

**Housing Benefit (Subsidy)
Assurance Process for financial
year ending March 2023
Module 1: DWP Reporting
Framework Instruction
(Applicable to England only)**



**Department
for Work &
Pensions**

Housing Benefit subsidy
Reporting Accountants' reporting deadline: 31 January 2024

Form: MPF720A

Queries on this DWP reporting framework instruction should be emailed to
lawelfare.hbassurance@dwp.gov.uk

Contents

Introduction	4
The role of DWP	4
Role of the LA	4
Role of the Reporting Accountant	5
The standardised engagement terms	5
Deviations from the standardised engagement terms.....	5
Specific Test Requirements	5
Report and publication	6
Submission procedure	6
References	7
Module 1: Appendix 1 Instruction for notifying the appointment of a Reporting Accountant.....	8
Module 1: Appendix 1A Notification letter	9
Module 1 2020-21: Appendix 2 The standardised engagement terms	10
1. Introduction	11
2. The LA's responsibilities	11
3. Scope of the Reporting Accountant's work	13
4. Use of the Reporting Accountant's report	13
5. Form of the Reporting Accountant's report	14
6. Liability provisions	15
7. Fees	16
8. Quality of service.....	16
9. Providing services to other parties	17
10. Applicable law and jurisdiction	17
11. Alteration to terms	17
Appendix 3 Specific Test Requirements	18
Specific Test Requirements	18
Information for testing	20
Approach	20
Completion of form MPF720A	20
In-year reconciliation cells (cells 037, 077, 130)	21
LA error subsidy.....	22

Modified schemes subsidy.....	22
Actions on issues.....	23
Rent rebate subsidy limitation scheme	23

Introduction

1. This reporting framework instruction sets out the Department for Work and Pensions' (DWP's) requirements for an engagement to be undertaken by a Reporting Accountant in accordance with the International Standard on Related Services (ISRS) 4400(Revised) Engagements to perform agreed-upon-procedures regarding financial information. At the request of the local authority (LA), the Reporting Accountant will provide a report of factual findings on the completion of the **Housing Benefit (Subsidy) Assurance Process (HBAP)** Modules 1, 2, 3, 5 and 6 based on principles of a tripartite arrangement in respect of Form MPF720A for the financial year ending 31 March 2023. The Reporting Accountant's report must be delivered to DWP no later than 30 November 2023.

The role of DWP

2. DWP is solely responsible for determining the sufficiency of its reporting framework instruction, including the Specific Test Requirements to meet its purposes.
3. DWP on behalf of the Secretary of State will settle claims and make decisions on the payment or recovery of HB subsidy including withholding a proportion or all of a payment of HB subsidy to an LA.
4. DWP will provide the HBAP modules and other guidance based on the current claim Form MPF720A, the Social Security Contributions and Benefits Act 1992 and the instructions made or having force thereunder, in particular the Housing Benefit (General) Regulations 2006 and The Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 (as amended); and the Income-related Benefits (Subsidy to Authorities) Order 1998 (as amended), which is a Standing Order that is updated each year.
5. DWP will also provide support, where required, to clarify the legislation and regulations. This service will be available to both the LA and the Reporting Accountant in order to ensure that the reporting deadline can be met.
6. DWP will put into place a quality assurance mechanism to monitor the quality of the Reporting Accountants work in accordance with an agreed framework with an appropriate body.

Role of the LA

7. The LA is required to appoint a Reporting Accountant, by the 1 March prior to the commencement of the financial year for which this procedure will apply, to perform the Specific Test Requirements set out in the DWP's HBAP modules in force for that year.
8. If the LA fails to appoint a Reporting Accountant by the deadline of 1 March, the Secretary of State may withhold part or all of subsequent payments of subsidy. The amount and scale of withholdings will be the decision of the

Secretary of State. When the LA confirms the appointment of a Reporting Accountant the subsidy withheld can be released.

9. The LA is responsible for completing Form MPF720A, maintaining proper records, complying with the terms of any legislation and regulatory requirements, and providing relevant information to DWP and the Reporting Accountant in accordance with the requirements of DWP.

Role of the Reporting Accountant

10. The Reporting Accountant is required to perform the Specific Test Requirements in accordance with the scope of work set out in DWPs HBAP reporting framework instruction. On completion of these Specific Test Requirements, Reporting Accountants should report their findings.

