



Report to the Audit Committee

# LONDON BOROUGH OF BARNET COUNCIL

Audit Completion: year ending 31 March 2018

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# INTRODUCTION

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2018.

## **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 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 other grant claims and returns are not within the scope of our appointment by PSAA, but Departments may still seek external assurance over the accuracy of the claim or return. These assurance reviews are covered by tripartite agreements between the Council, sponsoring Department and the auditor.

The Council has engaged us to carry out the following for the year ended 31 March 2018:

- ‘Agreed-upon procedures’, based on the instructions and guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG), of the Pooling of housing capital receipts return
- ‘Agreed-upon procedures’, based on the instructions and guidance provided by the Department for Education, of the Teachers’ pensions return.

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.



Leigh Lloyd-Thomas  
23 April 2019

The contents of this report relate only to those matters which came to our attention during the conduct of our agreed procedures which are designed primarily for the purpose of expressing a conclusion or reporting the results of our work on the grants and returns subject to certification. This report has been prepared solely for the use of the Audit Committee and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# OVERVIEW

## Executive summary

This table shows the details of each grant claim and return subject to certification by us for the financial year ended 31 March 2018.

Where our work identified issues which resulted in either an amendment and / or a qualification or reported exception, further information is provided on the following pages.

An action plan and follow up of recommendations from previous years is included in the Appendix of this report.

Claim or return	Value of return	Qualification / exceptions	Amended	Submission date	Impact of amendments
Housing benefit subsidy	£272,753,708	Yes	Yes	30 Nov 2018	Increased subsidy claimed +£417,745 <i>May be subject to further adjustment by DWP as a result of extrapolated errors and request for further work</i>
Pooling of housing capital receipts	£7,933,441	Yes	No	8 March 2019	No amendments <i>Subject to clarification from MHCLG over the appropriateness of transferring £5.118m of 1-4-1 retained receipts to The Open Door Limited</i>
Teachers pensions	£18,865,613	Yes	Yes	Not yet submitted	Increase contributions payable +£3,000 <i>May be subject to further enquiries by DfE due to exceptions reported</i>



# FEES

## Executive summary

The fees for this work are shown below:

Claim or return	2016/17 Actual fee	2017/18 Planned fee	2017/18 Actual fee	Explanation for fee amendments
Housing benefit subsidy (fee set by PSAA)	£20,310	£21,617	£21,617	Additional work requested by the Council and approved by DWP to respond to issues regarding rent officer determinations is not part of this PSAA fee. We will finalise this additional fee upon completion of this work.
Pooling of housing capital receipts	£2,750	£2,750	£4,771	Additional resources required to investigate use of 1-4-1 receipts through The Open Door Limited
Teachers pensions	£5,000	£5,000	TBC	Additional resources required due to difficulties agreeing supporting school payroll reports and significant variances between expected and actual pension contributions



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# HOUSING BENEFITS SUBSIDY

## Scheme requirements

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 to central government on form MPF720A, which is subject to certification.

Our work on this claim includes verifying that the Council 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 draft subsidy return provided for audit recorded amounts claimed as subsidy of £272,335,963.

The final return was amended to £272,753,708.

## Findings

Our audit of 60 individual claimant files highlighted a number of errors the Council made in administering benefit and calculating subsidy entitlement.

The guidance requires that auditors undertake extended testing of 40 additional cases with similar characteristics ('40+ testing') if initial testing identified errors in the benefit entitlement calculation or in the classification of expenditure. Such testing is also undertaken as part of our follow-up of prior year issues reported. The results of this testing is extrapolated across the population to estimate a potential error amount. Where the error can be isolated to a small population, the whole population can be tested and the claim form amended if appropriate. Where there is no impact on the subsidy claim, for example where the error always results in an underpayment of benefit, we are required to report this as an observation in our qualification letter.

This resulted in 6 areas of 40+ testing (non-HRA eligible overpayments, rent rebates childcare disregards, rent rebate tax credits, rent allowances rent officer determinations, non-HRA bedroom rate and non-HRA rent liability) and 2 areas of additional or 100% testing (rent rebate extended payments and non-HRA prior year eligible and technical overpayments).

A summary of our findings can be found on the following pages.

The final claim was amended to increase subsidy by £417,745 to £272,753,708.

However, the potential impact resulting from the extrapolated errors, if DWP was minded to finalise the subsidy based on these findings, would reduce subsidy by £561,860 (increase subsidy for non-HRA rent eligible overpayments +£26,495 and decrease subsidy for rent allowances rent officer determinations -£588,355).

