

31 January 2018

Rachael Mann
Head of Resources and Performance
Forest Heath District Council
District Offices
College Heath Road
Mildenhall
IP28 7EY

Dear Rachael,

Forest Heath District Council - 2018/19 Housing Subsidy certification proposal

In line with our discussions, I am pleased to be able to submit this letter in relation to our ongoing provision of housing benefit subsidy certification services for the Forest Heath District Council from 2018/19 in line with the Department of Work and Pensions circular (HB S1/2017).

Having taken into account the information that we have in relation to your current subsidy certification arrangements, we would propose the following fees in relation to this service:

- A Base fee of £6,180 for the certification of the claim.
- An additional £2,195 in respect of extended testing (40+ or full sample) wherever errors are found (per reportable cell).
- An annual uplift of the fee in line with RPI to reflect increased costs.

Therefore, the fee for 2018/19 based on the current error rate (found during the 2016/17 audit) would be:

- A fee for 2018/19 of **£14,960**, based on the current error rate.
- By comparison the 2016/17 certification fee was £15,203.

Baseline Fee

Our baseline price is based on the scope of the work, which is to deliver the responsibilities set out in the DWP SI/2017 which describes the Assurance of Housing Benefit subsidy claims 2018/19. We have made the following assumptions in setting our base fee:

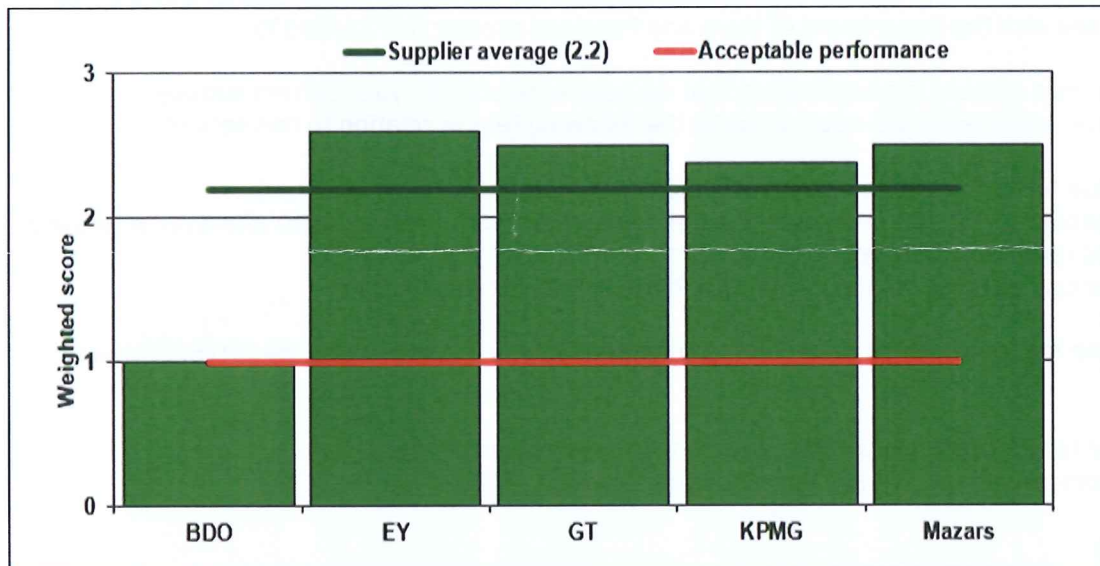
- That you undertake all the initial testing under HBAP Module 3.
- Working papers and audit trails from the Benefits system will be provided, that fully support the completed claim form MPF720A.
- Responses to questions arising will be answered promptly, in accordance with agreed timescales.
- No errors are identified from prior years or current year initial testing which require extended testing by either drill-down or 40+ methodologies.
- There is no qualification or observations to modify the reporting accountant's report.

Extended Testing

Where errors are identified which require extended testing, amendments to the claim, or modifying the report to the DWP, the additional fee per each extended sample (per reportable cell) would be £2,195. This extended testing fee is for standard testing of the extended (40+) sample and assumes a low error rate within that sample (<10%). Any higher level error rate would require further testing and would derive an additional fee based on the standard hourly rate.

Quality Service Provision

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



I hope that I have provided you with sufficient information for you to approve this approval. If you require any further information, please do not hesitate to contact me on 07541 346507.

Once you have formally approved our appointment we will issue our engagement letter to you.

Yours faithfully,



Mark Hodgson
Associate Partner
For and on behalf of EY