perform tests on a random 10% of the population. This will be carried out according to a timetable that allows the Reporting Accountant to review the further work and findings completed by the LA, in time to meet the reporting deadline. If the re-performance testing identifies errors in the LA's testing the Reporting Accountant will point out the incorrect conclusion reached by the LA and the LA is instructed to review all cases again in light of this issue. The Reporting Accountant then pick a further sample for re-performance testing including some with the characteristics of the incorrect conclusion. If this second LA attempt is tested without error, then the Reporting Accountant will rely on the results. If there are further errors the Reporting Accountant will move to simply

disclaim the LA testing and the Reporting Accountant will re-perform the full additional testing.

4. If the re-performance testing identifies errors in the LA's testing the Reporting Accountant will point out the incorrect conclusion reached by the LA and the LA is instructed to review all cases again considering this issue. The Reporting Accountant will then pick a further sample for re-performance testing including some with the characteristics of the incorrect conclusion. If this second, LA attempt is tested without error then the Reporting Accountant will rely on the results. If there are further errors the Reporting Accountant will move to simply disclaim the LA testing and the Reporting Accountant will complete the full additional testing themselves and extrapolate from these results. An amendment must not be made and the issue and test findings with extrapolation must be included in the HBAP report, including any effect on other cells on the form.

Step 4.2.2 - Drilling down

1. For a population larger than 100 cases, where initial test findings indicate errors relating to a defined sub-population, the Reporting Accountant will undertake drill down testing; identifying the characteristics of the error taking their sample from a sub-population that shares these characteristics and focusing additional testing on the sub-population in question. Where the sub-population is fewer than 100, then test as per small populations (Step 4.2.1).
2. Testing samples will be 40 cases. This should allow the Reporting Accountant to quantify the error in the sub-population and calculate the extrapolation, based on this sub-population.
3. The purpose of the drill down testing is to identify the extent or significance of initial testing results within the sub-population and should therefore:
 - concentrate only on the characteristics or nature of the error found. A number of tests may be applied to the initial sample, but further application is needed only of those tests which identified errors. An example of this could be where an application form is unsigned. The

Reporting Accountant would not re-perform all the validity checks required by the workbook on a further sample but instead would select an additional sample at random to see whether those forms were signed.

- be biased to identify the significance of the initial testing results, hence a biased sample from the total population will need to be taken. An example of a biased sample would be where errors have been made where a problem only occurs for a particular case type. Here the additional sample would be selected from cases containing the case type, in other words, the sub-population.
4. Drilling down is a powerful way of determining the potential impact and extent of errors within a sub-population. To drill down, the LA must be able to provide the Reporting Accountant with an audit trail that lists all cases and total values of the sub-population. Reporting Accountants must determine that only the defined sub-population detected in the initial sample contains that error and the rest of the total population does not contain that error. In these circumstances, Reporting Accountants must ensure that any initial sample cases which are not part of the defined sub-population are excluded from the sample value used to calculate an error rate and extrapolated cell adjustments (See step 5.4).
 5. The Reporting Accountant should report the results of the drilled down testing.
 6. Where the LA completes the additional testing then the Reporting Accountants will re-perform tests on all failed cases and a random 10% of the passes. This will be carried out according to a timetable that allows the Reporting Accountant to review the further work and findings completed by the LA, in time to meet the reporting deadline. If the re-performance testing identifies errors in the LA's testing the Reporting Accountant will point out the incorrect conclusion reached by the LA and the LA is instructed to review all cases again in light of this issue. The Reporting Accountant then pick a further sample for re-performance testing including some with the characteristics of the incorrect conclusion. If this second, LA attempt is tested without error then the Reporting Accountant will rely on the

results. If there are further errors the Reporting Accountant will move to simply disclaim the LA testing and the Reporting Accountant will re-perform the full additional testing.

Step 4.2.3- Additional testing approach

1. Where the LA is unable to isolate a sub-population or the LA is unable to establish the total value of the subpopulation, the approach determined by DWP is to select and test an additional random sample of 40 cases from the headline cell. The Reporting Accountant should concentrate only on the characteristics or nature of the error found. The additional testing approach can be undertaken by the Reporting Accountant or the LA, as agreed in their contract, preliminary meeting or at the point the need for additional testing is identified.
2. The sample will be a random selection of 40 cases from the headline cell.
3. Where the LA completes the additional testing then the Reporting Accountant will re-perform tests on all failed cases and a random 10% of the passes. This will be carried out according to a timetable that allows the Reporting Accountant to review the further work and findings completed by the LA, in time to meet the reporting deadline. If the re-performance testing identifies errors in the LA's testing the Reporting Accountant will point out the incorrect conclusion reached by the LA and the LA is instructed to review all cases again in light of this issue. The Reporting Accountant then pick a further sample for re-performance testing including some with the characteristics of the incorrect conclusion. If this second, LA attempt is tested without error then the Reporting Accountant will rely on the results. If there are further errors the Reporting Accountant will move to simply disclaim the LA testing and the Reporting Accountant will re-perform the full additional testing.
4. The Reporting Accountant should report the results of the testing. All error should be included in the extrapolation or cell amendment. Do not exclude cases with error under the deminimis. The deminimis rule only applies to initial samples when triggering additional testing.

