

Report to Audit Committee

Teachers' Pension Agency 2020/21 End of Year Certification

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon

Officer Contact: Anne Ryans, Director of Finance

Report Author: Mark Stenson, Assistant Director of Corporate Governance and Strategic Financial Management

Ext. 4783

10 March 2022

Reason for Decision

The Teachers' Pension Contributions paid over to the Teachers Pension Agency are subject to a specific external audit review, which results in an annual certification. This report details the outcome for the financial year 2020/21.

Executive Summary

On 5 November 2021 the Teachers' Pension Agency confirmed their agreement to the contributions paid over to them by the Council for the financial year 2020/21.

Recommendations

That Members of the Audit Committee are asked to note the Certification of the Teachers' Pension Return, attached at Appendix 1, for the financial year 2020/21.



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Private & confidential

Teachers' Pensions
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 Lingfield Point
 Darlington
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Our ref AB/RP/BD

Contact Rebecca Dingwall
 07909 535920

Anne Ryans
 Director of Finance
 Oldham Metropolitan Borough Council
 Level 3, Civic Centre
 West Street
 Oldham
 OL1 1UT

5th November 2021

Dear Teachers' Pensions

Oldham Metropolitan Borough Council – Reporting on agreed upon procedures in respect of Teachers' Pensions End of Year Certificate for the year ended 31 March 2021

LA Number: 353 0000

This report has been produced in accordance with the terms of our engagement letter dated 20 August 2021 ("the Engagement Letter") and in accordance with the International Standard on Related Services 4400 *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information* as published by the International Auditing and Assurance Standards Board ("IAASB").

The procedures were performed solely for the purpose of assisting Oldham Metropolitan Borough Council fulfil their responsibilities, under the Teachers' Pensions Regulations 2010 (SI 2010/990) and The Teachers' Pension Scheme Regulations 2014 (SI 2014/512), for preparing the End of Year Certificate ("EOYC") for the year end 31 March 2021. The EOYC must be accompanied by a reporting accountants' report prepared following the performance of procedures set out in the guidance note "Reporting Accountants Guidance TP05 (FY20/21 Version 1)" issued by Teachers' Pensions ("the guidance"). We attach, a copy of the EOYC prepared and submitted by management. Where appropriate, this copy identifies errors corrected by management. Management are responsible for the preparation and submission of the EOYC and for all corrections.



Report of factual findings and exceptions

We have performed our work as set out in Appendix I to this report.

We have noted exceptions and/or errors in the performance of procedures 3, 4 and 9.

The nature and magnitude of the exceptions and/or errors are described alongside the relevant procedure within Appendix I. We also report management's explanations for any errors and/or exceptions identified.

We have not subjected the information contained in our report or the appendices (including explanations and representations received from the Responsible Finance Officer and reported to you) to checking or verification procedures except to the extent expressly stated. This engagement does not constitute an audit in accordance with International Standards on Auditing (UK) or a review in accordance with International Standards on Review Engagements (UK and Ireland) and, as such, no assurance is expressed. Had we performed additional procedures, an audit or a review, other matters might have come to light that would have been reported.

You were responsible for determining whether the agreed-upon procedures we performed were sufficient for your purposes and the purposes of Teachers' Pensions having due regard to the guidance issued by TP. We cannot, and do not, make any representations regarding the sufficiency of these procedures for your purposes or for the purposes of Teachers' Pensions.

Our report is prepared solely for the confidential use of Oldham Metropolitan Borough Council and for Teachers' Pensions. Our report must not be used for any purpose other than for which it was prepared or be reproduced or referred to in any other document or made available to any third party without the written permission of KPMG LLP. We accept no liability to any other party who is shown or gains access to this report. This report relates only to the matters specified above and does not extend to any financial statements of Oldham Metropolitan Borough Council taken as a whole.

Yours faithfully

KPMG LLP
Chartered accountants

APPENDIX I - AGREED UPON PROCEDURES AND FINDINGS MATRIX

This is an illustrative schedule to attach to the report. It is the Reporting Accountants responsibility to complete this appendix, checking against the actual tests completed. In preparing this appendix, Reporting Accountants need only provide the last column if there are exceptions to report. Where no exceptions were identified the comment "No exceptions noted" should be included in the penultimate column.