Our work was completed and the claim was certified on the deadline of 30 November 2018.

DWP subsequently wrote to the Council on 28 March 2019 and agreed to additional work to be undertaken on rent officer determinations. Further information is included in the relevant section below.

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# HOUSING BENEFITS SUBSIDY

## Rent rebates: Subsidy limitation restrictions

Reporting matter

Adjusted

Unadjusted error

### Errors

The draft claim form incorrectly calculated 'average weekly rent for affordable housing' at £110.53 and this exceeded the permitted weekly rent limit of £108.99. As a result, this capped the rent rebate subsidy at 98.61% of subsidy claimed.

Management identified this error and corrected the average weekly rent for affordable housing to £103.50 and this removed the subsidy limitation restriction on rent rebate subsidy.

### Additional testing

No additional testing was required.

### Impact

This adjustment increased subsidy claimed by £411,426 by removing the limitation restriction on the percentage of rent rebates that could be recovered through subsidy.

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# HOUSING BENEFITS SUBSIDY

**Uncashed cheques written back**

Reporting matter

Adjusted

Unadjusted error

**Errors**

The draft claim had miskeyed the total for uncashed cheques written back for benefit awarded (and claimed through subsidy) in the previous year.

The amount entered as £6,255 was corrected and reduced to by £30 to £6,225.

**Additional testing**

No additional testing was required.

**Impact**

This adjustment increased subsidy claimed by £30.

# HOUSING BENEFITS SUBSIDY

## Non-HRA rent rebates: Self-employed earnings

Reporting matter

Adjusted

Unadjusted error

### Errors

In 2016/17 our testing identified 2 cases where self-employed earned income had been incorrectly applied in benefit calculations.

This year, the Council performed a 100% check of non-HRA rent rebates cases where the claimant had self-employed earnings before the final subsidy report was prepared. This found that 5 cases had incorrectly applied earnings amounts in benefit calculations. Each was corrected in year and therefore subsidy claimed was corrected in the draft claim form.

Our initial sample testing this year not find any errors on self-employed earnings calculations.

### Additional testing

Our testing of the Council's review of these cases did not identify any further errors.

### Impact

No impact on subsidy claimed.

As there continue to be errors in self-employed earnings calculations at the time of the benefit assessment, the Council will be expected to undertake a similar 100% check in 2018/19, otherwise 40+ testing will be required in 2018/19.

# HOUSING BENEFITS SUBSIDY

## Non-HRA rent rebates: Misclassification of eligible overpayments

Reporting matter

Adjusted

Unadjusted error

### Errors

In 2016/17 our testing identified 6 cases where the Council misclassified an overpayment as an eligible overpayment when it should have been classified as a technical overpayment.

Our initial sample testing this year not find any errors on eligible overpayments for 3 cases that included eligible overpayments.

### Additional testing

Due to the errors in the previous year, we were required to undertake 40+ testing to determine whether this issue had continued in 2017/18.

Our testing identified 2 cases where the overpayment had been incorrectly calculated and was overstated as there was a period of valid entitlement totalling £786.

### Impact

Based on our extrapolation of the two overpayment errors identified that should be excluded from overpayments, we estimated that the Council overstated the amount of eligible overpayments by £44,158 (9.4% error rate on population of £469,764).

If DWP decide to adjust for the extrapolated error reported, this would increase the subsidy receivable by £26,495 as the £44,158 would attract subsidy at full rate rather than the eligible overpayment rate at 40% of benefit paid.

# HOUSING BENEFITS SUBSIDY

## Rent rebates: Childcare disregards

Reporting matter

Adjusted

Unadjusted error

### Errors

In 2016/17 our testing identified 12 cases where childcare disregards had been incorrectly applied in benefit calculations.

Our initial sample testing this year did not include any cases with childcare disregards.

### Additional testing

Due to the errors in the previous year, we were required to undertake 40+ testing to determine whether this issue had continued in 2017/18.

Our testing identified that childcare disregards had been incorrectly applied in benefit calculations in 6 cases resulting in benefit being underpaid in 3 cases totalling £82, overpaid in 2 cases totalling £42, and 1 case where it had no effect on the benefit paid.

### Impact

Based on our extrapolation of the two childcare disregards overpayment errors identified, we estimated the Council overpaid benefits by £1,645 (0.3% error rate on population of £548,244).