5. Where the results of additional testing do not allow agreed amendments to be made, the results of both the initial sample and any additional testing should be set out as an exception in the HBAP report, including any effect on other cells on the form (see Step 6). An example HBAP report to show how testing results should be reported will be made available to Reporting Accountants and LAs through the DWP/LA interface system 'Glasscubes'.

Step 5 - Agreed amendments and extrapolations

5.1 General points on amendments and extrapolations

1. Where additional testing has been triggered, all errors will be included within the evaluation and extrapolation of testing results (regardless of value). For the avoidance of doubt, the de-minimis value will not be used to exclude low value errors from amendments or extrapolations.
2. The populations and the nature and values of the errors detected in HBAP testing lead inevitably to a degree of uncertainty when it comes to extrapolating findings. The Reporting Accountant's extrapolations are based on the value of all errors identified. Where the number and nature of errors are so complicated that the Reporting Accountant cannot determine an amendment or extrapolation, exceptions should be reported as identified, together with an explanatory statement (see Step 6).
3. In cases where testing results in an amendment to a cell or an extrapolated figure is included in a HBAP report, the effect on other cells on the form must be considered and corresponding amendments made, or extrapolations provided. If corresponding amendments or extrapolations cannot be identified, the report must explain why the effect on other cells cannot be determined. Note, amendments and reported extrapolations need to satisfy the in-year reconciliation check in each section of the form: amending or reporting one cell without dealing with the impact on other cells is likely to cause the in-year reconciliation to fail and this will result in DWP returning the claim for corrective

work to be done. All FYE expenditure appears in the headline cell and in the detail cells, providing the analysis supporting it. Only prior year overpayments do not appear in either the headline cell or the in-year reconciliation cells.

4. Where testing identifies that benefit has been underpaid, it is important to note that there is no impact on subsidy because subsidy cannot be claimed on benefit that has not been awarded. Where underpaid benefit is subsequently awarded it can be included in a later subsidy claim but, in the meantime, it must be excluded from the calculation of cell amendments. Underpaid benefit should be referred to under the observations heading in the HBAP report, but its effect should be excluded from any cell, amendments or extrapolations. Where the nature of the error could equally result in an overpayment, for example, an error calculating claimant income could result in an over or under payment, additional testing is required to try to establish if overpayments have been made. For HB Assurance purposes, circumstances could arise where both under and overpaid benefit has been identified, in these circumstances the overpayment element should not be netted off against any relevant underpayment.
5. Where testing identifies that expenditure has been correctly awarded but incorrectly classified and some errors have the effect of increasing the amount that should be included in a cell and others the effect of decreasing the amount in that cell, the sample error is the net figure, that is, the sum of the increases and decreases. Where testing identifies that benefit itself has been underpaid this should be treated in accordance with the error type 1, see **5.3** below.

5.2 Cases including Modified Schemes subsidy

1. Any cases subject to a Modified Scheme that form part of the sample taken for initial or additional testing will still be subjected to the full tests for which they were sampled.
2. Where the LA operates a discretionary local scheme to disregard some or all of any War Pension over and above the statutory disregards for War Pensions, supplementary pre-1973 War Widow's Pensions, or where both pensions are in

payment, the increased benefit paid as a result of the discretionary scheme does not count as qualifying expenditure and is to be excluded from the claim (in other words, excluded from cells 011, 055 and 094 and supporting cells). The applicable statutory disregards for the pensions listed above are contained within HBAP Module 2 which is updated annually. However, from 1 April 2004, in recognition of the operation of these discretionary schemes, an LA operating a discretionary scheme receives a 0.2% addition to subsidy, capped at 75% of the total benefit cost of the discretionary scheme to the LA. The total expenditure due to a discretionary scheme (referred to as voluntary on the form) should be entered in cell 214. This should be supported by control reports and totals which reconcile to the claim. Details of the individual cases making up these amounts should be produced by the HB IT system and should be tested to demonstrate that the scheme requirements have been applied correctly. The entry in cell 214 covers all rent rebate and rent allowance cases.

3. The entry in cell 214 is analysed by benefit type in the table leading to total HB and total at cell 225. The Reporting Accountant should agree this analysis to the control records provided to support cell 214. The entry in cell 214 and the total in cell 225 should be the same. The Reporting Accountant will use the workbook for the relevant benefit type to test the entry in cell 214.

- When testing the Modified Scheme element of a case the Reporting Accountant will be required to consider the following.
- Has the local discretionary scheme been agreed by full council? (In cases where prime documentation supporting full council agreement is not available, alternative evidence will suffice.
- Reporting Accountants are not required to approve the content or format of any policy and should not do so.
- do the prime documents demonstrate that the claimant receives a war pension(s)?
- Have statutory disregards been correctly applied?

- Has the increased benefit paid as a result of the local scheme been separately identified and excluded from other cells on the claim form?