The standardised engagement terms

11. The standardised engagement terms of this DWP reporting framework arrangement will form a tri-partite engagement between DWP, LA and the Reporting Accountant and are set out in Appendix 2.
12. It is for the LA to appoint a Reporting Accountant to undertake this work and notify DWP of the successful appointment. Instructions for notifying DWP of a successful appointment are contained in Appendix 1. This notification must be issued to DWP by the LA no later than 1 March prior to the commencement of the financial year for which this procedure will apply. Details on actions to be taken if the LA fails to appoint a Reporting Accountant are detailed in paragraphs 8 and 9.
13. DWP will not sign individual tri-partite engagement letters. However, its agreement to enter into a tri-partite engagement with the LA and Reporting Accountants on the basis of this revised HBAP reporting framework instruction, is confirmed by virtue of its publication of the framework instruction on its website. Accountants should only enter into the tri-partite engagement terms if they are willing to enter into the engagement as published by DWP.

Deviations from the standardised engagement terms

14. The LA should not ask the Reporting Accountant to deviate from the standardised engagement terms within HBAP. DWP will be solely responsible for updating and publishing the HBAP standard engagement terms. If, by exception, DWP agrees to any deviation from the standard terms, this will be confirmed in writing by DWP and a deviation statement must be included in the report. This does not preclude the LA from agreeing separate engagement terms with the accountant that supplement, but do not conflict with, these standardised engagement terms.

Specific Test Requirements

15. The Specific Test Requirements that the Reporting Accountant is required to undertake are set out in HBAP Modules 2, 3, 5 and 6.

16. Reporting Accountants and LAs are required to complete all HBAP testing, set out and contained within the modules of HBAP and ensure there is enough time for the LA to make comment on the factual accuracy of the report prior to submission of the final HBAP report and final claim to DWP by the appointed deadline.

Report and publication

17. The required reporting format, which will be in the form of an Agreed-Upon-Procedures format, is set out as a separate example entitled HBAP report in Module 6.
18. If submitted by post, the letterhead, for the Reporting Accountant's report, should consist of the original print of the Reporting Accountant's corporate design; neither photocopies nor copies reproduced from a master are acceptable. The use of letter headed paper provides evidence to DWP that a report has been completed by the Reporting Accountant.
19. If the HBAP report is submitted electronically a copy of the report should, where practical consist of the original print of the Reporting Accountant's corporate design as with the postal submission and received from a verifiable email address from within the Reporting Accountants firm.
20. The reporting accountant should send the final HBAP report to the postal or email address supplied by DWP and will attach the final claim Form MPF720A submitted by the LA no later than the appointed deadline.
21. If DWP receive final claim forms without reports, or reports alone, DWP will reject them. DWP will return these to the Reporting Accountant for the required correct submission.

Submission procedure

22. The final claim Form MPF720A is prepared and completed by the LA. If forwarded by post an original signed form is to be sent to both the Reporting Accountant and to the DWP on or before 30 April 2023. The appointed Reporting Accountant will then perform the Specific Test Requirements and report to the LA and DWP on this version of the claim. If the LA or the Reporting Accountant is unable to meet the deadline, the LA should communicate and discuss this with DWP at the earliest opportunity.
23. If the final claim form is submitted electronically an actual signature will not be mandated. However the electronic version of the claim form should be received from the Section 151(or authorised deputy) officers verifiable email address, if this is not possible DWP will require confirmation that the Section151 officer (or authorised deputy) has reviewed and agreed the report.
24. Reporting Accountants will discuss their findings with the LA (within a mutually agreed timescale) to allow the LA sufficient time to comment on the factual accuracy of the report before the deadline for submission of the final claim Form MPF720A and the report to DWP.

25. Reporting Accountants will then send the final report and the final claim form MPF720A directly to DWP to arrive no later than the published reporting deadline each year; with a copy sent to the LA.
26. If the final assured claim form is submitted electronically an actual signature will not be mandated, however the electronic version of the claim form should be received from the audit firm's verifiable email address.
27. 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.

References

28. Reference to the following source documents is necessary to complete the tests:
 - Housing Benefit Subsidy Assurance Procedure Modules 1, 2, 5 and 6 (Module 3 will be issued directly from DWP to users)
 - Housing Benefit Subsidy Guidance Manual as amended each year
 - Social Security Administration Act 1992
 - The Income-related Benefits (Subsidy to Authorities) Amendment Order (as amended)
 - The Housing Benefit Regulations 2006 (as amended)
 - Supported Housing Guidance
 - Notes on completion of claim Form MPF720A – Final subsidy claim for financial year ending (FYE) March 2023
 - Housing Benefit final subsidy claim (MPF720A) for FYE March 2023 provided by the LA

Module 1: Appendix 1 Instruction for notifying the appointment of a Reporting Accountant.