	Agreed Upon Procedures	Details of any exceptions and errors identified	Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors) and formal management representations where appropriate to be attached.
1	We have checked that all relevant parts of the return have been completed (in pounds and pence) and that the employer's certificate bears the signature of the Responsible Finance Officer.	No exceptions noted.	N/A
2	We have checked that all arithmetic on the return is correct including: <ul style="list-style-type: none"> (a) that the totals in section 3 are arithmetically correct; (b) that the total in section 3 column 1 agrees with the entry in section 1 (box 1); (c) that the total in section 3 column 2 agrees with the entry in box 2a(iv); (d) that the total in section 3 column 3 agrees with the entry in box 2a(v); and (e) that the overall balance in box 2e has been calculated correctly. 	No exceptions noted.	N/A

3	<p>We have checked that the breakdown of contributions in each tier casts to the percentage rate of the contributory salary.</p>	<p>We identified the following variances when comparing the breakdown of contributions in each tier to the percentage rate of the contributory salary:</p> <p><u>Teachers' Contributions</u></p> <ul style="list-style-type: none"> - £29.56 in the 7.4% tier - £1.98 in the 8.6% tier - -£60.70 in the 9.6% tier - -£0.45 in the 10.2% tier - -£0.12 in the 11.3% tier - £0.10 in the 11.7% tier <p>Total -£29.63</p> <p><u>Employer's Contributions</u></p> <ul style="list-style-type: none"> - -£52.66 in the 7.4% tier - -£1.45 in the 8.6% tier - £45.79 in the 9.6% tier - £0.87 in the 10.2% tier - -£0.52 in the 11.3% tier - £0.08 in the 11.7% tier <p>Total -£7.88</p>	<p>Differences identified in tiers 2, 4, 5 and 6 are small rounding differences.</p> <p>Differences identified in tiers 1 and 3 related to issues with the third party payroll provider, EPM, which affected three schools.</p> <p>Tier 1 (7.4%) differences are a result of the following:</p> <ul style="list-style-type: none"> ▪ Teachers' contributions: Month 2 Tier 1 £29.56 variance – EPM have confirmed this was an error due to an issue with the system calculating the teachers' contributions and will be fixed in October 2021 payroll. We have amended this on the revised EOYC. ▪ Employer's contributions: Month 8 Tier 1 -£50.91 variance - Relates to a deduction that was not included in the monthly breakdown reports from EPM which is now included and we have amended this on the revised EOYC.

				<p>Tier 3 (9.6%) differences are a result of the following:</p> <ul style="list-style-type: none"> Teachers' contributions: Month 9 Tier 3 -£68.92 variance - EPM included a person in the Tier 3 breakdown instead of Tier 1 – we have amended this on the revised EOYC. Employer's contributions: Month 1 Band 3 £15.57 variance and Month 4 Band 3 £30.17 variance – EPM have confirmed these were errors due to an issue with the system calculating the employer's contributions and will be fixed in October 2021 payroll. We have amended this on the revised EOYC. 								
4	<p>We have checked that entries on the return and supporting working papers agree with the employer's payroll records, including amendments, and, where necessary, information from other payroll providers, for the return period.</p>	<p>Upon agreement of the EOYC to the Council's supporting workings, it was identified that some of the workings for additional contributions and additional pension payments were using formulae with the wrong cell references, therefore they were not pulling through the correct source data.</p> <p>Once the formulae are corrected, the following adjustments to the EOYC are required:</p>	<table border="1"> <thead> <tr> <th>EOYC cell</th> <th>Original EOYC</th> <th>Source Data i.e. revised figure</th> <th>Adjustment</th> </tr> </thead> <tbody> <tr> <td>2a.ii.</td> <td>£4,254.80</td> <td>£4,641.60</td> <td>£386.80</td> </tr> </tbody> </table>	EOYC cell	Original EOYC	Source Data i.e. revised figure	Adjustment	2a.ii.	£4,254.80	£4,641.60	£386.80	<p>The incorrect formula was used to combine data from various sources. Management are in agreement with the amendments and these have been included in the revised EOYC.</p>
EOYC cell	Original EOYC	Source Data i.e. revised figure	Adjustment									
2a.ii.	£4,254.80	£4,641.60	£386.80									

