



Audit Committee North Tyneside Council Quadrant The Silverlink North Cobalt Business Park North Tyneside NE27 OBY

Dear 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.

March 2020

 $This \ report \ summarises \ the \ results \ of \ our \ work \ performed \ on \ North \ Tyneside \ Council's \ claims \ and \ returns \ for \ 2018/19.$

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 2018/19, 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 18/19 Version 3), published on the Teachers' Pensions website.

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

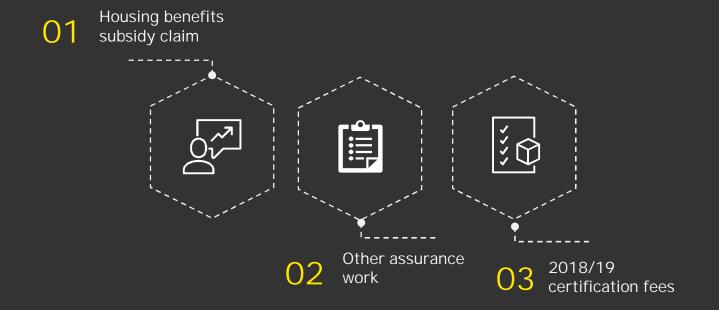
We welcome the opportunity to discuss this report with you at the Audit Committee meeting on 25 March 2020.

Yours faithfully

Stephen Reid, Partner

For and on behalf of Ernst & Young LLP

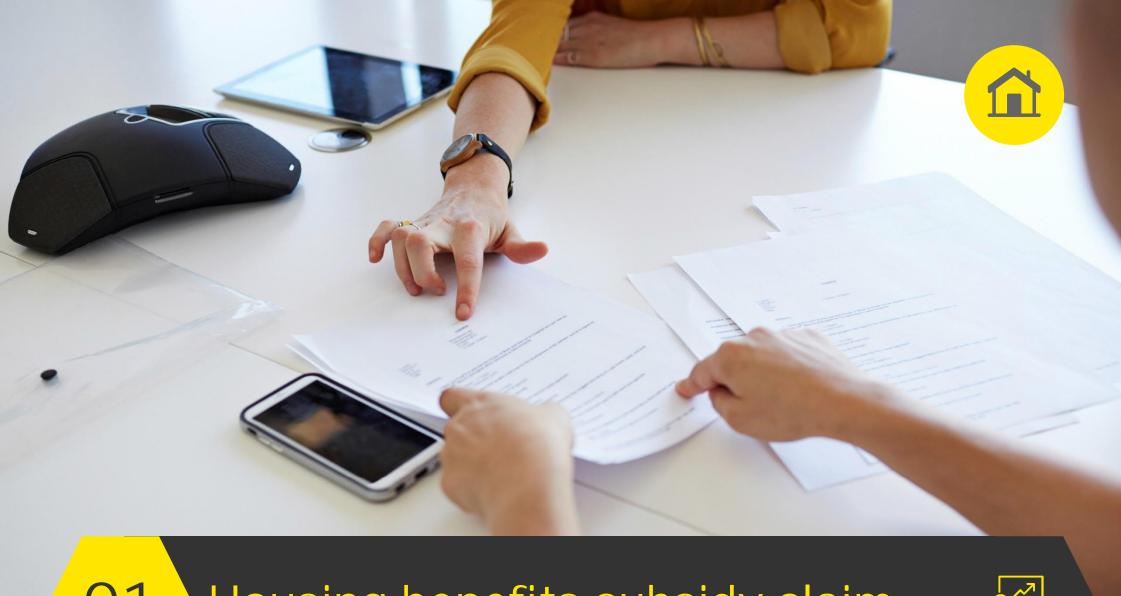
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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letters dated 15 November 2019.

This report is made solely to the Audit Committee and management of North Tyneside Council in accordance with the engagement letters. Our work has been undertaken so that we might state to the Audit Committee, and management of North Tyneside 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 Audit Committee, and management of North Tyneside 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.



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Housing benefits subsidy claim





Scope of work	Results
Value of claim presented for certification	£63,150,578
Amended/Not amended	Not amended
Audit findings	Yes
Fee - 2018/19	£6,550
Fee - 2017/18	£16,970 (predecessor auditor)

Findings from 2017/18

We set out below the one finding from the 2017/18 certification work that was identified by the predecessor auditor, along with information as to whether this issue was also identified in 2018/19.

1. Exclusion of State Retirement Pension (Rent Allowances)

Testing in 2017/18 identified one case where State Retirement Pension was incorrectly excluded when determining benefit entitlement. Further work by the Council identified that this error occurred due to the 'information only' marker in the Northgate system being incorrectly applied.

In 2018/19 we identified 19 cases where the 'information only' marker had been applied. Our testing of all 19 cases did not identify any instances where State Retirement Pension was incorrectly excluded.

Findings from 2018/19

We set out below the findings from the 2018/19 certification work.

1. War Pensions

Testing of our initial sample identified three instances where the total award of War Disablement Pension had been incorrectly applied. This had no impact upon the total of the housing benefit award provided to each claimant however, as the Council operates a full disregard policy.

2. Incorrect calculation of earnings (Rent Rebates)

Testing of our initial sample identified one instance where the claimant's earnings had been incorrectly assessed. This has no impact upon the subsidy claimed. However, as this error could result in an overpayment of benefit we were required to extend our sample by 40 cases. From this additional testing, we identified one further case where the calculation of the claimant's earnings was incorrect. The total value of these errors was an underpayment of £1. We have not extrapolated these errors 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.





Certification of Teachers' Pensions Return

During 2018/19, 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. Signed Claim Form

The original claim form was not signed by the Section 151 officer as required by the Reporting Accountants Guidance TP05 (FY 18/19 Version 3). This was amended in the revised EOYC form that was submitted to Teachers' Pensions.

2. Individuals included in the incorrect band

We noted seven instances where individuals were included in the incorrect contributions banding. This was due to an issue with the software used, that generates the contributions by tier, where the banding percentages were not updated. As a result, a total error of approximately £60,000 was identified by the Council, which is refundable to employees of the Council due to overpayments in 2018/19. This was amended in the revised EOYC form that was submitted to Teachers' Pensions.

3. Number of arithmetical differences

A number of arithmetical differences were identified when we recalculated the contribution values disclosed in the EOYC form. Teacher contributions were understated by £0.50 and Employer contributions were overstated by £11.92.





In previous years, the review of the Housing Benefit subsidy claim was covered by the Public Sector Audit Appointments Limited ("PSAA") contract. Fees for this work were determined by PSAA and made available on their website (www.psaa.co.uk). For 2018/19, management were required to appoint their own reporting accountants in relation to the Housing Benefit assurance process.

The certification of the Council's Teachers' Pensions return was already outside of the PSAA contract, therefore there has been no change in respect of this assurance work.

Our fees for the 2018/19 work are detailed below.

Claim or return	2018/19	2017/18
	£	£
Housing Benefits subsidy claim	6,550	16,970
Teachers' Pension return	2,463	2,767
Total	9,013	19,737

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