The LA should notify DWP that they have appointed a Reporting Accountant in accordance with this Module 1 and the requirements of HBAP.

The notification should contain the following details:

- name of the LA
- name and position of the person providing the notification
- subsidy years which the appointment covers
- name of the Reporting Accountant
- address of the Reporting Accountant
- name of the lead contact point for the Reporting Accountant.

The notification should be sent to DWPs HB Assurance Team by email to lawelfare.hbassurance@dwp.gov.uk

If an appointment has not been made, the model letter at Appendix 1A should be completed and returned to DWP at the above email address.

A model form of words for the notification is provided below.

On behalf of [AN AUTHORITY], I formally notify the Department for Work and Pensions that [AN ACCOUNTANT] has been appointed to carry out HBAP testing for subsidy years [20XX/XX to 20XX/XX] and will complete the Specific Test Requirements of Housing Benefit (Subsidy) Assurance Process of Form MPF720A.

The reporting requirements shall be governed by DWP reporting framework instruction and standardised engagement terms issued by DWP in Module 1 and the engagement agreed between DWP, the LA and the Reporting Accountant.

Name

Position

The lead contact and address details for the Reporting Accountant are:

Lead contact: _____

At (address):

Module 1: Appendix 1A Notification letter

**Housing Benefit (Subsidy) Assurance Process in respect of 2023-24
Module 1: DWP Reporting Framework Instruction
(Applicable to England only)**

Unable to appoint a Reporting Accountant to conduct Specific Test Requirements on Form MPF720A under the standardised engagement terms in Housing Benefit (Subsidy) Assurance Process for Subsidy year 2023-24.

Name of local authority (in full).....

On behalf of the local authority, I formally notify the Department for Work and Pensions that we have been unable to appoint a Reporting Accountant to complete the Specific Test Requirements of Housing Benefit (Subsidy) Assurance Process of Form MPF720A for the year ending 31 March 2024 by 1 March 2023.

The local authority undertakes to complete the following work in order to appoint a Reporting Accountant at the earliest possible opportunity and will notify the Department for Work and Pensions as soon as a successful appointment has been made. An outline of our action plan is enclosed.

The local authority accepts that subsequent payments of subsidy may be impacted due to our inability to appoint a Reporting Accountant by 01 March 2023 as specified in the Department for Work and Pensions' reporting framework instructions.

Actions to be completed:

1. explanation of the circumstances why a Reporting Accountant has not been appointed by [date];
2. plan of action to procure a Reporting Accountant;
3. timescale for completion of the procurement of a Reporting Accountant; and
4. estimated date of successful appointment.

Signature.....

Name (block capital).....

Position.....

Date.....

Module 1 FYE March 2023: Appendix 2 The standardised engagement terms

Housing Benefit (Subsidy) Assurance Process for FYE March 2024

Module 1: DWP Reporting framework instruction (Applicable to England only)

The standardised engagement terms

The following are the pre-agreed terms of engagement which DWP requires the LA to procure and maintain the services of a Reporting Accountant to perform an engagement in accordance with the Housing Benefit (Subsidy) Assurance Process (HBAP) modules in connection with the LA's claim for subsidy on Form MPF720A for the year ended [31 March 2024]¹.

DWP agrees to enter into a tri-partite engagement as outlined in its HBAP reporting framework instruction, in respect of Form MPF720A for the relevant subsidy year, on www.gov.uk. DWP accepts that an agreement between the LA, its Reporting Accountant and DWP on these terms is formed when the contract is agreed and signed between the LA and the Reporting Accountant to complete the engagement in accordance with the Housing Benefit (Subsidy) Assurance Process (HBAP) in respect of Form MPF720A. [Note: DWP will not need to sign anything. By publishing this document, DWP confirms that these pre-agreed terms forms its agreement with the LA and the Reporting Accountants. The accountants' report is submitted to DWP in accordance with these terms. If the terms of the standardised engagement letter are to be revised, DWP will need to confirm its acceptance of the new terms before a new agreement can be formed.]

Glossary of terms:

'Reporting Accountant' is an independent reporting accountancy firm appointed by the LA who can carry out the audit of local government and health bodies under the Local Audit and Accountability Act 2014. The register of licensed local auditors is maintained by the Institute of Chartered Accountants in England & Wales (ICAEW), and can be found [here](#).

'Local authority (LA)' refers to the organisation that is required to complete the Housing Benefit (Subsidy) claim Form MPF720A and is the body to which DWP pays Housing Benefit subsidy.

