



PLYMOUTH CITY COUNCIL

GRANT CLAIMS AND RETURNS CERTIFICATION

Audit for the year ended 31 March 2016



INTRODUCTION

Purpose of the report

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2016.

Public Sector Audit Appointments Ltd (PSAA) regime

PSAA has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

We undertake the grant claim certification as an agent of PSAA, in accordance with the Certification Instruction (CI) issued by them after consultation with the Department for Work and Pensions (DWP).

After completion of the tests contained within the CI the grant claim can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed.

Other certification work

A number of grant claims and returns that were once included within the scope of the audit have now been removed. Funders may still seek external assurance over the accuracy of the claim or return and this work is now undertaken outside of our appointment by PSAA and performed under separate terms.

In 2015/16 this “other” certification work included work in connection with pension contributions for teachers employed by the Council and paid over to the Teachers’ Pensions Scheme for the year ended 31 March 2016.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during our certification work.

Fees

We reported our original fee proposals in our Audit Plan and the fees charged were in-line with our estimate and the details are set out below.

AUDIT AREA	PLANNED FEES (£)	FINAL FEES (£)
Housing Benefit Subsidy	17,477	17,477
Other certification work		
Teachers’ pensions return	4,500	4,500
Total certification fees	21,977	21,977

KEY FINDINGS

Set out below are the details of the grant claims that have been subject to certification by us for the financial year ended 31 March 2016 as follows:

- Housing Benefit Subsidy with a value of approximately £103 million; and
- Teachers' Pensions contributions return with a value of approximately £9.6 million.

HOUSING BENEFIT SUBSIDY

Local authorities responsible for managing housing benefit claim a subsidy towards the cost of these benefits from central government.

The final value of subsidy to be claimed by the Council for the financial year is submitted to central government on form MPF720A, which is subject to certification.

Our work programme includes testing a sample of claimant records to underlying records for each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A.

The methodology and sample sizes are prescribed by PSAA and DWP.

We have no discretion over how this methodology is applied.

The draft subsidy return provided for audit recorded amounts claimed as subsidy of £102,956,285.

FINDINGS AND IMPACT ON RETURN

We completed our testing in accordance with the DWP auditor work programme and identified four errors in connection with adjustments made in connection with War Disablement Pensions. The total value of the amounts claimed in this area amounted to less than £400,000 (against a total claim of more than £100 million) and the aggregate value of the errors amounted to less than £1,000.

As required by the auditor guidance we are required to report the details of the errors within our qualification letter.

We submitted the Form MPF720A to the Department for Work and pensions (DWP) in advance of the 30 November 2016 deadline together with our qualification letter.

The Council has received confirmation that the DWP has no outstanding issues and confirmed the amount of £102,956,285 as the amount that is properly payable as Housing Benefit subsidy to the Council for 2015/16.

DETAILED FINDINGS

TEACHERS' PENSIONS	FINDINGS AND IMPACT ON RETURN
<p>Local authorities which employ teachers are required to deduct pension contributions and send them, along with employer's contributions, to the Teachers' Pensions office (the body which administers the Teachers' Pension Scheme on behalf of the Department for Education).</p> <p>Individual teachers pay a contribution rate that is dependent upon actual salary and the contribution rates range from 7.4% for teachers earning less than £26,000 per annum to 11.7% for any teacher earning in excess of £75,000. In addition to the contributions made by individual teachers that are members of the scheme, the employer pays a further contribution and in 2015/16 this amounted to 14.1% for the period to 31 August 2015 and was increased to 16.48% on 1 September 2015. The aggregate pay for teachers in Plymouth schools amounted to approximately £39 million in 2015/16 and total contributions to Teachers Pensions made by the Council amounted to approximately £9.6 million for the year.</p> <p>These contributions are summarised on form EOYCa, which the Council is required to submit to Teachers' Pensions.</p> <p>The Department for Education requires that Form EOYC is certified but the work is not part of PSAA's certification regime. We therefore agreed separate terms of engagement for this work and provided a limited assurance report.</p>	<p>We completed our sample testing satisfactorily and issued our report on 23 November and in advance of the 30 November 2016 deadline.</p>

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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