

Certification of claims and returns

North Tyneside Council



North Tyneside Council

Annual report 2015/16



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Background

The scope of our work

This report provides Members with details of all our assurance and certification work for 2015/16. We have undertaken certification of the Housing Benefits Subsidy return as an agent of Public Sector Audit Appointments and have been engaged directly by the Council to undertake assurance work on four other 2015/16 returns.

Our certificate

For the housing benefit subsidy return, on completion of the specified work we issue a certificate. The certificate states the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter. Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

For claims and returns that fall outside of the Public Sector Audit Appointments regime, we issue an assurance report or provide assurance in accordance with the requirements of the grant-paying body.

Findings

The Council's control environment

There are specific arrangements for the certification of the housing benefit claim that do not require us to assess the control environment.

We have not noted any significant weaknesses in your control environment for other returns where we have carried out work.

Amendments and Qualifications

The adjacent tables show the claims and returns were work was carried out for 2015/16.

Public Sector Audit Appointments grant claims or returns

Claim or return	Value of claim or return	Amended	Qualified
Housing benefit subsidy	£75,604,121	No	Yes – qualification letter issued to the Department on 28 November 2016

Non Public Sector Audit Appointments grant claims and returns

Claim or return	Value of claim or return	Amended	Qualified
Pooling of housing capital receipts	£5,548,407	No	No
Teachers' pensions	£59,608,293.94	No	No One matter reported
School centred initial teacher training	£131,000	No	No

Our work on systems and controls in place to manage subcontractors delivering education and training funded by the Skills Funding Agency (SFA) did not include any claim or return with a financial value and we provided satisfactory assurance to the SFA in accordance with agreed procedures.

Housing Benefit Subsidy return

Due to the complex nature of this benefit and the large number of claims processed each year there are specific arrangements in place for certifying this claim. This involves initial testing of a random sample of 20 claims from each of the three headline cells with the results then determining what additional testing is required. Where possible the claim will be amended for errors identified but in many cases, due to the nature of the error, it is only possible to extrapolate errors and report to the Department for Work and Pensions.

The errors identified in 2015/16 are set out in the action plan at Appendix A. As part of our planning for the 2016/17 subsidy return, we will consider action taken in respect of the 2015/16 errors.

Non Public Sector Audit Appointments grant claims and returns

Pooling of Housing Capital Receipts

Since 2004/05, local authorities have paid part of their receipts from the disposal of housing into a national pool run by the Department for Communities and Local Government. They are also required to pool a part of other receipts such as mortgage principal repayments.

We have carried out our work on the Council's pooling of housing capital receipts return in line with instructions issued by the Department for Communities and Local Government and concluded the return was prepared, in all material respects, in accordance with the terms and conditions as set out in the Department for Communities and Local Government's instructions.

Teachers' Pension Return

The Teachers' Pension Scheme is a contributory pension scheme administered by the Teachers' Pensions Agency on behalf of the Department for Education. Teachers employed in local authority maintained schools and other local authority establishments may be members of the scheme.

The Council is required to submit a return (EOYCa) showing teachers' pension contributions deducted and paid to the Teachers' Pensions Agency in the year.

For 2015/16, we concluded that the EOYCa for the year ended 31 March 2016 had been prepared, in all material respects, in accordance with the regulations underpinning the Teachers' Pension scheme.

Without qualifying our opinion, we did report one matter in line with the requirements of Reporting Accounting Guidance (TP05). Reporting Accountant Guidance TP05 states that "Reporting accountants should agree the total refund to authority working papers and agree a sample of refunds made directly by the Authority to teachers". The matter reported was that the refunds figure in the return included £2,109.89 which was the overall balance on the 2014/15 return, as the Council reduced its payments to the Teachers' Pension scheme during 2015/16 by this amount in line with emails from Teachers' Pensions. The same matter was reported in 2014/15 although the figure differed.

School Centred Initial Teacher Training

We agreed with the Council the specific testing which was to be undertaken and performed these. There were no issues arising from this work.

Skills Funding Agency

The Skills Funding Agency funding agreements for 2015/16 included a clause about an annual subcontracting assurance requirements. This clause required lead providers subcontracting more than a defined level of provision in 2015/2016 to obtain a report from an external auditor that provides assurance on the arrangements in place to manage and control their subcontractors. This clause required lead providers in scope to supply us with a certificate confirming that the report provides satisfactory assurance. North Tyneside Council was a lead provider. The Skills Funding Agency subsequently issued guidance "Providing external assurance on subcontracting controls" and our work was based on these requirements and provided satisfactory assurance.

Fees

We did not undertake the work for the School Centred Initial Teacher Training in 2014/15. Work undertaken for the Skills Funding Agency sub-contracting arrangements was only required from 2015/16.

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing benefit subsidy return. We confirm that the final fee payable for this work, as outlined in the table below, is in line with the indicative fee.

For claims and returns that fall outside of the Public Sector Audit Appointments regime, we agree a fee with Council officers prior to commencing our work.

Public Sector Audit Appointments grant claims or returns

Claim or return	2015/16 indicative fee	2015/16 final fee	2014/15 final fee
Housing benefit subsidy	£16,970	£16,970	£16,100

Non Public Sector Audit Appointments grant claims and returns

Claim or return	2015/16 fee	2014/15 fee
Pooling of housing capital receipts return	£1,800	£1,800
Teachers' Pensions return	£3,750	£3,750
School Centred Initial Teacher Training	£2,000	Not applicable
Skills Funding Agency Sub-contracting arrangements	£1,500	Not applicable

Appendix A – Housing Benefit Subsidy return action plan

2015/16 errors identified	Recommendation	Management response	Officer responsible	Timescale
<p>Calculation of earned income</p> <p>As in previous years, errors were found in calculation of earned income in some of the claims we tested, resulting in both under and overpayment of benefits.</p>	Review the previous year error to ensure it does not reoccur in 2016/17.	Staff have been advised / reminded of the importance of accuracy. QA checking is in place to monitor for such errors.	Benefits Manager	2016/17 return submission – April 2017
<p>Evidence for private pension</p> <p>Our initial testing identified one case where there was no evidence to support the amount of private pension. Further testing of 40 cases in this cell did not identify any other cases where there was no supporting evidence for the amount of private pension.</p>	Review the previous year error to ensure it does not reoccur in 2016/17.	Staff have been advised / reminded of the importance of accuracy. QA checking is in place to monitor for such errors.	Benefits Manager	2016/17 return submission – April 2017
<p>Eligible rent errors</p> <p>As in prior years there was an error in determining eligible rent for a rent allowance claim, resulting in an underpayment of benefit. In 2015/16 we undertook further testing of 40 cases in cell 094 to check that eligible rent was correctly recorded and no further errors were identified.</p>	Review the previous year error to ensure it does not reoccur in 2016/17.	Staff have been advised / reminded of the importance of accuracy. QA checking is in place to monitor for such errors.	Benefits Manager	2016/17 return submission – April 2017