'DWP' refers to the grant paying body providing the HB subsidy and specifying the reporting framework.

'the report' is the format in which the Reporting Accountants will provide their factual findings to both DWP and the LA. HBAP Module 6 explains how the results of the Specific Test Requirements should be stated. Example reports are contained within Module 6.

¹ Firms may have two or three year contracts for this work. The engagement terms will therefore need to be adapted accordingly for each other.

‘Form MPF720A’ is the subsidy claim form annually completed by English LA to settle its final subsidy claim for the year ended 31 March.

‘HBAP’ Housing Benefit (Subsidy) Assurance Process: This is a DWP reporting framework instruction designed by DWP that is sufficient to meet its purposes.

‘Specific Test Requirements’ are the tests within HBAP modules that the Reporting Accountant is required to conduct under this engagement (see Appendix 3 of HBAP Module 1).

1. Introduction

The Reporting Accountants will submit to DWP its agreed-upon-procedures report as set out in paragraph 3 (scope of accountants work) below. These terms of engagement set out the basis on which the Reporting Accountants will sign the report.

2. The LA’s responsibilities

- 2.1. The LA is responsible for completing Form MPF720A, maintaining proper records, complying with the terms of any legislation and regulatory requirements, and providing relevant information to DWP and the Reporting Accountant in accordance with the requirements of DWP. The LA is responsible for ensuring it meets its requirements under the Social Security Administration Act 1992, the Social Security Contributions and Benefits Act 1992 and the instructions made or having force thereunder, in particular the Housing Benefit (General) Regulations 2006 (as amended); and the Income-related Benefits (Subsidy to Authorities) Order 1998 (as amended), which is a Standing Order that is updated each year.
- 2.2. The LA is required to submit the completed Form MPF720A to DWP and to the Reporting Accountant by the submission deadline of 30 April each year. Failure to do so may result in DWP withholding HB subsidy.
- 2.3. The Section 151 Officer of the LA will make available to the Reporting Accountant all records, correspondence, information and explanations (including for partnerships or outsourcing of services exist for the administration, delivery and payment of HB) that the Reporting Accountant considers necessary to enable the Reporting Accountant to perform the Specific Test Requirements of HBAP and to provide a factual findings report to the LA and DWP. The LA will provide the Reporting Accountant with such information, explanations and documentation that the Reporting Accountant considers necessary to carry out their responsibilities.
- 2.4. The LA and DWP accept that the ability of the Reporting Accountant to perform the Specific Test Requirements effectively depends upon the LA providing full and free access to financial, prime documents and other records; and the LA shall obtain any such records held by a third party as are necessary for the purposes of the procedures described in DWPs HBAP and make them available to the Reporting Accountant.

- 2.5. For the current HBAP assurance period, the LA will provide the Reporting Accountant with the previous year's HBAP report and the final or amended final claim MPF720A form for that year.
- 2.6. The LA shall make available information to the Reporting Accountant that it has obtained from DWP via the Customer Information System (CIS) subject to the provisions of the **HMG Baseline Personnel Security Standard: A guide for department contractors - overview of the standard - section 1.2**. This Baseline Personnel Security Standard (BPSS) does not require the Reporting Accountant to be BPSS registered. The Reporting Accountant is not required to use CIS directly and does not need to apply for user access or have BPSS clearance.
- 2.7. The failure by the LA to meet its obligations may cause the Reporting Accountant to be unable to complete HBAP as specified by DWP. In these circumstances the Reporting Accountant must complete the HBAP report as far as they are able, and include in the report, the details of where the LA has failed to meet its obligations and the testing not carried out as a result. The Reporting Accountant accepts that, whether or not the LA meets its obligations, the Reporting Accountant remains under an obligation to perform the Specific Test Requirements with reasonable care.
- 2.8. The Section 151 Officer is responsible for the completion of Form MPF720A in accordance with relevant DWP guidance and for ensuring that:
- the entries are accurate
 - the expenditure, on which the claim is based, has been properly incurred in accordance with the Social Security Contributions and Benefits Act 1992 (as amended) and the instructions made or having force thereunder, in particular the Housing Benefit (General) Regulations 2006 or The Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 (as amended)
 - the claim for subsidy has been made on the claim Form MPF720A required by the Secretary of State and the information given on it is in accordance with those Acts and the instruments made or having force thereunder, in particular the Income-related Benefits (Subsidy to Authorities) Order 1998 (as amended)
 - no amounts in this claim have been included in any claim by another authority or authorities acting as an agent or agents of this LA
 - the LA's administrative systems, procedures and key controls for awarding benefits operate effectively and the authority has taken reasonable steps to prevent and detect fraud.