4. In cases where prime documentation supporting full council agreement is not available, alternative evidence will suffice. See examples as follows:

- The modified schemes policy has been published on the LAs website.
- Confirmation from the CFO/151 Officer that the policy is available to council members and has previously been approved.
- Any secondary documentation that implies full approval has been granted.
- Secondary information that supports Key council members having sight of the policy, in other words, partial approval.

This list is not exhaustive, and other documentation can be accepted by discretion, in so much that it fulfils the intent of the alternative evidence list above.

5. Where alternative assurance indicators have been used, an observation should be raised in the HBAP report detailing the accepted indicators used to support the assurance.

5.3 Error types for subsidy purposes

1. To calculate a cell amendment or an extrapolation for a HBAP report the Reporting Accountant needs first to determine the error type, as DWP requires the following treatment for subsidy:

- **Error type 1 – underpaid benefit.** Where benefit has been underpaid, there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded. Underpaid benefit must, therefore, be excluded from the calculation of a cell amendment or extrapolation in a HBAP report. The underpaid amount should be excluded from the sample error but the value of the case excluding the underpayment tested should be included in the

sample value. The fact that there are cases where benefit has been underpaid should be included in the HBAP report in the observations section (see example report at Appendix 1).

Note: Error Type 1 applies where the error identified results in an underpayment of benefit: Where the error would **always** result in an underpayment of benefit, additional testing is not required. Where the nature of the error could equally result in an overpayment (for example, an error calculating claimant income could result in an over or under payment), additional testing is required to try to establish if overpayments have been made. Where overpayments are identified, or additional testing does not confirm that the population is overpayment free, these should be detailed in the HBAP report (see example report at Appendix 1).

- **Error type 2 – missing claim forms.** Subject to the application of a local risk based verification (RBV) policy, where the claim form (paper, document image or electronic format) to support the current claim is missing and the LA is unable to produce other evidence that a claim form was received, for example, letters or other records of communication from the claimant about changes in circumstances; copies of information supporting the levels of income, capital or rent; responses from the claimant to enquiries from the LA; copies of records of reviews of the claim; or information from DWP where the benefit is passported (see bulletin [HB G8/2015](#)) the case must be excluded in its entirety from the subsidy claim form. The cell adjustment or extrapolation in the HBAP report must remove all expenditure on the case from the subsidy claim form, that is, from the headline cell and detail cell(s).

Note: The checks on the assessment of benefit entitlement are unaffected by the above. The LA must hold supporting information to demonstrate that benefit was correctly awarded and calculated. If this

information is missing or insufficient Error Type 3 (insufficient supporting information) applies. A local RBV policy may not require a claim form. In such cases Reporting Accountants need to confirm the LA has complied with its RBV policy for the year in which the claim was determined. If the LA has not complied with its RBV policy, see page 21 error type 6.

- **Error type 3 – benefit overpaid or insufficient supporting information.** Subject to the application of a local RBV, where benefit has been overpaid or supporting information for part of the claim is missing or insufficient, the headline cell is not adjusted but the cell adjustment or extrapolation in a report must remove the expenditure from the detail cell(s) in which the expenditure is reported and increase the appropriate overpayment cell(s) by a corresponding amount (for example, LA error overpayments will need to be increased where these errors are caused by an act or an omission by the LA).

Note: Where a local RBV policy operates, Reporting Accountants need to confirm the LA has complied with its RBV policy. Where the application of the RBV policy does not enable the accountant to establish the subsidy classification, the case is admitted for subsidy as long as the LA has applied its approved RBV policy. The assurance engagement covers the application of the RBV policy, not its contents or adequacy. If the LA has not complied with its RBV policy, see Error type 6.

- **Error type 4 – expenditure misclassification.** Where benefit expenditure has been misclassified, (for example, misclassifying LA error overpayments as eligible overpayments), the headline cell is not adjusted but the cell adjustment or extrapolation in a HBAP report must remove the expenditure from the detail cell(s) in which the expenditure has been incorrectly reported and increase the cell(s) in which it should have been reported by a corresponding amount. Errors which, by their

nature, do not affect the amount of subsidy claimed, for example, the misclassification of HB cases between cells of the same subsidy value, with the same method of entitlement calculation, which produce the same amount of qualifying expenditure, do not require additional testing. The initial sample results only need to be reported under the observations heading in the HBAP report (see example report at Appendix 1). All overpayments are excluded from this additional testing exemption, because of the complicating factors of LA error and administrative delay subsidy, and the subsidy entitlement conditions which apply to prior year overpayments.

- **Error type 5 – impact cannot be determined.** Where the consequential impact of the error on other cells cannot be determined or the testing identifies a combination of one or more of the above error types and these cannot be separated to enable an amendment or extrapolation for the consequential effect on other cells to be reported, the error(s) should be reported against the cell in which it was identified. The HBAP report should state the reason why the corresponding entries could not be established.
- **Error type 6 – failure to apply the RBV policy.** Where the LA has not applied its RBV policy (failed to apply the specified check) or performed a check that does not meet the requirements of the RBV policy (for example, the policy states eligible rent will be verified in all cases but the LA has simply agreed the rent to the direct debit on the claimant's bank statement, this has not established the eligible rent: the rent paid could include ineligible service charges) or cannot evidence that the check was performed (there is no record or prime documents to demonstrate the RBV policy check was performed), the headline cell is not adjusted but the cell adjustment or extrapolation in a HBAP report must remove the expenditure from the detail cell(s) in which the

expenditure is reported and increase the LA error overpayment cell by a corresponding amount.

