



INTRODUCTION

PURPOSE AND USE OF THIS REPORT

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2017.

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 other grant claims and returns are not within the scope our appointment by PSAA, but Departments may still seek external assurance over the accuracy of the claim or return.

The Council has engaged us to carry out one other piece of work relating to agreed-upon procedures work based on the instructions and guidance provided by the Department for Education, of the Teachers' pensions return.

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

AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US firms), the firm undertake a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our latest Transparency Report at www.bdo.co.uk.

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KEY FINDINGS

Below are details of each grant claim and return subject to certification by us for the financial year ended 31 March 2017.

No significant issues were noted although some errors were identified within the benefits claim that required both BDO and the Council to undertake additional work.

CLAIM OR RETURN	VALUE (£)	QUALIFIED?	AMENDED?	IMPACT OF AMENDMENTS(£)
Housing benefit subsidy	£101.8 million	Yes	Yes	A number of small changes but none with an impact of more than £2,000. In overall terms, the impact was minimal.
Teachers' pensions contributions	£7.9 million	No	No	No amendment

DETAILED FINDINGS

HOUSING BENEFIT SUBSIDY

Local authorities responsible for managing housing benefit are able to claim subsidies 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. For Plymouth City Council, the value of this claim amounted to £101.8 million in 2016/17.

Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from 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 guidance issued by Public Sector Audit Appointments (PSAA) and the Department for Work and pensions (DWP) and we have no discretion over how this methodology is applied.

FINDINGS AND CONCLUSION

One of our audit procedures involves testing a sample of claims from the different categories to confirm the accuracy of the amounts claimed.

In our initial sample testing, we identified a small number of errors including one case where the incorrect amount had been input where the claimant was in receipt of War Disablement Pension and the error had led to an overstatement in benefit. The identification of this error triggered a requirement to extend the sample to be tested and this extended sample identified further errors (some leading to an under claim as well as over claims). As required by the PSAA guidance where an error is identified this requires additional testing to be performed.

Details of the errors were therefore reported in our qualification report and the impact of the error calculated at approximately £2,000.

Our work was completed and the claim was certified prior to the Department for Work and Pensions (DWP) deadline of 30 November 2017. Our audit report accompanying the MPF720A was qualified as we needed to quantify the effect of the errors identified on the Council's entitlement to subsidy. Quantification of the error is calculated based on extrapolating the value of the identified error across the whole population and is set out in our letter to the Department of Work and Pensions that we agree with management before it is submitted.

The Council is currently awaiting the outcome of the DWP review of our qualification letter on its final subsidy amount for the year.

TEACHERS' PENSIONS

Local authorities that 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).

These contributions are summarised on an End of Year Certificate (EOYC) which the Council is required to submit to Teachers' Pensions.

FINDINGS AND IMPACT ON RETURN

The Department for Education requires that the EOYC is certified but the work is not part of PSAA's certification regime and we therefore agreed a separate letter of engagement to provide an 'agreed-upon procedures' assurance report to the Council.

We performed a range of agreed procedures and no errors or exceptions were identified during this piece of work. Accordingly we issued an unqualified report in connection with the 2016/17 EOYC.

The deadline for submission of the EOYC to Teachers Pensions was 30 November 2017 and we completed our work within the prescribed timeframe to enable the Council to submit the EOYC with our accompanying report to Teachers Pensions in advance of the deadline of 30 November 2017.

FEES SCHEDULE

	2016/17 FINAL	2016/17 PLANNED	
	£	£	EXPLANATION FOR VARIANCES
PSAA regime			
Certification fee (Housing benefit subsidy claim)	£13,290	£13,290	No variance
TOTAL PSAA REGIME FEES	£13,290	£13,290	
Other certification work			
Teachers' pensions return	£4,600	£4,600	No variance
TOTAL CERTIFICATION FEES	£4,600	£4,600	

FOR MORE INFORMATION:

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T: 0238 088 1892 E: greg.rubins@bdo.co.uk 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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