3. Scope of the Reporting Accountant's work

- 3.1. The LA will provide the Reporting Accountant with such information, explanations and documentation that the Reporting Accountants consider necessary to carry out their responsibilities. The Reporting Accountants will seek written representations from management in relation to matters for which independent corroboration is not available. The Reporting Accountants will also seek confirmation that any significant matters of which the Reporting Accountants should be aware have been brought to their attention.
- 3.2. The Reporting Accountant will carry out the work based on DWPs HBAP reporting framework instruction and in accordance with the **International Standard on Related Services (ISRS) 4400(Revised) Engagements to perform agreed-upon-procedures regarding financial information** and will produce a report in the form set out in Appendix 1 of HBAP Module 6. The specific tests are laid out in Appendix 3 of Module 1 as further explained in Module 6 of the DWP HBAP reporting framework instruction.
- 3.3. For the purposes of HBAP, the Reporting Accountant will not subject the information provided by the LA to checking or verification except to the extent expressly set out in the Specific Test Requirements. All information is subject to the General Data Protection Regulation) 2018 and Reporting Accountants will observe all of their obligations under this regulation and their data protection policies.
- 3.4. While the Reporting Accountant will perform their work with reasonable skill and care, the Reporting Accountant's work should not be relied upon to disclose all misstatements, fraud or errors that may exist.
- 3.5. Unless otherwise agreed, the Reporting Accountant will not visit third parties, including outsourced or contracted services, where partnership arrangements exist for the delivery of HB. Only those records held and obtained by the LA (and their partner organisations, where appropriate) to support the Form MPF720A will be considered in accordance with the LA's responsibilities (see the Local Authority's responsibilities).

4. Use of the Reporting Accountant's report

- 4.1. The Reporting Accountant's report is prepared solely for the confidential use of the LA and DWP. It is solely for the purpose of submission to DWP in connection with the requirements of the HBAP for the Form MPF720A. It may not be relied upon by the LA or DWP for any other purpose other than the report will be used for the following year's HBAP.
- 4.2. The drafts or the signed report shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without the Reporting Accountant's prior written consent.

- 4.3. Without imposing on the Reporting Accountant and without the Reporting Accountant assuming (or perceived as assuming) any duty or responsibility and without imposing or accepting any liability to anyone except the LA and DWP, DWP may disclose the report to others who demonstrate statutory rights of access to it. If there is a change in the Reporting Accountant from one year to the next the LA will release the HBAP report from the previous year to the newly appointed Reporting Accountant.
- 4.4. To the fullest extent permitted by law, except for the LA and DWP, the firm of accountants, its partners and staff neither owe nor accept any duty to any person (including, without limitation, any person who may use or refer to any of DWP's publications) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on the Reporting Accountant's work or reports.
- 4.5. Neither the LA, nor DWP, nor others may rely on any oral or draft reports that the Reporting Accountant provides. The Reporting Accountant only accepts responsibility to the LA and to DWP for the final signed report only for the purpose for which it was issued.

5. Form of the Reporting Accountant's report

- 5.1. DWP has provided a template for the HBAP report that's available in the HBAP Module 6. A more detailed specimen report is included in Module 3 helpfiles and is also available on Glasscubes.
- 5.2. DWP reserves the right, once it has received and reviewed the accountants report, to require the Reporting Accountant to provide clarification on any matter raised in the HBAP report where DWP feels there is not information to make a decision on the payment or overpayment of HB subsidy and complete further testing where the report is not in accordance with HBAP; and provide a response to DWP.
- 5.3. Once the Reporting Accountant has provided a satisfactory response on any reported matters of query requested by the Secretary of State to enable the resolution of a HBAP report issue (including an issue consequent on the Reporting Accountant failing to fulfil the requirements of Modules 1 and 6) and has completed their report in accordance with the HBAP reporting framework instruction, the Reporting Accountant will have fulfilled their responsibilities under these standardised engagement terms.
- 5.4. If there are any matters arising following the conclusion of this engagement, DWP will liaise with the LA directly to determine the next steps (if further work is required, this will form the basis of a separate engagement as detailed in Module X of the HBAP).

