

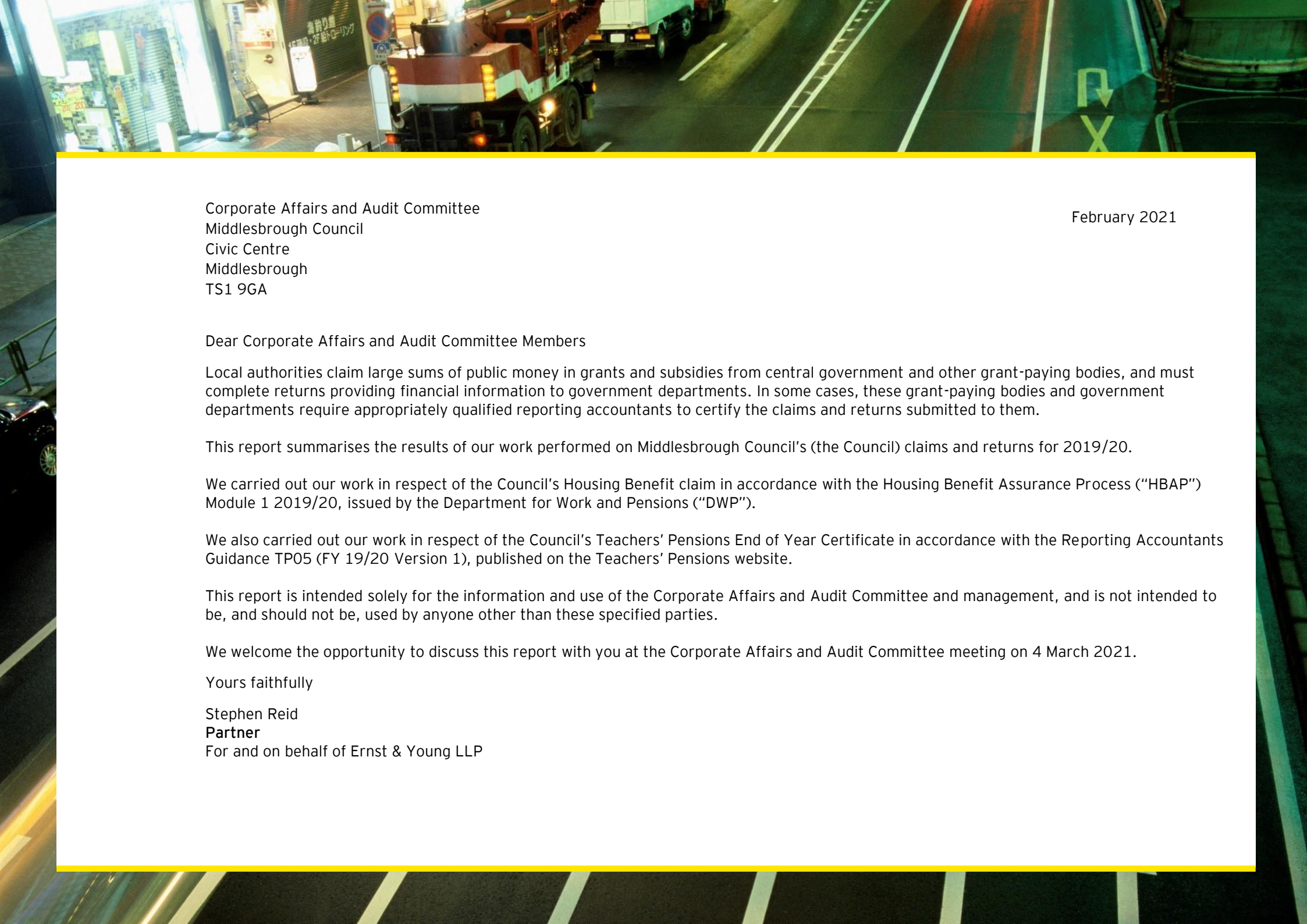
Certification of Claims and Returns Annual Report 2019/20

Middlesbrough Council

February 2021

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

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Corporate Affairs and Audit Committee
Middlesbrough Council
Civic Centre
Middlesbrough
TS1 9GA

February 2021

Dear Corporate Affairs and Audit Committee Members

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies, and must complete returns providing financial information to government departments. In some cases, these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them.

This report summarises the results of our work performed on Middlesbrough Council's (the Council) claims and returns for 2019/20.

We carried out our work in respect of the Council's Housing Benefit claim in accordance with the Housing Benefit Assurance Process ("HBAP") Module 1 2019/20, issued by the Department for Work and Pensions ("DWP").