If DWP decide to adjust for the extrapolated error reported, this would decrease the subsidy receivable by £1,645 as local authority error does not attract benefit subsidy.

However, DWP does provide an allowance within the subsidy system to recover local authority errors and as the Council is below the threshold, it would be able to recover this amount through this subsidy allowance.

Therefore, it would not impact on overall subsidy claimed.

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# HOUSING BENEFITS SUBSIDY

## Rent rebates: Tax credits

### Errors

In 2016/17 our testing identified 2 cases where tax credits had been incorrectly applied in benefit calculations.

Our initial sample testing this year not find any errors on tax credits.

### Additional testing

Due to the errors in the previous year, we were required to undertake 40+ testing to determine whether this issue had continued in 2017/18.

No errors were identified.

### Impact

No impact on subsidy and this can be removed from mandatory 40+ testing in 2018/19.

Reporting matter

Adjusted

Unadjusted error

# HOUSING BENEFITS SUBSIDY

## Rent rebates: Extended payments

Reporting matter

Adjusted

Unadjusted error

### Errors

In 2016/17 our testing identified 1 case where an eligible overpayment had been incorrectly classified as an extended payment.

Our initial sample testing this year did not include any cases with extended payments.

### Additional testing

The Council undertook a 100% check of cases with amounts in both extended payments and overpayments.

This found errors totalling £117 that should not have been included in eligible overpayments where these related to extended payments.

### Impact

The claim form has been adjusted resulting in increased subsidy of £70 as the £117 would attract subsidy at full rate rather than the eligible overpayment rate at 40% of benefit paid.

# HOUSING BENEFITS SUBSIDY

## Rent allowances: Rent officer determinations

Reporting matter	
Adjusted	
Unadjusted error	

### DWP request for further work

DWP responded on 28 March 2019 to the Council's request to undertake further work and isolate the impact on benefit paid for these 78 rent officer determination cases. The Council requested rent officer determinations for reasonable rents on 74 of these cases. 4 of these cases related to claims that ceased in 2017/18 and the Rent Officer would not ordinarily provide indicative rent decisions on these cases. Of the 74 determinations of reasonable rent now received, only 1 case was found to have applied a rent level in the assessment calculation that was above the reasonable rent level, creating an overpayment of £400 for the 2017/18 subsidy year.

Our sample testing of the work performed by the Council supports the conclusion that the public purse has overpaid benefit by £400, and that subsequent Rent Officer Determinations of reasonable rent provided by the Rent Officer supports the remaining amounts paid in 2017/18.

However, our testing found one case where there was no rent officer determination that was not captured by the report provided by the Council. We have asked the Council to undertake additional work to investigate this and amend the system parameters to ensure that all cases are captured and checked.

A further report has been obtained and found two additional cases (including the case referred to above). Management will obtain rent officer determinations on these cases to allow us to complete this work.

### Errors

Testing of our initial sample of 20 rent allowance cases identified 1 case totalling £6,500 where there is no current rent officer determination and no referral made by 30 April, but had been classified as if this was in place.

Local authorities are unable to claim subsidy on benefit paid where no valid rent officer determination was obtained for certain tenancies.

### Additional testing

We undertook 40+ testing and identified an additional 5 cases where a rent officer determination of fair rents referral had not been made by 30 April, totalling £17,807.

### Impact

Based on our extrapolation of the 6 cases with no valid rent officer determination, we estimated that the Council has claimed subsidy on £1,288,395 of benefits paid where there is no current rent officer determination in place (12.1% error rate on population of £10,647,894). If DWP decide to adjust for the extrapolated error reported, this would decrease the subsidy receivable by £1,288,395.

In response to our findings, management undertook additional work to isolate the number of benefit cases potentially impacted by this. This suggests that some parameters in the reports used to identify cases requiring referrals were incomplete resulting in these cases not being referred. A full review found that £624,730 of benefit paid had not appeared on these reports for referral. Further management review found that some of these cases had been referred, leaving a remaining £588,355 of benefit for 78 cases that had not been referred.

The Council also found that for most of these cases a referral was last made to the rent officer in April 2016 but no response had been received. It was known at that time that there were issues with the rent officer's Victor software interface. These have all now been re-sent to the rent officer following this review.

The Council has also reviewed the rents paid on these tenancies and believes that the majority are below the Local Housing Allowance rates and any determination would approve these as fair rents. The Council has made representation to DWP that there should be no loss of subsidy as a result.

