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Certification of grants and returns 2012/13

Nottinghamshire County Council

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Contents

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Page

■ Headlines	2
■ Summary of certification work outcomes	3
■ Fees	5
■ Recommendations	6

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Certification of grants and returns 2012/13

Headlines

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2012/13 grant claims and returns.</p> <ul style="list-style-type: none">■ For 2012/13 we certified:<ul style="list-style-type: none">– The Local Transport Grant: Major Projects Grant which had total value of £5.6m; and– The Teachers Pension return which had a total value of £32.6m	
Certification results and Audit adjustments	<p>A qualification letter was necessary for the Teachers Pension return</p> <ul style="list-style-type: none">■ The Local Transport Plan; Major Projects claim had been completed incorrectly and needed to be adjusted by £1.4m. This one correction had no impact on the value of the grant due to the Council and we were able to issue an unqualified report.■ The Audit Practise issued a qualified result for Teachers' Pensions Return as there was insufficient reporting evidence resulting in an incomplete claim.■ Last year's certification results were unqualified for both the grant and return, although the grant needed significant adjustment.	Pages 3 – 4
The Council's arrangements	<p>The Council has adequate arrangements overall for preparing its grants and returns and supporting our certification work but improvements are required in the preparation of the Teachers Pension return</p> <ul style="list-style-type: none">■ All grants and returns were submitted on a timely basis, and had been correctly identified as requiring certification in line with the Certification Instruction Index issued by the Audit Commission; and■ The records kept in relation the preparation of grants returns were accurate and on the whole sufficient.■ Improvements are required in underlying information systems to allow full and accurate completion of the Teachers Pension return. Our recommendation for improvement is shown on page 6.	Page 4
Fees	<p>The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £1,950. Our actual fee for the certification of grants and returns was £3,979.</p> <ul style="list-style-type: none">■ In previous years the certification of grants and returns was charged on a per day basis. This year is the first year a core fee has been charged. The core fee is based on the comparative fees in 2010/11 for the claims audit and reduced by 40%.■ The total fee was 46% less than last year's total fee of £7,326 due to some claims not requiring certification in 2012/13. This reduction was offset by an increased amount of work required in relation to the Teachers Pension return which required extra fee. A detailed breakdown of our fees is shown on page 5.	Page 5



Certification of grants and returns 2012/13

Summary of certification work outcomes



Overall, we certified two grants and returns:

- One was unqualified with no amendment;
- One required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Teachers' Pensions return	1				
Local Transport Plan: Major Projects					
		1	0	1	1



Certification of grants and returns 2012/13

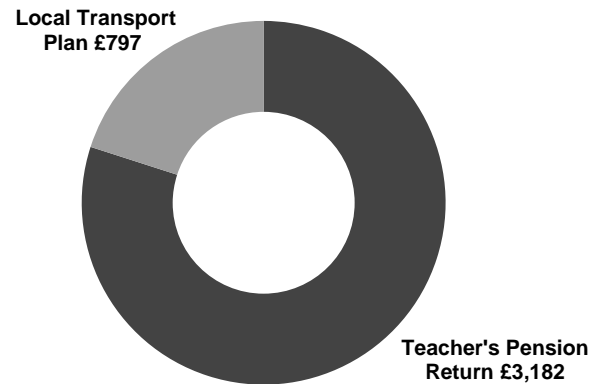
Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
1	Teachers' Pensions return <ul style="list-style-type: none">■ The Council experienced difficulties implementing tiered contribution rates and consequently the payroll system was unable to produce the banding information required in Section 3 of the form (analysis of contributions by tier).■ Our testing indicated that the teacher's contributions have been deducted at the appropriate rate and Employer's contributions have been correctly calculated. However due to the software issues highlighted above they have not been shown in the form in the required format.■ If the Council are unable to address this issue then it will not be possible to complete next year's grant claim.■ As such we were unable fully conclude our testing and issue a clear opinion. These issues have not occurred in previous years.	£474

Our overall fee for the certification of grants and returns was higher than originally estimated but the total fee paid is a reduction on the previous year.

Breakdown of certification fees 2012/13



Breakdown of fee by grant/return		
	2012/13 (£)	2011/12 (£)
PEN05 – Teachers' Pensions return	3,182	3,239
TRA11 – Local Transport Plan: Major Schemes	797	3,384
Supervision and Reporting	nil	703
Total fee	3,979	7,326

The Audit Commission changed its fee regime for certifying grants and returns in 2012/13. It set an indicative fee for the Council of £1950.

In previous years the certification of grants and returns was charged on a per day basis. This year is the first year a core fee has been charged. The core fee is based on the comparative fees in 2010/11 for the claims audit and reduced by 40%.

The main reasons for the fee exceeding the indicative fee were:

- the need to certify the Local Transport Plan; Major Schemes grant which was not included in the indicative fee;
- Additional testing on the Teacher's Pension Return required due to the issues noted elsewhere in this report.



Certification of grants and returns 2012/13

Recommendations

We have given the recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations

1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.	2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
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Issue	Implication	Recommendation	Priority	Authority Comment	Responsible officer & target date
Evidence to support tiering of contributions in section 3 of the return	If the Authority is unable to complete the Teachers Pension claim in accordance with the full criteria the Teachers Pension Agency may require further detailed information to assure itself that the scheme is being administered correctly. Also a lack of clear evidence to support the return could lead to an increase in audit fees.	The authority should liaise with its software provider to ensure that reports are able to be ran containing sufficient detail in order to support the 2013-14 Teachers Pension return.	2	At the 1 April 2013 the County Council implemented the last phase of the BMS payroll system for schools payrolls. Prior to the 1 April, the Legacy system (Cyborg) had been used to pay the majority of the Teachers for the 2012/13 financial year. However a few teachers had been transferred to the SAP payroll system in phase 1 of the payroll implementation and therefore a manual adjustment had been required to add the data to the Cyborg legacy system totals each month, this was a work around for the financial year pending the full implementation of the payroll system for schools.	Jonathan Clewes (Payroll and Pensions Manager) March 2014



Certification of grants and returns 2012/13 Recommendations (cont.)

Issue	Implication	Recommendation	Priority	Authority Comment	Responsible officer & target date
(continued from previous page)				<p>As tiered reporting was a new requirement for 2012/13 NCC, along with many other Local Education Authorities, who were unable to complete the paying-in slips with the tiered contributions required by TPA due to reporting developments being required. NCC did pay the money over each month well within the deadline.</p> <p>The contributions that were paid over for 2012/13 have been paid over correctly. The completion of the teacher's pension contributions form for 2013/14 will be produced entirely out of the new SAP payroll system which will enable the completion of section 3 of the report which relates to tiers of contributions. As part of the process for this year it is proposed to undertake some form of trial balancing prior to month 12 to confirm our reporting process ready for the final month report. This will then be balanced against the TPA figures that we have paid over to date.</p>	



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