

<b>TITLE</b>	<b>Certification of Claims and Returns – Claims and Returns Organised by Local Authorities</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 5 February 2020
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The report provides the Audit Committee with information on the various claims and returns for which local authorities are required to make their own audit arrangements.

## **RECOMMENDATION**

That the Committee

- 1) notes the Audit Certification Reports 2018/19 for the Teachers' Pension Return;
- 2) note the deadline for Pooling of Housing Capital Receipts Return has changed from 30<sup>th</sup> November to 7<sup>th</sup> February resulting in no Audit result at the time of this meeting however Audit Committee to note the information provided which is subject to the Audit.
- 3) note, the Council no longer have an audit on the Review of Sub Contracting Arrangements for the Skills Funding Agency (SFA) as the level of spend on sub-contracting arrangements have fallen below the £100k threshold for Audits.

## **SUMMARY OF REPORT**

Since 2013/14 the Teachers' Pension return is no longer included in the overall audit of the Council's Statements of Accounts by the Council's auditors appointed by the Audit Commission, Ernst and Young. Local education authorities have had to make their own audit arrangements for this return since 2013/14.

A further change was made during 2014/15, whereby relevant local authorities are now required to make their own audit arrangements for the annual Housing Pooled Capital Receipts return.

In addition to the above changes, the Skills Funding Agency (SFA), a Government agency, required all local authorities which use sub-contractors for SFA functions such as adult learning with an overall annual value of over £100k, to have an annual audit of the sub-contracting arrangements completed. For the past year, Wokingham Borough Council have fallen below the £100k threshold as a result of increasing its internal services meaning no audit is necessary for 18/19.

The arrangements for each of these audits, together with the key outcomes, are set out below.

The cost of the 2019/20 audits of the three claims is expected to be similar to the audit of the 2018/19 figures and arrangements reported below.

## **Background**

Local authorities are required under legislation to make appropriate arrangements for certain grant claims and government returns to be audited.

### **Analysis of Issues in Individual Claims**

#### **1. Teachers Pensions Return (EOYCa)**

This is an annual return required by the Department of Education by 30th November each year which covers the teachers' pension contributions to the Teachers Pensions Scheme. The cost for the audit of the 2018/19 Teachers Pensions return by the Wokingham firm, Rice Associates, was £1,050, a £55 increase from the cost for the previous year, (but less than the £2,760 in 2012/13 when it was undertaken by Ernst and Young) . The cost has been met from the 2019/20 budget.

During the audit, one minor point was raised. The audit found in one external payroll, it was found that the third party payroll provider had not updated certain details to Teachers Pensions through the employer portal. These details have now been addressed and corrected. From April 2019, the Council appointed a new third party payroll provider and are working closely to ensure the audit point raised does not happen again.

The auditor approved the Council's return within the deadline.

#### **2. Pooling of Housing Capital Receipts Assurance**

This is an annual return required by the Ministry of Housing, Communities and Local Government (MHCLG) by the 7<sup>th</sup> February. This has been extended from previous years set at 30th November. The return which sets out details of sale of council houses and flats under Right to Buy legislation by local authorities with a Housing Revenue Account (HRA). It sets out the number of properties sold, the cash received less admin fee, and the amount which must be paid to the Government, and the amount to be reinvested in social housing. In 2018/19, nine Right to Buy (RTB) properties were sold for £1.548m and one non RTB properties sold for £243k, giving a total sales receipt of £1.791m, of which £292k had to be repaid to MHCLG, with most of the remainder restricted for reinvestment in social housing in the Borough.

A local auditor, Haines Watts (formerly Choice Accountants), was selected at a cost of £2,250, a £235 increase from the cost for the previous years. The audit is due to be complete by the 7<sup>th</sup> Feb and certified using the MHCLG's internet returns portal (DELTA). An update on the outcome of the Audit will be reported at the next Audit Committee.

#### **3. Providing External Assurance on Sub-Contracting Controls**

Recipients of ESFA funding have to provide an annual subcontracting assurance if £100,000 or more is subcontracted in the year. This is required so that councils or other bodies in receipt of ESFA funds ensure that any colleges or other providers meet the ESFA's requirements. The ESFA's key requirements are the need for colleges and other providers to provide high quality services and to take action where services do not meet the required quality levels. The audit was introduced to ensure that councils have sufficient procedures and mechanisms to check whether providers are delivering the high

quality services as set out in the respective contracts, and to ensure that providers take the corrective action required as necessary.

For the past year, Wokingham have fallen below the £100k threshold for sub contracting arrangements and therefore no audit was required. The Council continue to carry out internal checks. The Wokingham Adult Education team undertakes compliance checks of all providers on a termly basis or sooner as short courses complete and learner paperwork is returned to WBC. The aims of compliance checking are to examine the completeness and consistency of learners' paperwork as required by the Education & Skills Funding Agency and also to check learners' opportunities to manage their own learning and next steps. This process complements Observations of Teaching & Learning. Once courses are underway, WBC officers also produce monthly performance updates for providers to compare results to date against contract targets.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Within existing budgets	Yes	Revenue
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

### **Other financial information relevant to the Recommendation/Decision**

None

### **Cross-Council Implications**

None

### **Public Sector Equality Duty**

An assessment has not been made as the report is for Audit Committee to note past activity rather than agree to a decision which may impact on residents.

### **Reasons for considering the report in Part 2**

None

### **List of Background Papers**

None

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