We also carried out our work in respect of the Council's Teachers' Pensions End of Year Certificate in accordance with the Reporting Accountants Guidance TP05 (FY 19/20 Version 1), published on the Teachers' Pensions website.

This report is intended solely for the information and use of the Corporate Affairs and Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Corporate Affairs and Audit Committee meeting on 4 March 2021.

Yours faithfully

Stephen Reid
Partner
For and on behalf of Ernst & Young LLP

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letters dated 15 October 2020 and 26 October 2020.

This report is made solely to the Corporate Affairs and Audit Committee and management of Middlesbrough Council in accordance with the engagement letters. Our work has been undertaken so that we might state to the Corporate Affairs and Audit Committee, and management of Middlesbrough Council, those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporate Affairs and Audit Committee, and management of Middlesbrough Council, for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or associate partner contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£60,750,393
Amended / Not amended	Not amended
Audit findings	Yes
Fee - 2019/20	£12,800
Fee - 2018/19	£10,500

Findings from 2018/19

We set out below the findings from the 2018/19 certification work, along with information as to whether these issues were also identified in 2019/20.

1. Misclassification of expenditure as a backdated expense (Rent Allowances)

Testing in 2018/19 identified 29 cases where expenditure had been incorrectly classified as backdated. Our testing for 2019/20 identified four cases where expenditure was incorrectly classified as backdated expense. See point 1 of our findings for 2019/20.

2. Incorrect calculation of earnings (Rent Allowances)

Testing in 2018/19 identified three cases where the claimant's earnings were incorrectly assessed, resulting in underpayments. Our testing for 2019/20 has not identified any instances where earnings had been incorrectly calculated.

3. Incorrect property leaving date used (Non HRA Rent Rebates)

Testing in 2018/19 identified two cases where an incorrect property leaving date was used, resulting in one overpayment and one underpayment. Our testing for 2019/20 identified one case where the incorrect property leaving date had been used. See point 2 of our findings for 2019/20.

Findings from 2019/20

We set out below the findings from the 2019/20 certification work.

1. Misclassification of expenditure as a backdated expense (Rent Allowances)

Testing of our initial sample identified no instances where expenditure had been incorrectly classified as backdated. However, as errors were found in this area in 2018/19, we were required to extend our sample testing. Due to the small population, we were required to test all claims included as backdated. From this additional testing, we identified four cases where expenditure had been incorrectly classified as backdated. The total value of these errors was £1,161.

2. Incorrect property leaving date used (Non HRA Rent Rebates)

Testing of our initial sample identified no instances where the property leaving date used to calculate the payment was incorrect. However, as errors were found in this area in 2018/19, we were required to extend our sample testing by 40 cases. From this additional testing, we identified one case where an incorrect property leaving date had resulted in an underpayment. The value of this underpayment was £29. We have not extrapolated this error as the Council has no eligibility to subsidy from DWP for benefits not paid, therefore they have no impact on the subsidy claim submitted to DWP.



02

Other assurance work





Other assurance work

Certification of Teachers' Pensions Return

During 2019/20, we acted as reporting accountants in relation to the Council's Teachers' Pensions return. During our review of the Council's End Of Year Certificate ("EOYC") form, we identified the following matters which were reported to Teachers' Pensions:

1. We noted that the Responsible Finance Officer had not signed and dated the EOYC, as required by Teachers' Pensions. Management has confirmed that this was due to physical restrictions arising from the Covid-19 pandemic, and that the EOYC was approved electronically.
2. We noted that the total contributions figure reported in the EOYC was £0.98 lower than the amount notified to the Council by Teachers' Pensions in their email of 28 April 2020.
3. We identified that the contribution amounts reported in the EOYC differed from the amounts calculated by application of the relevant contribution rates to the contributory salary amounts also reported in the EOYC. The net impact of these differences was that the reported contribution amounts were lower than our recalculation by £19.11 for teachers' contributions and £11.15 for employer contributions.
4. We noted differences between the contributory salary and contribution amounts reported in the EOYC and the Council's payroll records. Per the Council's payroll records, contributory salaries were £29.91 lower than the amount reported in the EOYC, teachers' contributions were £0.03 higher than the amount reported in the EOYC and employer contributions were £0.95 higher than the amount reported in the EOYC.

In highlighting these matters, we note there is no minimum value for the reporting of exceptions to Teachers' Pensions.



03

2019/20 certification fees



2019/20 certification fees

Our fees for the 2019/20 work are detailed below.

Claim or return	2019/20	2018/19
	£	£
Housing Benefits subsidy claim	12,800	10,500
Teachers' Pension return	5,000	4,500
Total	17,800	15,000

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