		2a.iii.	£4,241.22	£4,430.99	£189.77	
		2a Total contributions	£15,219,742.50	£15,220,318.47	£575.97	
		2e.	-£402.29	£173.68	£575.97	
5	We have checked that contributions paid in box 2d provided by TP agree with the employer's accounts.	No exceptions noted.				N/A
6	<p>For a sample of 55 teachers paid by the employer payroll and (where available) third party payrolls, we have checked:</p> <p>(a) the status of the teacher to the employer portal;</p> <p>(b) that contributory salaries have been agreed to payroll records and included in section 3 column 1 in the correct tier;</p> <p>(c) that teachers' contributions have been deducted at the correct tier rate and included in section 3 column 2 in the correct tier; and</p> <p>(d) that employer's contributions have been calculated correctly and</p>	No exceptions noted.				N/A

	included in section 3 column 3.		
7	<p>For two teachers who fall into one of the following categories we have checked that:</p> <ul style="list-style-type: none"> (a) Career average flexibilities payments have been deducted correctly and included in box 2a(i); (b) additional pension payments have been deducted correctly and included in box 2a(ii); (c) additional contributions have been deducted correctly and included in box 2a(iii) (d) deductions and interest for teachers with EFE elections are calculated correctly and included in box 2b(i) (e) Preston contributions have been deducted correctly and included in box 2b(ii) 	No exceptions noted.	N/A

	(f) TR22 contributions have been deducted correctly and included in box 2b(iii)		
8	We have checked that all short term pension payments made by the employer in box 2c(i) for teachers who have died before 1 February 2016 agree to correspondence from Teachers' Pensions.	Not applicable.	N/A
9	We have checked all prior year refunds in box 2c(ii) to correspondence from Teachers' Pensions.	The Council reported a prior year refund of £837.38. There was no supporting correspondence from Teachers' Pensions and these refunds were initiated by the Council.	<p>The refund of £837.38 relates to refunds given to an employee who had had pension deducted at 8.6% across YE 19/20 and 20/21 instead of 7.4%. This employee had 2 posts and both salaries were in the 7.4% salary range. The employee was being paid on the old payroll system where contribution bandings were not always accurate for multiple posts, therefore their contributions had been deducted at 8.6% which reflects the combined salary of the 2 posts.</p> <p>Partial refunds were given in Month 8 and Month 10. The total value owed is more than £837.38 as the issue transferred into the current financial year, but the £837.38</p>

			refunded per the EOYC is the amount which relates to prior years (19/20).
10	For all management explanations related to the exceptions and errors noted, we have obtained representations from the Responsible Finance Officer.	We can confirm that we have obtained management representations.	Management Representations have been obtained.

Teachers' Pensions Contributions for Financial Year 2020/21



Please familiarise yourself with the instructions, to complete, upload and print your EOYC.

To create your Declaration form to be signed, first create your .CSV to upload via the button to the right, then that same button becomes Print File. Click it and ensure you click to print entire workbook.

Unaudited EOYC forms should be uploaded to the employers portal no later than 31 May 2021

Employer Information

Local Authority/Establishment Name:

Oldham MBC

Local Authority/Establishment Number:

LA Number

Establishment Number

353

0000

(For Local Authorities, please enter the establishment number as '0000')

Employer Type

Please select your Employer Type from the dropdown list below, before completing the remainder of this form.

