



CITY OF LONDON CORPORATION

GRANT CLAIMS AND RETURNS CERTIFICATION

In respect of claims and returns for the year ended 31 March 2017

17 January 2018



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 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 grant claims and returns that were previously included within the scope of the audit have since been removed, but Departments may still seek external assurance over the accuracy of the claim or return.

These assurance reviews are undertaken outside of our appointment by PSAA and are covered by tripartite agreements between the Corporation, sponsoring Department and the auditor.

The Corporation has requested that we undertake a review, based on the instructions and guidance provided by the relevant Departments, of the Pooling of housing capital receipts return and the Teachers' pensions returns for the year ended 31 March 2017.

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 planned fees in our Audit Plan. The indicative Housing benefits subsidy claim fee is set by PSAA.

We have not had to amend our planned fees.

AUDIT AREA	PLANNED FEES (£)	FINAL FEES (£)
PSAA regime		
Housing benefits subsidy claim	11,205	11,205
Total PSAA regime fees	11,205	11,205
Other certification work		
Pooling of housing capital receipts return	2,340	2,340
Teachers' pensions return - Sir John Cass	4,500	4,500
Teachers' pensions return - Centre for Young Musicians	4,500	4,500
Total certification fees	22,545	22,545

KEY FINDINGS

Below are details of each grant claim and return subject to certification by us for the financial year ended 31 March 2017. Where our work identified issues which resulted in either an amendment or a qualification, further information is provided.

CLAIM OR RETURN	VALUE	QUALIFIED	AMENDED?	IMPACT OF AMENDMENTS
Housing benefit subsidy	£5,398,885	NO	NO	-
Pooling of housing capital receipts	£2,420,800	NO	NO	-
Teachers' pensions - Sir John Cass	£184,938	NO	YES	£1,821 reduced amount payable
Teachers' pensions - Centre for Young Musicians	£15,439	NO	NO	-

HOUSING BENEFIT SUBSIDY

FINDINGS AND IMPACT ON RETURN

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 on form MPF720A, which is subject to certification.

Our work on this claim includes verifying that the Corporation 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 PSAA and DWP. We have no discretion over how this methodology is applied.

The Corporation has claimed subsidy for housing benefits paid of £5,398,885.

We tested benefits awarded for 17 non-HRA rent rebate cases, 20 HRA rent rebate cases and 20 rent allowances (private sector) cases.

We found only one data input error in respect of the capital amount of assets held in the claimant's bank account but this had no impact on the amount benefit awarded. We checked a further 12 cases with claimant capital assets and found no further errors.

We provided a clean report on the return on 29 November 2017.

KEY FINDINGS

POOLING OF HOUSING CAPITAL RECEIPTS

Local authorities are required to pay a portion of any housing capital receipt (usually 75%) they receive into a national pool administered by central government. The Corporation is required to submit quarterly returns notifying central government of the value of capital receipts received.

The return provided for audit recorded total receipts of £2,420,800 for 10 disposals. A significant amount of sales receipts were transferred into 1-4-1 new build budgets that are time limited to remain exempt from pooling.

FINDINGS AND IMPACT ON RETURN

We checked all qualifying housing disposals and agreed the receipts, attributable debt and archetype information amounts included in the return. We also tested a sample of qualifying 1-4-1 new housing expenditure and agreed this to supporting invoices.

We provided a clean report on the return on 14 November 2017.

KEY FINDINGS

TEACHERS' PENSIONS

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). These contributions are summarised on form EOYC, which the Corporation is required to submit to Teachers' Pensions.

Two returns were subject to review:

- Sir John Cass (local education authority) recorded total pensions payable at £184,938 on payroll costs of £707,928.
- Centre for Young Musicians recorded total pensions payable at £15,439 on payroll costs of £56,926.

FINDINGS AND IMPACT ON RETURN

Sir John Cass return

Our review found the following errors in the return that were corrected in the amended submission to the Teachers' Pensions office:

- Two refunds were processed for teachers through payroll that were omitted from the return.
- One teacher was found to have a second qualifying contract where deductions had not been made.

We reported these issues in our report on the return on 30 November 2017.

Centre for Young Musicians return

No errors were found from our review of the return and a clean report was provided on 30 November 2017.

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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