6. Liability provisions

- 6.1. The Reporting Accountants (and any affiliated firm or sub-contractors) will perform the HBAP engagement with reasonable skill and care and accept responsibility to the LA and DWP for losses, damages, costs or expenses ('losses') caused by its breach of contract, negligence or wilful misconduct, subject to the following provisions.
- 6.1.1. The Reporting Accountant will not be responsible or liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the Reporting Accountant, except where, it would have been reasonable for the Reporting Accountant to discover such defects in the course of performing the Specific Test Requirements.
- 6.1.2. The Reporting Accountant accepts liability without limit for the consequences of its own fraud and for any other liability which it is not permitted by law to limit or exclude.
- 6.1.3. Subject to paragraph 6.1.2 above, the aggregate liability of the Reporting Accountant whether in contract, tort (including negligence) or otherwise, to the LA and DWP, arising from or in connection with the work which is the subject of these standardised engagement terms, is capped at the amount agreed by the Reporting Accountant and the LA. Any claims, whether in contract, negligence or otherwise, must be formally commenced within 6 years after the party bringing the claim becomes aware (or ought reasonable to have become aware of the facts which give rise to the action and in any event no later than 6 years after the relevant report was issued (or, if no report was issued, when the Reporting Accountant accepted the engagement in writing). This expressly overrides any statutory provision which would otherwise apply.
- 6.2. The LA and DWP agree that they will not bring any claims or proceedings against any individual partners, members, directors or employees of the Reporting Accountant, including individuals in any affiliated firm or sub-contractor used by the Reporting Accountant to provide their services. This clause is intended to benefit such partners, members, directors and employees who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 (the Act).
- 6.3. Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Contracts (Rights of Third Parties) Act 1999 (the Act), the parties to the standardised engagement terms may agree to vary or rescind the terms without any third party's consent. Other than as expressly provided in these terms, the Act is excluded.
- 6.4. Where the report is transferred to a third party or newly appointed Reporting Accountant the liability for the contents of the report ceases for the original Reporting Accountant.

6.5. Where applicable, this engagement is separate from and unrelated to the Reporting Accountant's audit work on the financial statements of the LA for the purposes of any applicable statutory or regulatory or other auditing framework and nothing herein creates obligations or liabilities regarding the Reporting Accountant's audit work or audit reports which would not otherwise exist.

7. Fees

7.1. The Reporting Accountant's fees, together with VAT and out-of-pocket expenses, will be agreed with and billed to the LA. DWP is not liable to pay any of the Reporting Accountant's fees.

8. Quality of service

8.1. In the event that the LA or DWP wish to raise a complaint or dispute regarding the work or conduct of the Reporting Accountant, the process for complaints and dispute resolution will be set out in the contract between the Reporting Accountant and the LA. It is expected that the following stages will form part of that process as a minimum:

- Stage 1 – LA/DWP to bring dispute or complaint to the attention of the Reporting Accountant and the parties to take reasonable steps to resolve the dispute or complaint.
- Stage 2 – escalation of the dispute or complaint by the LA/DWP to the Reporting Accountant's engagement lead or supervising accountant or other suitable senior member of the organisation, named in the contract.
- Stage 3 – use of the audit firm's formal complaints/dispute resolution process and procedures. If this stage is reached by the LA, DWP must be informed by the LA of the nature of the issue and steps taken to date to resolve the dispute.
- Stage 4 – where all other attempts at mediation including stages 1 to 3 above have been exhausted, DWP and LAs may take any complaint to the Institute of Chartered Accountants in England and Wales (ICAEW). DWP or the LA may obtain an explanation of the mechanisms that operate in respect of a complaint to the ICAEW at www.icaew.com/regulation/complaints-process or by writing to the ICAEW at the ICAEW Professional Standards Office, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ UK.

8.2. For the avoidance of doubt, use of the above process must not delay the submission of the completed HBAP report beyond the timetable set out in the 'Submission procedure' section of HBAP Module 1.

9. Providing services to other parties

9.1. The Reporting Accountant will not be prevented or restricted by virtue of the Reporting Accountant's relationship with the LA and DWP, including anything in these terms of engagement, from providing services to other clients. The Reporting Accountant's standard internal procedures should be designed to ensure that confidential information communicated to the Reporting Accountant during the course of an assignment will be maintained confidentially.

10. Applicable law and jurisdiction

10.1. These standardised terms of engagement shall be governed by, and interpreted and construed in accordance with, English law.

10.2. The LA, DWP and the Reporting Accountant irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any contractual or non-contractual dispute (including claims for set-off and counterclaims) which may arise on any basis in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with these standardised engagement terms.

11. Alteration to terms

11.1. All additions, amendments and variations to these standardised engagement terms shall be binding only if in writing and signed by the duly authorised representatives of the parties. These terms supersede any previous agreements and representations (unless based on fraud) between the parties in respect of the scope of the Reporting Accountant's work on Form MPF720A and the Reporting Accountant's report or the obligations of any of the parties relating thereto (whether oral or written) and save as set out in paragraphs below, represents the entire agreement and understanding between the parties, their affiliates or sub-contractors.