2. An example HBAP report (see Appendix 1) contains examples of the above error types and how these should be included.

Step 5.4 - Amendments to Subsidy claims

1. The results of initial and any additional testing may allow an amendment to be made because:
 - it is an isolated error
 - the whole population of the cell has been tested, or
 - the whole sub-population affected has been tested.
 - it is an initial error under the de-minimis level
2. Where the whole population or sub-population has been tested by the LA, and this does not fall under the criteria for dealing with small populations (100 cases or fewer), the Reporting Accountant should undertake re-performance testing. This will be carried out on a random sample of the population tested, and the sample size will be the greater of either 10 cases or 1% of the population or sub population.
3. Where the LA plans to carry out testing in order to calculate an amendment, they should notify the Reporting Accountant prior to commencing testing so that the Reporting Accountant can plan and adequately resource the re-performance testing.
4. If an amendment is made, consideration must also be given to the effects of amending one cell on other cells as these may also need to be amended. If the results do not allow an amendment to be made, the issue and test findings need to be included in the HBAP report, including any effect on other cells on the form.
5. All amendments must be made by the LA to a pdf version of the form (not in manuscript). The LA should make amendments to an electronic copy of the form,

perform the validation check, and print a copy of the amended form. The reporting accountant should confirm within the HBAP report that the Section 151 Officer has agreed all amendments listed and attach evidence of this to the submission. Reporting Accountants should ensure that full details are provided in Appendix C of the HBAP report. Cells that contain calculations or cells that contain amounts transferred from other cells are updated automatically by the form. The Reporting Accountant should check that all amendments to input cells have been made and check that no other input cells have been amended.

6. Amendments made to the subsidy claim form must be listed in the HBAP report (Appendix C) for LA agreement and identification of prior year error characteristics to facilitate sample size and stratification purposes in the following year. This will list the cell amended, the amount of change and a brief explanation of the reason for the amendment.
7. For example, because it does not allow a claim where zero materiality applies, the variation in errors is such that the sample may not be representative of the population, or because the order in which amendments are made might affect total subsidy, Reporting Accountants should report why amendment is not possible (see step 6).

Step - 5.5 Extrapolations

1. The Reporting Accountant should report the results of the testing.
2. Where the results of additional testing do not allow agreed amendments to be made, the results of both the initial sample and any additional testing should be set out as an exception in the HBAP report, including any effect on other cells on the form (see Step 6).
3. If additional testing is selected from a specific detail cell due to the nature of the error(s) identified in the initial sample, the Reporting Accountant must ensure that any initial sample cases which do not reflect characteristics of the error being tested are excluded from the sample value used to calculate an error rate and extrapolated cell adjustments.

4. An example HBAP report to show how testing results should be reported is provided to LAs and Reporting Accountants via the DWP/LA interface system 'Glasscubes'.
5. Where an amendment cannot be agreed, and additional testing has been completed the results will then be used in the following extrapolations.
6. A cell extrapolation in a report should be calculated as follows:

Cell extrapolation $CA = (CT \text{ or } SP) \times SE/SV$ where:

CT = Cell Total that is the value in £s of the cell from which the sample is drawn.

SE = Sample Error that is the value in £s of the errors found in the sample. Exclude cases where benefit has been underpaid (error type 1).

SP = Sub-population total that is the value in £s of the sub-population from which the additional sample is drawn.

SV = Sample Value that is the value in £s of the sample tested (where benefit has been underpaid see page 19 step 5.2 and error type 1).

SE/SV is referred to in the HBAP report as the percentage error rate, which should be calculated to two decimal places. The Reporting Accountant should extend the number of decimal places if this results in a nil error rate and include the number of decimal places used in the HBAP Report.

Note: SV is the value of the transactions tested that is the whole year value of the case(s) tested.

Example: In a sample where the transactions tested have a value of £1,000 (SV), you find errors whose net value is a reduction of £150 (SE) (£150 is overpaid expenditure).

The cell total (CT) is £500,000. The headline cell £10,000,000.

The percentage error rate is 15% (£150 divided by £1,000 x 100)

The Cell Adjustment is £75,000 ($£500,000 \times 15\%$ ($£150/£1,000$))

The amended cell total is £425,000 ($£500,000$ minus $£75,000$)

There is no impact on the headline cell. The LA error overpayment cell would increase by £75,000.

Note: Reporting Accountants must consider and set out the effects of amending or extrapolating one cell on the form on the other cells on the form. Further examples are provided in the example copy of the HBAP report.

7. In principle, this calculation should be simple to apply. However, care needs to be taken where extending samples, in particular when drilling down into sub-populations. In such cases, the Reporting Accountant must only include cases that were drawn from the relevant sub-population and only apply the error rate to the sub-population (for example, any cases in the initial random sample which are not from the relevant sub-population should be excluded).