Employer Type:

Local Authority

Section 1: Total Actual Contributory Salary

Total Contributory Salary:

£46,026,129.87

Section 2: Summary of Contributions

	I. Career Average Flexibilities (Note 3)	II. Additional Pension Payments (Note 3)	III. Additional Contributions (Note 3)	IV. Teachers' Contributions	V. Employer's Contributions	Total Contributions
a. Contributions deducted (as per contributory salary at 1 - see Note 4)	£0.00	£4,641.60	£4,430.39	£4,312,211.69	£10,898,990.27	£15,220,273.95
			I. Arrears deducted in respect of EFE Elections (Note 5)	II. Contributions deducted in respect of PRESTON (Note 6)	III. TR22 Election amounts deducted (Note 7)	Total Extra Contributions
		b. Extra contributions deducted	£0.00	£0.00	£0.00	£0.00
				I. Short Term Pension	II. Refunds made (in respect of previous years only)	Total Refunds made
		c. Refunds Made		£0.00	£837.88	£837.88
					d. Contributions Paid (Note 8)	£15,219,306.91
					e. Overall Balance (2a + 2b) - (2c + 2d)	£129.16

NB: Underpayments identified at Overall Balance must be paid immediately to Teachers' Pensions - see Notes 9 and 11.

Section 3: Analysis of Contributions by Tier

Tier (Percentage Rate)	Contributory Salary	Teachers' Contributions	Employer's Contributions (23.68%)
Tier 1 (7.40%)	£7,080,788.19	£523,978.33	£1,676,732.40
Tier 2 (8.60%)	£11,024,646.03	£948,117.58	£2,610,637.63
Tier 3 (9.60%)	£12,116,497.39	£1,163,175.53	£2,869,186.53
Tier 4 (10.20%)	£10,302,025.02	£1,050,807.00	£2,439,518.65
Tier 5 (11.30%)	£4,405,258.25	£497,794.30	£1,043,165.67
Tier 6 (11.70%)	£1,096,914.99	£128,338.95	£259,749.39
TOTALS	£46,026,129.87	£4,312,211.69	£10,898,990.27

NB: Totals from Section 3 should be identical to the figures in Sections 1 and 2

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Teachers' Pensions Contributions for Financial Year 2020/21

Section 4: Certificate to be given by the Chief Finance Officer of the Local Authority

I hereby certify that, to the best of my knowledge and belief, the entries on this form are correct and that, in accordance with the regulations underpinning the Teachers' Pension Scheme:

- Employee contributions have been correctly calculated, deducted from pensionable salary and remitted to Teachers' Pensions in respect of all employees who are members of the scheme;
- Employer contributions have been correctly calculated and remitted to Teachers' Pensions based on pensionable salaries and applicable contributions rates
- I am satisfied that the authority has adequate systems in place and has obtained supporting evidence which confirms that those entries in respect of teachers in schools maintained by the Local Authority whose salary payments are administered other than directly through the LA payroll, are correctly calculated and paid to Teachers' Pensions.

Name (in capital letters)

ANNE RYANS

Position

DIRECTOR OF FINANCE (SISI OFFICER)

Email Address

anne.ryans@oldham.gov.uk

Telephone Number

0161 770 4902

Signature

A.T. Ryans

Date

25/10/21

Section 5: Certificate of the auditor

I/We have examined the entries in this form (which replaces or amends the original submitted to me/us by the authority dated _____) and the related accounts and records of the authority in accordance with the agreed upon tests in Certification Instruction TP05.

My/our assessment carried out the agreed upon tests in Certification Instruction TP05 and obtained such evidence and explanations as I/we consider necessary. (Except for the matters raised in the attached report dated _____).

Name (in capital letters)

Date

Signature

Data Protection Act 1998. The Department for Education (DfE) will use any information you provide in connection with the Teachers' Pension Scheme to administer and operate the scheme and pay benefits under it. This may include passing details to third parties that are involved in the administration and operation of the scheme. The DfE may also use your data for administrative purposes in line with its data protection notification. In order to fulfil its duty to protect public money, the DfE may use information it holds to prevent and detect fraud. It may also share information with other organisations that handle public funds. If there is any difference between the legislation governing the Teachers' Pension Scheme and the information in this application form, the legislation will apply.

Please return to us at:

Teachers' Pensions, 11b Lingfield Point, Darlington, DL1 1AX
www.teacherspensions.co.uk .