

Audit and Performance Committee Report

Decision Maker:	Audit and Performance Committee
Date:	1 February 2018
Classification:	General Release
Title:	External Audit Certification of Claims and Returns Annual Audit 2016/17
Financial Summary:	There are no direct financial implications arising from the report.
Report of:	Head of Revenues & Benefits

1. Executive Summary

- 1.1 External Audit annually review the grants that the City Council claims through a grants certification audit. The Council's external auditors (currently Grant Thornton) require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.
- 1.2 The Grant Thornton report in relation to the financial year 2016/17 is shown at Appendix A.

2. Recommendation

- 2.1 That the Grant Thornton report is noted.

3. **Grant Thornton Annual Review**

3.1 The City Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by central government.

3.2 Grant Thornton, as the Council's external auditor, annually review the grants the City Council claims through a grants certification audit. Grant Thornton require the City Council to communicate the key messages from the grants certification audit with those charged with governance, which at Westminster is the Audit and Performance Committee.

3.3 There were two returns / claims audited by Grant Thornton in relation to the 2016/17 financial year:

- Housing Benefit subsidy claim (£219M)
- Teachers' Pension return (£6.2M)

3.4 In terms of the Housing Benefit Subsidy claim Grant Thornton has made one recommendation in this year's report (the full report is shown at Appendix A):

"We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing".

3.5 There were two relatively minor issues identified by the audit and reflected in the above recommendation.

- There was an issue with the calculation of earnings in a minority of cases. This issue has been reported to the DWP, the net effect on the claims identified is £91.98. This issue cannot be classified as a one off issue and the City Council has therefore taken action to increase the volume of earnings claims subject to checking before benefit is paid and has additionally enhanced the training of the benefit assessors in this area.
- An incorrect Extended Payment case was identified as part of the audit sampling. A full check of all Extended payments identified one further error. The total adjustment to the claim was £139, which is a one-off error. In order to ensure that this error does not re-occur in the future the Council will undertake a 100% check of such cases in March 2018 before submission of our 2017/18 subsidy claim.

3.6 In terms of the Teachers' Pension return Grant Thornton made one recommendation within this year's report (the full report is shown at Appendix A):

"We recommend that the Council work with Teachers Pensions to resolve data quality issues on the portal"

- 3.7 This recommendation was a result of a new audit test included in this year's review and is due to data quality issues within an annual return which updates members service information to the online Teachers Pension Scheme portal. There is no indication from this, or other audit testing, that incorrect pension contributions have been made.
- 3.8 Teachers Pensions have introduced a new system to upload data monthly, instead of annually. This will eliminate the need for an annual return next year and will resolve the issue noted in this year's audit. The council is in the pilot phase of this new system, with the aim of having this system live in February.
- 3.9 From sample testing of 20 teachers, one issue was identified with respect to the data upload, and coding on the online Teacher's Pension Scheme portal due to data quality issues noted above:
- Two instances of incorrect coding indicating a teacher had opted out, or had not enrolled in the scheme where it should have shown active pensionable service
 - Thirteen instances of missing pensionable salary data.
 - Two instances of teachers contributing to the scheme who were not on the portal

4 Financial Implications

- 4.1 It is important that grant claim requirements are complied with as they affect funding sources and funding assumptions in the City Council's business plans.
- 4.2 In terms of the Housing Benefit Subsidy claim:
- An adjustment of £139 was made to the claim in relation to the Extended Payment case.
 - The earnings related cases were reported to the DWP for consideration, but, as Grant Thornton point out in their report, even an extrapolation would be relatively insignificant in relation to the total subsidy receivable.
 - The overall fee for certification of the Council's claim was £29,880.
- 4.3 In terms of The Teachers' Pension return:
- No financial adjustments were made.

- The overall fee for the audit of The Teacher's Pension return was £3,500.

5. Legal Implications

5.1 There are no direct legal implications arising from this report.

If you have any queries about this report please contact: Martin Hinckley on 0207 641 2611 or at mhinckley@westminster.gov.uk