Example: Taking the same example as above but where the errors relate to a sub-population of £300,000 in the cell total of £500,000:

- the percentage error rate is 15% ($£150/£1,000 \times 100$)
- the cell adjustment is £45,000 ($£300,000 \times 15\%$ ($£150/£1,000$))
- the amended cell total is £455,000.
- there is no impact on the headline cell. The LA error overpayment cell would increase by £45,000.

Note: Where a sub-population is identified, the extrapolation should use SP the value of the sub-population within the cell, not CT, the cell total that includes the sub-population.

8. Extrapolations for HBAP reports should be determined by reference to the total benefit tested, in other words, the total benefit granted on the case(s) in the year.

For example:

- from the initial sample (the total value: £3,280) and the additional sample (the total value: £7,100), 1 error is identified
- a claimant is awarded benefit for 2 benefit periods in the year using the same case reference number
- the claimant is awarded £100 per week for the first 4 weeks of the year (£400) before their benefit entitlement ends
- the claimant subsequently returns to benefit and is awarded £125 per week for the last 2 weeks of the year (£250)
- testing identifies a LA error overpayment of £55 per week for the last 2 weeks of the year (£110)
- the sample value is £10,380 (£3280 + £7100) – this value includes the benefit of £650 granted to the claimant (£400+£250)
- the sample error is £110
- the percentage error rate to be applied is 1.06% ($\frac{£110}{£10,380} * 100$) for that particular claim.
 - The overpayment in this case does not affect the headline cell (because the headline cell includes current year overpayments).
 - The percentage error rate is used to calculate a cell adjustment(s) for the detail cell(s) in which expenditure was included (a reduction) and therefore a corresponding amendment (an increase) to the LA error overpayment cell.

9. The results of testing on each case should be combined with the results for all other cases tested in the sample and presented in an extrapolation table with the extrapolated effects on other cells as appropriate - see example HBAP report at Appendix 1.

10. Where an error is discovered that if acted upon would create a prior year overpayment or amends an amount already reported as a prior year overpayment the extrapolation calculation should only include the error based on the current year HB expenditure not expenditure which was included in previous subsidy claims.

Step 6 - The Reporting Accountant's HBAP report

1. Before the HBAP report is started Steps 4 and 5 must be completed. The results of both the initial stratified sample and additional testing should be set out in the HBAP report.
2. In cases where testing results in an extrapolated figure included in the HBAP report, the corresponding effect on other cells on the form needs to be included. If corresponding adjustments cannot be identified, the HBAP report must explain why the effect on other cells cannot be determined. Note, extrapolations need to satisfy the in-year reconciliation check in each section of the form: qualifying one cell without dealing with the impact on other cells is likely to cause the in-year reconciliation to fail and this will result in DWP returning the claim for further work to be done (all current year) expenditure appears in the headline cell and in the detail cells providing the analysis supporting it. Only prior year overpayments do not appear in either the headline cell or the in-year reconciliation cells).
3. The standard HBAP structure must be used for each HBAP report: an illustrative example with the prescribed content and manner of presentation is provided within the example HBAP report (available via 'Glasscubes' and also contained within the Module 3 help files). The HBAP report should leave DWP in no doubt about the details of the exceptions identified and, to this end, findings should be presented clearly and unequivocally. The HBAP report needs to include:
 - test findings
 - information on the range of error values to demonstrate to DWP why an adjustment could not be determined for amendment, subsidy implications

- details of the cases selected in the initial sample. Including confirmation that all categories of cases have been included (or not as the case may be, including details of cases relating to prior year error characteristics. as per table in Step 2 - Initial testing para 7.
 - any implications for the entries in other cells; and indicate whether similar issues have been included in a previous qualification letter.
 - confirmation of completion of testing under Module 2 and 5 and resulting test findings.
4. DWP will use this information to decide what further action is required. For example, it may decide to settle the claim based on the test findings or may need the LA to do more work, particularly if the problem has continued for some years. The key point is that the initial, and additional testing provides a basis for DWP to make such decisions and achieve settlement of claims without further recourse to Reporting Accountants.
5. If the Reporting Accountant's report is inconsistent with the requirements of HBAP, for example, if a cell adjustment or extrapolation is calculated but consideration is not given to the impact on other cells on the form, or if an additional sample is drawn from a sub-population but non-sub-population cases in the initial sample are used in the calculation of an error rate, DWP will require re-submission of the associated parts of the report in a form consistent with HBAP requirements.
6. Where testing identifies that benefit has been underpaid, it is important to note that there is no impact on subsidy because subsidy cannot be claimed on benefit that has not been awarded. Where underpaid benefit is subsequently awarded it can be included in a later subsidy claim, but it must be excluded from the calculation of cell adjustments and extrapolations in HBAP reports. The HBAP report should observe that cases have been identified where benefit has been underpaid but that these cases are not reflected in extrapolations because subsidy is only payable on benefit that has been awarded. Note, where the

nature of error could equally result in an overpayment, for example, an error calculating claimant income could result in an over or under payment, additional testing is required to try to establish if overpayments have been made.

