

Operational Decision Record

Publication Date 19/06/23	Decision Reference Number 4969
Decision Title	
Procurement of KPMG for statutory Housing Benefit Subsidy Audit 23/24 and 24/25	
Decision Value	
£214,132	
Revenue or Capital Spend?	
Revenue	
Department	
Finance and Resources	
Contact Officer (Name, job title, and contact details)	
Dominic O'Melia, Acting Head of Customer Access, dominic.omelia@nottingham.gov.uk	
Decision Taken	
To approve KPMG to be engaged for the Housing Benefit Subsidy Claims for 23/24 and 24/25 Housing Benefit Assurance Process (HBAP).	
Reasons for Decision and Background Information	
<p>KPMG have been commissioned to carry out the audit on the Housing Benefit Subsidy Claims for the years 18/19, 19/20, 20/21, 21/22 and 22/23 and this decision form seeks approve to maintain consistency of Audit for the 23/24 and 24/25. This will support and enable NCC to ensure compliance with Department for Works and Pensions deadlines as well as securing professional resource in a market where capacity is a challenge.</p> <p>This is a statutory requirement in the administration of Housing Benefit on behalf of the Department for Works and Pensions.</p> <p>A procurement exercise was undertaken in 2022 using the Crown Commercial Service Framework RM6187 and it is expected that a direct award can be made through the same framework.</p> <p>As part of this exercise KPMG has confirmed that the costs for each claim to be audited will be as follows:</p>	

	23/24	24/25
Base fee of	£21,200	£23,300
Initial Testing:	£3890	£4270
Cake Testing:	£2950	£3098

The pricing will be subject to an annual increase at the end of the financial year equivalent to the CPI as follows and:

For the 23/24 claim - CPI as at 31.3.24
For the 24/25 claim - CPI as at 31.3.25

The contract award period is 1.10.24 to 30.11.26, the latter date being the DWP deadline for submission of the audited 24/25 claim.

KPMG will deliver the resources and audit in line with the requirements of the Department of Work and Pension's (DWP's) Housing Benefit (Subsidy) Assurance Process (HBAP) 2019/20 as published through the Government website below:

<https://www.gov.uk/government/publications/housing-benefit-assurance-process-hbap>

KPMG confirm that:

1. KPMG are licensed local auditors under the Local Audit and Accountability Act 2014; and;
2. That Andrew Bostock will be the Engagement Lead for the work and that he is a licensed local auditor under the Local Audit and Accountability Act 2014.

The register of licensed local auditors is maintained by the Institute of Chartered Accounts in England and Wales (ICAEW) and can be found at:

<https://www.icaew.com/en/technical/audit-and-assurance/local-public-audit-in-england/local-auditor-register>

In providing this quote KPMG has assumed that:

- There are three sets of initial samples of 20 cases to test (Discovery testing); one each for cells 011, 055 and 094;
- That all required documentation and evidence will be provided by the Council at the commencement of our work;
- That Council staff will be available to support the work of the KPMG team at dates to be mutually agreed upon prior to commencement of the work; and
- We will agree a detailed timetable for the work with you by the end of March 2023.

Based on previous claim testing the assumed expenditure based on the above for these claims is as follows:

	23/24	24/25
Base Fee:	£21,200	£23,300
Initial Sample:	3 x £3890	3 x £4270
40+ testing:	24 x £2950	24 x £3098
Assumed Total	£103,670	£110,462

The costs are in line with previous year audits and levels of testing required, any variance up or down will be reported separately at the time of audit conclusion.

Other Options Considered and why these were rejected

Full procurement exercise: This action wasn't taken as the LA wishes to maintain a consistency in delivering this statutory requirement. The LA is obliged to notify the Department for Works and Pensions of its appointed auditors by the end of the first financial quarter and a full procurement exercise would delay meeting this deadline. KPMG are a recognised provider of HB subsidy audits and have been accessed via the CCS Framework agreement and therefore compliant with procurement rules.

Reasons why this decision is classified as operational

The cost of the decision can be taken from within existing budgets and has a value below £250,000 (£214,132).

Additional Information

Advice has been sought from Finance, Legal and Procurement

- **Finance advice**
- This decision seeks approval to continue using KPM as the auditors for Housing Benefit Subsidy for 2023/24 and 2024/25 at a total cost of £214,312 over the two years. This will be funded from existing corporate budgets. No Finance Objections

8th June 2023 - Nishil Rabheru – Strategic Finance Business Partner

- **Legal Advice**

As a simple procurement decision relating to annual statutory audit requirements, I do not believe specific Legal Services advice would usually be sought.

17th May 2023 - Richard Bines - Solicitor

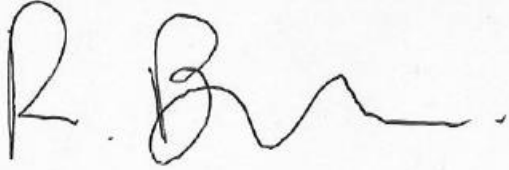
- **Procurement Advice**

I'm happy for KPMG to be awarded as it is a requirement to notify DWP of the awarded supplier each year and this will maintain a consistent approach to the HB Subsidy Claim Reporting Audit process.

7th June 2023 – Lorraine Hodgson – Procurement Officer

Decision Maker (Name and Job Title)

Ross Brown – Corporate Director of Finance & Resources



Scheme of Delegation Reference Number

7A

Date Decision Taken

16/06/23