Using management's own findings we estimate that £588,355 of subsidy claimed may be at risk.

# HOUSING BENEFITS SUBSIDY

## Non-HRA rent rebates: Bedroom cap

Reporting matter

Adjusted

Unadjusted error

### Errors

Testing of our initial sample of 20 non-HRA rent rebate cases identified 1 case where the incorrect bedroom cap rate was applied.

This resulted in benefit being misclassified and £5,649 being included as amounts paid above the cap threshold (attracting no subsidy) that should be shown as paid within the cap threshold (and attracting full subsidy).

### Additional testing

40+ testing was carried out and this found no further errors.

Therefore, we accepted that this was an isolate error and did not need to extrapolate the potential error.

### Impact

The claim form has been adjusted resulting in increased subsidy of £5,649 as benefit paid below the cap attract subsidy at full rate.

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# HOUSING BENEFITS SUBSIDY

## Non-HRA rent rebates: Rent liability

Reporting matter

Adjusted

Unadjusted error

### Errors

Testing of our initial sample of 20 non-HRA rent rebate cases identified 1 case where the weekly rent had been incorrectly entered in the benefit calculation, resulting in benefit being underpaid.

### Additional testing

40+ testing was carried out and this found no further errors.

Therefore, we accepted that this was an isolate error and no adjustment was required as benefit was underpaid.

### Impact

As there is no eligibility for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

# HOUSING BENEFITS SUBSIDY

## Non-HRA rent rebates: Misclassification of eligible overpayments (prior years)

Reporting matter

Adjusted

Unadjusted error

### Errors

Testing of our initial sample of 20 non-HRA rent rebate cases identified 1 case where the Council duplicated an overpayment of £177 as a prior year eligible overpayment and a technical overpayment when it should have been classified as a technical overpayment only.

### Additional testing

A '100% check' of prior year technical overpayments and eligible overpayments was carried out to identify any additional errors.

This identified the following misclassified overpayments:

- 2 further cases totalling £839 where the technical overpayment had also been incorrectly duplicated in eligible overpayments
- 1 case at £102 where the eligible overpayment should have been classified as technical overpayment.

### Impact

The claim form has been amended for the errors identified.

The claim form has been adjusted resulting in increased subsidy of £569. £1,016 of duplicated overpayments have been removed from prior year eligible overpayments resulting in increased subsidy of £610 where the duplicate overpayments had reduced subsidy at 60%. £102 of overpayment have been reclassified from eligible to technical overpayment resulting in a decreased subsidy of £41 as technical overpayments do not attract subsidy.

# POOLING OF HOUSING CAPITAL RECEIPTS

## Scheme requirements

Local authorities are required to pay a portion of any housing capital receipt they receive into a national pool administered by central government. A local authority may retain the receipts for use to provide new social housing subject to certain conditions.

The Council is required to submit quarterly returns notifying central government of the value of capital receipts received and amounts used to provide new social housing. The Council also certifies the final annual return.

The return provided for audit recorded total receipts from 37 sales totalling £7,933,441, mortgage repayment receipts £45,632 and use of previous and current year receipts spent on new social housing of £34,921,734.

## Use of 1-4-1 receipts for new social housing

Reporting matter
Adjusted
Unadjusted error

## Findings

We agreed the reported receipts from disposals for a sample of 6 properties totalling £1,287,000 and reconciled the total number of disposals to the financial statements and asset records. For the 6 disposals tested we also agreed the calculation of the attributable debt allowance.

We agreed the mortgage principal repayments for a sample of 4 mortgages totalling £4,261.

We agreed the use of 1-4-1 receipts for new social housing for 7 developments totalling £2,447,372.

However, when reviewing the 1-4-1 receipts expenditure we found that £5.118m had been transferred to The Open Door Limited for it to develop new social housing. It is acceptable under this scheme to transfer receipts to other developers for new social housing, but the scheme requires that the local authority must not have control over that entity. We note that The Open Door Limited is a subsidiary of the Council through its ownership of The Barnet Group Limit and for accounting purposes is deemed to have control over that entity.

Management has provided representations that while it may exercise control under the requirements for accounting purposes, as this entity is a separate Registered Provider it does not have control over its operations and that 1-4-1 receipts can be transferred. The Council obtained a legal view that this was appropriate.

We have written to MHCLG to report our findings and included management's representations. We await a response from MHCLG to confirm whether these 1-4-1 receipts can be transferred to The Open Door Limited.

