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Executive Director of Resources and  
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Our ref LCC certification report  
2012.13

3 February 2014

Dear Pete

### **Certification of claims and returns - Annual Report 2012/13**

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for 2012/13.

In 2012/13 we carried out certification work on the following return:

■ **Teachers' Pension Return (Form EOYCd / Feb 2013)**

Our certification work did not identify any issues or errors with the claim, and we certified it as unqualified without amendment. However, we did need to carry out additional testing this year on the management information produced in support of the claim, and because that information was delayed, there was a late start to our testing. We have not made any formal recommendations to the Council to improve the claims completion process, as the delay was mainly a result of changes in the pension scheme itself. There were no recommendations made last year.

### **Audit Fee**

The Audit Commission changed the basis of the certification fee in 2012/13 and set an indicative fee of £1,240. Our actual fee was higher than the indicative fee. The final fee is £4,933 and this compares to the 2011/12 fee for this claim of £4,630.

The indicative fee was based on Part A testing only, where we place reliance on the control environment and undertake limited tests to agree the form entries to underlying records. Audit Commission guidance requires additional testing in every case at least every three years. This is referred to as Part A and B testing, and we use our assessment of the control environment and



any changes in the arrangements to inform decisions on the level of testing (sample sizes) required.

The additional Part B testing required in 2012/13 has been compounded by a major change in the underlying basis of the Teachers' Pension Return with effect from 1st April 2012, with the introduction of 7 tiered contribution rates for all teachers nationally. The increase in transfers to Academy schools has also impacted on our work.

We have re-assessed the control environment in the light of these changes and carried out sample testing of the accuracy of the new reporting format. This testing has covered the correct application of the new rates to the various salary bands and the extraction of this data into the revised format of the return. Further complications arose from the large number of teachers (estimated at over 1,000) who had one or more rate change during the year.

Officers were able to successfully implement the new tiered teacher contribution rates, at relatively short notice, from 1 April 2012. They were not however, able to easily extract the necessary management information to breakdown the contributions over the 7 tiers, and this had to be done using ad hoc reports in conjunction with pivot tables over the full year. Our additional detailed testing work on this was deferred until mid November 2013, at the Council's request, to allow officers sufficient time to complete their own checks and provide the evidence needed to meet the audit requirements.

As stated above, although we needed to carry out additional work in order to meet the requirements of the certification instructions, we did not identify any issues or errors with the claim, and we certified the claim unqualified without amendment.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tony Crawley'.

Mr Tony Crawley  
For and on behalf of KPMG LLP, Appointed Auditor