11.2. These terms do not affect any separate agreement in writing between the LA and the Reporting Accountant.

Appendix 3 Specific Test Requirements

Housing Benefit (Subsidy) Assurance Process for financial year ending March 2023

Module: 1 DWP Reporting Framework Instruction (Applicable to England only)

Specific Test Requirements

1. Below are the Specific Test Requirements DWP requires the Reporting Accountant to undertake for DWP reporting framework instruction HBAP for financial year ending 2023.
2. DWP requires all tests to be applied. Materiality should not be applied.

1) Does the authority certificate bear the original signature or been received from the Section 151 (or authorised deputy) officers verifiable email address? DWP will require confirmation that the Section 151 officer (or authorised deputy) has reviewed and agreed the report.
2) Does the Form MPF720A include an entry in every cell (The LA should enter zero in any cell that does not apply see test note para 6)?
3) Is all arithmetic on the claim correct (confirmed by using the pdf form)?
4) Does the entry in the 'in-year reconciliation' cell for each benefit type (non-Housing Revenue Account (HRA) rent rebates, rent rebates, rent allowances) agree with the corresponding total expenditure cell?
5) Do the benefit parameters and allowances in the HB system correctly update to reflect the annual uprating? Complete all the entries in all tables in the Module 2 Appendix A checklist to provide confirmation. Confirmation that testing has been completed and no issues found should be included in the summary section of the HBAP Report. If issues are found these should be reported in the appropriate HBAP Report Appendix.
6) Complete the relevant Appendix to Module 5 depending on the HB system supplier. Confirmation that testing has been completed and no issues found should be included in the summary section of the HBAP Report. If issues are found these should be reported in the appropriate HBAP Report Appendix.
7) Check that the entries in each section of the form (non-HRA rent rebates, rent rebates, rent allowances) agree to the final subsidy reports in accordance with HBAP Module 5.
8) For the cases tested, has the testing confirmed that the expenditure has been included at the correct value and in the correct cells in the MPF720A form, using the Module 3 workbooks?

Cells 11 to 33, 38, 55 to 72, 78 and 79, 94 to 124 and cell 131 should all be tested in accordance with Module 3.

All cells with an S suffix contain calculations or are pre-filled. These cells are not covered by HBAP 2022/23 and are outside the scope of this engagement. However, these cells should still be included in establishing whether the claim form contains an entry in every cell and that the form agrees to the subsidy system reports.

Modified schemes subsidy- England only (cells 212 to 216S,225)

9) Does testing of prime documents provide evidence that expenditure on modified schemes:

- has been properly identified in cells 214 and 225; and
- has been excluded from other cells on the form?

Whereas the tests applied to the initial samples of 20 cases cover the full calculation of HB, the 20 Modified Scheme cases will be checked for compliance with the Modified Scheme and that the claims are eligible for a Modified Scheme.

Tests needed: A sample of 20 cases should be tested unless the population is less than 100 in which case the Reporting Accountant should apply a pro rata sample. DWP requires the following tests to be carried out:

- 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 (refer to helpfiles))
- 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?

Errors identified in testing cell 214 should be treated in the same way as errors found in the initial sample from the headline cells. Any errors identified should be reported in the HBAP Report in the appropriate section. If the error results in overpaid subsidy the impact on all relevant cells on the claim form should be reported along with any adjustments required.

Any cases subject to a Modified Scheme that form part of the sample taken for initial, additional, or Cumulative Assurance Knowledge and Experience testing should still be subjected to the full tests for which they were sampled.

Agreed amendments

- 10) Where agreed amendments are required have these been made in accordance with HBAP Module 6 on a pdf copy of the form (not in manuscript); **and** been initialled by the LA?

(Note: see test note paras 10 to 12 below)

Information for testing

Approach

3. To meet the requirements of DWPs reporting framework instruction HBAP Module 1 the reporting accountant is required to complete all of the modules of HBAP:
- **Module 1: The DWP Reporting Framework instruction:** sets out the standardised engagement terms Specific Test Requirements.
 - **Module 2: Uprating:** provides a checklist to help the Reporting Accountant ensure the authority's system is using the correct benefit parameters to calculate benefit entitlement and to claim subsidy.
 - **Module 3: Workbooks:** provides the detailed testing workbooks to be completed and includes step-by-step guidance and a test result summary
 - **Module 5: Software diagnostic tool:** provides a tool to help ensure the subsidy claim has been completed using the appropriate software and that benefit 'granted' has been reconciled to benefit 'paid' in accordance with the IT software supplier's instructions.
 - **Module 6: Testing Strategy and reporting requirements:** guidance on testing, error types, amendments and the recording of errors in the report.
4. The HBAP Module 1 for FYE March 2023 and associated HBAP modules are to be used in all cases regardless of the amount claimed. The HBAP modules are available online on www.gov.uk with the exception of Module 5 which will be issued directly to the Reporting Accountants to protect sensitive data and Module 3 which will be available through the Glasscubes portal directly to Reporting Accountants and LAs.