The Council's business plans assumes significant additional amounts of 1-4-1 receipts will be transferred to The Open Door Limited to develop new social housing. We recommend that management clarify with MHCLG that such transfers do qualify as valid 1-4-1 spending and to minimise the risk that such receipts do not have to be returned to Government.

This report was provided to MHCLG on 8 March 2019 to allow management to respond to our concerns. The deadline for submission was initially 11 January 2019.

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# TEACHERS' PENSIONS

## Scheme requirements

Local authorities that 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 Council is required to submit to Teachers' Pensions.

The return provided for audit recorded pensionable pay of £74,215,335 and contributions payable to Teachers' Pensions of £18,862,613.

The final return was amended to report contributions payable to Teachers' Pensions of £18,865,613.

## Findings

In recent years we have been unable to provide assurance to the Council or Teachers Pensions that all contributions due have been deducted and paid to Teachers Pensions.

We have again found issues with our testing of the 2017/18 return and cannot provide assurance that amounts deducted are correct or that the appropriate amounts have been paid to Teachers Pensions.

We found errors in the compilation of the return from the source data, unexplained significant differences between the actual and expected amounts of contributions based on tiered deduction rates for pensionable pay, insufficient evidence was provided to support payroll amounts and deductions for schools that have their own payroll provider, and management was not able to provide the expected confirmation email from Teachers Pensions to reconcile payments made.

A summary of our findings can be found on the following pages.

The final claim was amended to increase contributions payable to Teachers Pensions by £3,000 to £18,865,613.

We await a final amended return for submission to Department for Education. The initial submission deadline was 30 November 2018.

# TEACHERS' PENSIONS

## Compilation of return

Reporting matter

Adjusted

Unadjusted error

### Error

We noted that there was a miskeying error of teachers' contributions in Table 2 of the return that understated amounts payable by £3,000. This has been corrected in the amended return.

### Impact

The return has been amended for this error.

## Information provided by schools that have their own payroll provider

Reporting matter

Adjusted

Unadjusted error

### Insufficient evidence

Monthly contributions breakdowns provided to us in relation to the 14 schools with third party payroll service providers could not be reconciled to the EOYC figures.

We found that one contained a miskeying error where £200,383 was entered as £2,000,383.

The payroll 'slips' did not have sufficient details to enable us to agree to the 14 schools included on the return.

### Impact

We were not able to reconcile the slips to the schools' monthly payroll and confirm that contributions were correctly reported in the return.

## Payments made to Teachers Pensions

Reporting matter

Adjusted

Unadjusted error

### Insufficient evidence

We are required to agree the amounts disclosed as paid to Teachers Pensions to a confirmation email sent to each local authority by Teachers Pensions.

The Council was unable to provide us with this email confirmation.

### Impact

We were not able to confirm that the correct amount had been reported in the return for the payments made to Teachers Pension for all schools.

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# TEACHERS' PENSIONS

## Consistency of contributions with pensionable pay and test deductions

Reporting matter

Adjusted

Unadjusted error

### Error

Our sample testing of deductions for 20 different teachers (one month per teacher but excluding the 14 schools with third party payroll service providers) found that the teachers' and employer contributions were correctly calculated.

However, in the return, total pensionable pay is allocated into appropriate bandings along with the teachers' contributions and employer's contributions. The contributions are checked for consistency with the expected rates to ensure that all contributions are deducted. We noted significant variances between the actual and expected amounts of contributions.

Further investigation identified that the amounts recorded for third party payroll service providers had transposed the totals for contributions deducted from teachers and contributions payable by the employer.

### Impact

Management will amend the return to reclassify £3,830,582 from teachers' contributions to employer contributions and £2,232,698 from employer contributions to teachers' contributions.