7. The detailed information in HBAP reports should be tailored to the particular circumstances of test findings and must set out the effects of the exception on all affected cells in the form. Extrapolations for a HBAP report should be completed in accordance with paragraphs in Step 5.4. Reporting Accountants need to report the corresponding adjustments in the extrapolations. However, the requirement to set out the effects does not extend to cells containing calculations or where the form transfers amounts between sections of the form. It does not cover, for example, the effect on overall LA error subsidy of an increase in LA error overpayments in one section of the form.

Appendix 1: HBAP report

A non-pdf version of this HBAP report wording can be obtained from DWP by request by emailing lawelfare.hbassurance@dwp.gov.uk

Housing Benefit (Subsidy)

Assurance Process [year]

Module 6 DWP Reporting Framework Instruction

(Applicable to England only)

Reporting Accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March [year]

By email to lawelfare.lapaymentsandsubsidy@dwp.gov.uk. Please ensure that the subject of the email contains **[LA name] Financial Year Ending March [year] HBAP Report**.

And: The Section 151 Officer of [full name of local authority.....], Section 151 Officer.

This report is produced in accordance with the terms of our engagement letter with the [full name of local authority] dated..... and the Standardised Engagement Terms in Appendix 2 of HBAP Module 1 [year] issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of [insert full name of local authority.....] (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 [insert date of initial final claim].

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 DWP, we

acknowledge that the local authority and/or 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 local authority and DWP as described in the DWP HBAP reporting framework instruction [year] and supplemented by..... [Specify any additional agreed instructions and agreed deviations, e.g. written confirmation from the local authority or DWP dated.....].

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than [the local authority] and 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.

Respective responsibilities of the local authority and the Reporting Accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 [year] issued by DWP, which highlight the terms under which DWP has agreed to engage with Reporting Accountants.

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 DWP [state titles and dates of relevant documents].

Our approach

For the purpose of the HBAP engagement we have been provided with a signed (Authorised as per Module1 para 23) copy of form MPF720A FYE March 2025 dated [insert date of initial final claim] by the Section 151 Officer (or Authorised deputy).

The Section 151 Officer (or Authorised deputy) remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the **International Standard on Related (ISRS) 4400 (Revised), Engagement to perform agreed-upon-procedures regarding financial information**. The purpose of the engagement is to perform the specific test requirements determined by 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 [insert date of initial final claim], and to report the results of those procedures to the Local Authority and DWP.

The results of these are reported on in [appendices a, b, c]

Inherent limitations

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.

[Add in following paragraph where the Reporting Accountant is also the Local Authority's external auditor: This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's [members], as a body, in accordance with [Part 5 of the Local Audit and Accountability Act 2014]. Our audit work was undertaken so that we might state to the Local Authority's [members] those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's [members], as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.]

Summary of HBAP report

Summary of Initial sample selection

Summary of Initial Testing

Completion of Modules

Summary of errors identified to facilitate stratified sample selection in the next audit period. In line with the requirements of HBAP Modules we have identified (List the error characteristics) that are required to be considered in the audit for the following year.

Summary paragraph/ending of letter

For the form MPF720A dated..... for the year ended 31 March (current year) we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D)

Firm of accountants.....

Office.....

Contact details (person, phone and email)

Signature / stamp.....

Date.....

Appendix A Exceptions/errors found

[if there are no errors then state]

There are no errors to report.

[Alternatively see below]

Appendix B Observations

[If there are no observations then state]

There are no observations to report.

[Alternatively see below]

Appendix C Amendments

[If there are no amendments then state]

There are no amendments to report.

[Alternatively see below]

Appendix D Other matters

Appendix 2: LA Bands (table)

LA	April 2024 caseload	HBAP Band
Adur	1,782	Band 1
Amber Valley	3,670	Band 2
Arun	4,764	Band 2
Ashfield	4,276	Band 2
Ashford	3,782	Band 2
Babergh	2,024	Band 1
Barking and Dagenham	9,837	Band 3
Barnet	14,591	Band 3
Barnsley	9,064	Band 3
Basildon	6,287	Band 3
Basingstoke and Deane	4,126	Band 2
Bassetlaw	3,440	Band 2
Bath and North East Somerset	4,335	Band 2
Bedford	5,074	Band 3
Bexley	6,714	Band 3
Birmingham	67,833	Band 3
Blaby	1,576	Band 1
Blackburn with Darwen	5,380	Band 3
Blackpool	7,907	Band 3
Bolsover	2,825	Band 2
Bolton	11,072	Band 3

Boston	2,191	Band 1
Bournemouth, Christchurch and Poole	13,462	Band 3
Bracknell Forest	2,643	Band 2
Bradford	17,657	Band 3
Braintree	3,845	Band 2
Breckland	3,741	Band 2
Brent	18,513	Band 3
Brentwood	1,449	Band 1
Brighton and Hove	13,144	Band 3
Bristol, City of	18,594	Band 3
Broadland	2,464	Band 1
Bromley	8,842	Band 3
Bromsgrove	1,947	Band 1
Broxbourne	2,817	Band 2
Broxtowe	2,810	Band 2
Buckinghamshire	11,007	Band 3
Burnley	3,687	Band 2
Bury	6,067	Band 3
Calderdale	6,596	Band 3
Cambridge	3,869	Band 2
Camden	14,809	Band 3
Cannock Chase	3,011	Band 2