Completion of form MPF720A

5. Final claim forms MPF720A are provided to LAs in a pdf format for completion. The pdf form is sent by LAs to DWP. LAs are required to provide a signed copy and the pdf form to their Reporting Accountant for testing under HBAP.

6. The pdf MPF720A form includes a validation check that all cells have been completed. However, it is possible for LAs to complete, certify and submit the form without completing this validation check, so it is possible to submit a form with blank cells. DWP will perform checks at initial final claim stage to identify blank cells and will require resubmission. If re-submission is required, the LA should provide a new MPF720A and must provide an updated version to its Reporting Accountant. Reporting Accountants need to check that the Form MPF720A presented for reporting work includes an entry in every cell. The LA should enter zero in any cell that does not apply.
7. Cells 003, 004, 006, 007 and 009 contain calculations or are pre-filled: these cells are not covered by HBAP 2022-23 and are outside the scope of this engagement.
8. Administration subsidy in cell 005 and Interim benefit subsidy in cell 008 are pre-filled by DWP and cannot be amended. The entry in cell 008 should not include amounts received after the initial final claim is certified by the Section 151 Officer: DWP's systems take automatic account of any later payments.
9. The LA and the Reporting Accountant can agree an amendment to a cell in order that that the cell and the form are factually correct based on the guidance on amendments in Module 6.
10. Where HBAP testing results in agreed amendments to cell entries these must be made by the LA making amendments to a pdf version of the form (not in manuscript) because this will ensure the amendments are automatically reflected in calculations and amounts transferred between cells.
11. 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 LA should where possible initial all input cells which have been amended. DWP will accept non initialled cells on the proviso that all amendments are included as an observation : it is not necessary to initial changes to cells that contain calculations or cells that contain amounts transferred from other cells (these are updated automatically by the form). The LA should certify the amended Form MPF720A.
12. The Reporting Accountant should check that all agreed amendments to input cells have been made and initialled or are included as an observation by the LA and check that no other input cells have been amended. The HBAP Module 6 guidance on the impact of amendments and the effect of amending one cell on other cells on Form MPF720A, including the headline cells, detailed and in year reconciliation cells must be followed.

In-year reconciliation cells (cells 037, 077, 130)

13. Each section of the form contains an 'in-year reconciliation' cell which is calculated automatically by the pdf form in accordance with the cell

instructions. Cells 037, 077 and 130 should agree with the entries in cells 011, 055 and 094 respectively. The 'in-year reconciliation' cells seek to confirm that the figure in each total expenditure cell is supported by the analysis of expenditure that follows it, but there is no validation check forcing the two figures to be equal before the authority can certify the form.

14. DWP will pursue any differences at initial final claim stage and require the LA to undertake further work and provide the results of this work to its Reporting Accountant. Differences remaining or identified at the Reporting Accountant's final claim stage should be referred to in the report. DWP may require the LA to resolve these differences but a Reporting Accountant is not required to do so. Differences due to roundings between the HB system outturn reports and the entries made on Form MPF720A do not require reporting.

LA error subsidy

15. Cells 201 to 210S contain calculations or are pre-filled: these cells are not covered by HBAP for FYE March 2023 and are outside the scope of this engagement.

Modified schemes subsidy

16. Cells 212, 213, 215 and 216S contain calculations or are pre-filled: these cells are not covered by HBAP for FYE March 2023 and are outside the scope of this engagement.
17. 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, a 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 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.
18. 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. A sample of 20 cases should be tested unless the population is less than 100 when the reporting account must apply a pro rata sample.

Actions on issues

19. If the Reporting Accountant finds that the above tests result in errors, these will be treated in the same manner as errors found in the initial sample.

Rent Rebate Subsidy Limitation scheme

20. This section of the form was not covered by HBAP in previous years. Due to a change in the regulation of social rents effective from April 2020, DWP has removed the calculation of Rent Rebate Subsidy Limitation from form MPF720A.