# APPENDIX: RECOMMENDATIONS AND ACTION PLAN

## 2016/17 action plan

Area / observation	Recommendation	Management response	Resolved in 2017/18
<b>Teachers pensions return</b>			
<p>We were unable to confirm that all schools had provided complete information as records suggest that there are 15 schools that had outsourced their payroll, but only 10 returns were provided for April 2017, 11 for May 2017 and between June 2017 and March 2018.</p> <p>We received only aggregated information and could not check the information for individual schools.</p> <p>There was also a difference of £82,883 between the amounts included in the return and the underlying payroll records reviewed for these schools.</p>	<p>Obtain and retain on record the monthly payroll reports for each school that has outsourced its payroll.</p>	<p>Capita will continue to engage with all schools, in consultation with Barnet Council, to help establish a robust process for the collection and retention of all monthly payroll reports where the school has outsourced its payroll.</p> <p>Progress will be continually monitored and non-receipt of required data will be escalated to the Council at the earliest opportunity. We will ensure that the statutory deadlines for making returns to the Teachers Pensions Scheme are met and that the returns are accurate and up to date.</p> <p>Responsibility:</p> <p>John Kirkpatrick - Payroll Manager, Capita HR Solutions</p>	<p>No</p> <p>While returns were provided these were only 'slips' rather than detailed payroll reports and we were unable to confirm that all contributions for schools that have their own payroll provider were included in the return.</p> <p>We again found miskeying errors from the information provided by these schools.</p>

# APPENDIX: RECOMMENDATIONS AND ACTION PLAN

## 2016/17 action plan

Area / observation	Recommendation	Management response	Resolved in 2017/18
<b>Teachers pensions return</b>			
Teachers' Pension provided incorrect information on the total amount of contributions that it's records suggested had been paid and we were unable to reconcile amounts to information retained by the Council.	<p>Obtain information on payments made to Teachers' Pension directly by schools that have outsourced its payroll.</p> <p>Reconcile total Council and outsourced payroll provider payments made to Teachers' Pensions to the notification of receipted amounts provided by Teachers' Pensions.</p>	<p>A reconciliation is carried out by Capita to ensure that the monthly contribution slip completed and submitted for the third-party payroll providers matches the funds received by the Barnet Finance Team. This data in conjunction with Council payment data will be used to reconcile to the notification of receipted amounts provided by the TPS.</p> <p>Responsibility:</p> <p>John Kirkpatrick - Payroll Manager, Capita HR Solutions</p>	<p>No</p> <p>We were not provided with the email confirmation from Teachers Pensions for the amounts paid in the year to allow us to reconcile this to amounts paid by the Council and by schools with their own payroll provider.</p>
All amounts for Career Average Flexibilities and for Additional Pension Payments had been incorrectly included in the section for Additional Contributions from teachers.	Ensure that all different types of deductions are reported in the correct sections of the return.	<p>This issue will be addressed through further training.</p> <p>Responsibility:</p> <p>John Kirkpatrick - Payroll Manager, Capita HR Solutions</p>	<p>Yes</p> <p>No errors found this year on sample testing.</p>

# APPENDIX: RECOMMENDATIONS AND ACTION PLAN

## 2017/18 action plan

Area / observation	Recommendation	Management response
<b>Housing benefits subsidy</b>		
We found that benefit cases in tenancies that require a rent officer determination of fair rents were not always referred to the VAO.	Ensure that all cases requiring annual referral to the rent officer are referred within required timescales.	TBC
<b>Teachers pensions return</b>		
While returns were provided these were only 'slips' rather than detailed payroll reports and we were unable to confirm that all contributions for schools that have their own payroll provider were included in the return. We again found miskeying errors from the information provided by these schools.	Obtain detailed monthly payroll reports from all schools to ensure that the Council has all the required information to correctly complete the return.	TBC
We were not provided with the email confirmation from Teachers Pensions for the amounts paid in the year to allow us to reconcile this to amounts paid by the Council and by schools with their own payroll provider.	Obtain information on payments made to Teachers Pension directly by schools that have outsourced its payroll. Reconcile total Council and outsourced payroll provider payments made to Teachers' Pensions to the notification of receipted amounts provided by Teachers' Pensions.	TBC
We noted significant variances between the actual and expected amounts of contributions based on banding of pensionable pay.	Undertake sufficient quality assurance checks on the draft return to identify such issues and that these are resolved ahead of the audit.	TBC

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## APPENDIX: RECOMMENDATIONS AND ACTION PLAN

### 2017/18 action plan

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Area / observation	Recommendation	Management response
<b>Pooling of housing capital receipts</b>		
The Council's proposal to make use of 1-4-1 receipts from retained housing sales for new social housing relies significantly on new developments built by The Open Door Limited. It is not clear whether these qualify as this is a subsidiary of the Council through its ownership of The Barnet Group Limit and for accounting purposes is deemed to have control over that entity.	Obtain clarification from MHCLG that 1-4-1 receipts transferred to The Open Door Limited are qualifying expenditure.	TBC

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FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the review of grants claims and returns are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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