Canterbury	4,588	Band 2
Castle Point	1,977	Band 1
Central Bedfordshire	6,409	Band 3
Charnwood	3,735	Band 2
Chelmsford	4,403	Band 2
Cheltenham	3,023	Band 2
Cherwell	3,234	Band 2
Cheshire East	8,524	Band 3
Cheshire West and Chester	9,667	Band 3
Chesterfield	4,403	Band 2
Chichester	3,392	Band 2
Chorley	2,967	Band 2
City of London	198	Band 1
Colchester	5,010	Band 3
Cornwall	19,535	Band 3
Cotswold	1,935	Band 1
County Durham	22,473	Band 3
Coventry	12,785	Band 3
Crawley	3,852	Band 2
Croydon	15,797	Band 3
Cumberland	8,456	Band 3
Dacorum	4,614	Band 2

Darlington	4,001	Band 2
Dartford	2,698	Band 2
Derby	9,599	Band 3
Derbyshire Dales	1,582	Band 1
Doncaster	11,059	Band 3
Dorset	10,516	Band 3
Dover	3,744	Band 2
Dudley	9,370	Band 3
Ealing	16,105	Band 3
East Cambridgeshire	1,978	Band 1
East Devon	3,617	Band 2
East Hampshire	2,257	Band 1
East Hertfordshire	2,960	Band 2
East Lindsey	5,255	Band 3
East Riding of Yorkshire	8,379	Band 3
East Staffordshire	2,942	Band 2
East Suffolk	7,243	Band 3
Eastbourne	4,649	Band 2
Eastleigh	2,612	Band 2
Elmbridge	3,098	Band 2
Enfield	17,020	Band 3
Epping Forest	3,422	Band 2

Epsom and Ewell	1,591	Band 1
Erewash	3,308	Band 2
Exeter	4,481	Band 2
Fareham	1,989	Band 1
Fenland	3,176	Band 2
Folkestone and Hythe	4,058	Band 2
Forest of Dean	2,279	Band 1
Fylde	2,316	Band 1
Gateshead	9,291	Band 3
Gedling	3,036	Band 2
Gloucester	4,098	Band 2
Gosport	2,693	Band 2
Gravesham	3,257	Band 2
Great Yarmouth	3,872	Band 2
Greenwich	14,482	Band 3
Guildford	2,876	Band 2
Hackney	21,540	Band 3
Halton	5,153	Band 3
Hammersmith and Fulham	9,609	Band 3
Harborough	1,370	Band 1
Haringey	16,369	Band 3
Harlow	3,436	Band 2

Harrow	7,945	Band 3
Hart	1,323	Band 1
Hartlepool	4,478	Band 2
Hastings	4,805	Band 2
Havant	4,457	Band 2
Havering	6,934	Band 3
Herefordshire, County of	5,142	Band 3
Hertsmere	3,056	Band 2
High Peak	2,585	Band 2
Hillingdon	10,469	Band 3
Hinckley and Bosworth	2,072	Band 1
Horsham	2,948	Band 2
Hounslow	9,424	Band 3
Huntingdonshire	3,847	Band 2
Hyndburn	3,210	Band 2
Ipswich	5,262	Band 3
Isle of Wight	5,315	Band 3
Isles of Scilly	..	Band 1
Islington	16,313	Band 3
Kensington and Chelsea	9,292	Band 3
King's Lynn and West Norfolk	4,484	Band 2
Kingston upon Hull, City of	15,082	Band 3
Kingston upon Thames	4,565	Band 2

Kirklees	12,859	Band 3
Knowsley	8,210	Band 3
Lambeth	17,732	Band 3
Lancaster	3,967	Band 2
Leeds	29,143	Band 3
Leicester	13,032	Band 3
Lewes	3,281	Band 2
Lewisham	16,249	Band 3
Lichfield	2,178	Band 1
Lincoln	3,879	Band 2
Liverpool	31,357	Band 3
Luton	7,485	Band 3
Maidstone	4,506	Band 2
Maldon	1,471	Band 1
Malvern Hills	2,031	Band 1
Manchester	27,618	Band 3
Mansfield	4,223	Band 2
Medway	8,668	Band 3
Melton	975	Band 1
Merton	5,889	Band 3
Mid Devon	2,055	Band 1
Mid Suffolk	1,945	Band 1

Mid Sussex	2,881	Band 2
Middlesbrough	7,165	Band 3
Milton Keynes	9,350	Band 3
Mole Valley	2,007	Band 1
New Forest	4,096	Band 2
Newark and Sherwood	3,460	Band 2
Newcastle upon Tyne	13,225	Band 3
Newcastle-under-Lyme	3,772	Band 2
Newham	18,791	Band 3
North Devon	3,053	Band 2
North East Derbyshire	3,302	Band 2
North East Lincolnshire	5,842	Band 3
North Hertfordshire	3,250	Band 2
North Kesteven	2,477	Band 1
North Lincolnshire	4,749	Band 2
North Norfolk	3,306	Band 2
North Northamptonshire	9,011	Band 3
North Somerset	6,028	Band 3
North Tyneside	8,373	Band 3
North Warwickshire	1,573	Band 1
North West Leicestershire	2,163	Band 1
North Yorkshire	14,760	Band 3

Northumberland	10,926	Band 3
Norwich	7,603	Band 3
Nottingham	16,525	Band 3
Nuneaton and Bedworth	3,803	Band 2
Oadby and Wigston	1,013	Band 1
Oldham	8,023	Band 3
Oxford	4,615	Band 2
Pendle	2,862	Band 2
Peterborough	7,036	Band 3
Plymouth	10,554	Band 3
Portsmouth	8,584	Band 3
Preston	5,121	Band 3
Reading	5,428	Band 3
Redbridge	10,674	Band 3
Redcar and Cleveland	6,281	Band 3
Redditch	2,525	Band 2
Reigate and Banstead	3,238	Band 2
Ribble Valley	975	Band 1
Richmond upon Thames	4,706	Band 2
Rochdale	9,454	Band 3
Rochford	1,534	Band 1
Rossendale	2,205	Band 1

Rother	2,667	Band 2
Rotherham	10,471	Band 3
Rugby	2,084	Band 1
Runnymede	1,823	Band 1
Rushcliffe	2,120	Band 1
Rushmoor	3,362	Band 2
Rutland	687	Band 1
Salford	13,632	Band 3
Sandwell	13,576	Band 3
Sefton	11,017	Band 3
Sevenoaks	2,662	Band 2
Sheffield	23,763	Band 3
Shropshire	8,439	Band 3
Slough	4,992	Band 2
Solihull	5,619	Band 3
Somerset	14,855	Band 3
South Cambridgeshire	3,041	Band 2
South Derbyshire	2,095	Band 1
South Gloucestershire	5,655	Band 3
South Hams	2,424	Band 1
South Holland	2,099	Band 1
South Kesteven	3,349	Band 2

South Norfolk	2,934	Band 2
South Oxfordshire	2,458	Band 1
South Ribble	2,320	Band 1
South Staffordshire	2,725	Band 2
South Tyneside	8,449	Band 3
Southampton	9,634	Band 3
Southend-on-Sea	7,008	Band 3
Southwark	16,300	Band 3
Spelthorne	2,567	Band 2
St Albans	2,759	Band 2
St. Helens	7,452	Band 3
Stafford	3,020	Band 2
Staffordshire Moorlands	1,866	Band 1
Stevenage	3,165	Band 2
Stockport	8,311	Band 3
Stockton-on-Tees	7,013	Band 3
Stoke-on-Trent	10,767	Band 3
Stratford-on-Avon	2,888	Band 2
Stroud	2,706	Band 2
Sunderland	14,427	Band 3
Surrey Heath	1,479	Band 1
Sutton	5,553	Band 3

Swale	4,678	Band 2
Swindon	6,113	Band 3
Tameside	9,347	Band 3
Tamworth	2,197	Band 1
Tandridge	1,843	Band 1
Teignbridge	3,775	Band 2
Telford and Wrekin	7,476	Band 3
Tendring	5,566	Band 3
Test Valley	2,740	Band 2
Tewkesbury	1,881	Band 1
Thanet	5,521	Band 3
Three Rivers	2,006	Band 1
Thurrock	4,830	Band 2
Tonbridge and Malling	3,177	Band 2
Torbay	6,050	Band 3
Torridge	1,974	Band 1
Tower Hamlets	17,909	Band 3
Trafford	6,324	Band 3
Tunbridge Wells	3,000	Band 2
Uttlesford	1,669	Band 1
Vale of White Horse	2,458	Band 1
Wakefield	14,316	Band 3

Walsall	10,843	Band 3
Waltham Forest	11,099	Band 3
Wandsworth	13,636	Band 3
Warrington	5,559	Band 3
Warwick	3,275	Band 2
Watford	2,836	Band 2
Waverley	2,550	Band 2
Wealden	3,037	Band 2
Welwyn Hatfield	3,706	Band 2
West Berkshire	3,438	Band 2
West Devon	1,442	Band 1
West Lancashire	3,197	Band 2
West Lindsey	2,734	Band 2
West Northamptonshire	9,880	Band 3
West Oxfordshire	2,080	Band 1
West Suffolk	4,444	Band 2
Westminster	14,689	Band 3
Westmorland and Furness	5,663	Band 3
Wigan	10,925	Band 3
Wiltshire	10,744	Band 3
Winchester	2,866	Band 2
Windsor and Maidenhead	2,733	Band 2

Wirral	14,081	Band 3
Woking	2,254	Band 1
Wokingham	2,072	Band 1
Wolverhampton	10,498	Band 3
Worcester	3,087	Band 2
Worthing	3,552	Band 2
Wychavon	3,170	Band 2
Wyre	3,475	Band 2
Wyre Forest	3,514	Band 2
York	4,189	Band 2