

## Independent Reporting Accountants' agreed-upon procedures report in connection with Teachers' Pensions EOYC return for the year ended 31 March 2020

To:

Teachers' Pensions, Unit 11b, Lingfield Point, Darlington, DL1 1AX

Cumbria County Council - For the attention of the Director of Finance (Section 151 Officer)

### Cumbria County Council – Reporting on agreed-upon procedures in respect of Teachers' Pensions End of Year Certificate for the year ended 31 March 2020

This report has been produced in accordance with the terms of our engagement letter dated 13 October 2020 ('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 the officers of Cumbria County Council (the 'Employer') 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 2020. 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 (FY19/20)' issued by Teachers' Pensions (the 'guidance'). We attach, as Appendix 2, 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.

This report is provided solely for the confidential use of the Employer and Teachers' Pensions and solely for the purpose of facilitating the EOYC form submission, as set out in the Engagement Letter. This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms) to any third party, without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Employer and Teachers' Pensions, we acknowledge that the Employer and/or Teachers' Pensions may be required to disclose this report to parties demonstrating a statutory right to see it.

This report and our work is designed to meet the agreed requirements of the Employer and Teachers' Pensions as described in the guidance. This report and our work should not therefore be regarded as suitable to be used by any other party for any purpose or in any context. Any party other than the Employer and Teachers' Pensions, which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to anyone other than the Employer and Teachers' Pensions and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

### Report of factual findings and exceptions

We have performed our work as set out in Appendix 1 to this report. We have noted exceptions in the performance of procedure 3. The nature and magnitude of the exception is described below and in Appendix 1. We also report management's explanations for the exceptions identified in Appendix 1.

We noted some exceptions in the performance of procedure 3 – Breakdown of contributions in each tier casts to the percentage rate of the contributory salary. We have identified in the tables below the following minor variances between the EOYC and the calculated values.

### April- August Employee Contributions -£4.71 Employer Contributions -£19.38

Tier	Contribution rate	Contributory Salary	Teachers Contributions (Rate Calculation)	EOYC form	Variance	Employers Contributions - 16.48% (Rate Calculation)	EOYC form	Variance
Tier 1	7.40%	£9,137,247.92	£676,156.35	£676,158.63	-£2.28	£1,505,818.46	£1,505,832.54	-£14.08
Tier 2	8.60%	£9,572,519.76	£823,236.70	£823,236.87	-£0.17	£1,577,551.26	£1,577,554.09	-£2.83
Tier 3	9.60%	£10,540,131.16	£1,011,852.59	£1,011,855.18	-£2.59	£1,737,013.62	£1,737,016.05	-£2.43
Tier 4	10.20%	£8,263,471.17	£842,874.06	£842,873.79	£0.27	£1,361,820.05	£1,361,820.06	-£0.01
Tier 5	11.30%	£3,058,732.30	£345,636.75	£345,636.57	£0.18	£504,079.08	£504,079.10	-£0.02
Tier 6	11.70%	£423,786.01	£49,582.96	£49,583.08	-£0.12	£69,839.93	£69,839.94	-£0.01
Total					-£4.71			-£19.38

## September – March Employee Contributions £0.94 Employer Contributions£0.13

Tier	Contribution rate	Contributory Salary	Teachers Contributions (Rate Calculation)	Teachers Contribution (EOYC form)	Variance	Employers Contributions - 23.68% (Rate Calculation)	EOYC form	Variance
Tier 1	7.40%	£12,156,104.85	£899,551.76	£899,551.01	£0.75	£2,878,565.63	£2,878,567.08	-\$1.45
Tier 2	8.60%	£12,597,522.39	£1,083,386.93	£1,083,384.70	£2.23	£2,983,093.30	£2,983,091.87	£1.43
Tier 3	9.60%	£15,818,436.71	£1,518,569.92	£1,518,571.09	-\$1.17	£3,745,805.81	£3,745,805.64	£0.17
Tier 4	10.20%	£12,640,321.88	£1,289,312.83	£1,289,313.16	-\$0.33	£2,993,228.22	£2,993,227.66	£0.56
Tier 5	11.30%	£4,797,873.63	£542,159.72	£542,160.28	-\$0.56	£1,136,136.48	£1,136,137.13	-\$0.65
Tier 6	11.70%	£705,340.85	£82,524.88	£82,524.86	£0.02	£167,024.71	£167,024.64	£0.07
Total					£0.94			£0.13

The EOYC has not been adjusted for the variances noted above.

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 or a review 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 Cumbria County 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 Grant Thornton UK LLP. We accept no liability to any other party who is shown or gains access to this report.

Our audit work as the statutory auditors of the annual financial statements of Cumbria County Council is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as Cumbria County Council's external auditor.

Our audit report on the financial statements is issued solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Local Authority and Local Authority's members as a body, for our audit work, for our audit reports, or for the opinions we have formed.

## Grant Thornton UK LLP

Grant Thornton UK LLP  
Glasgow

Date: 27 January 2021

## Appendix 1 – Agreed upon procedures and findings matrix

	<b>Agreed Upon Procedures</b>	<b>Details of any exceptions and errors identified</b>	<b>Responsible Finance Officer explanation for any exceptions and/or errors (including non-correction of errors) and formal management representations where appropriate to be attached.</b>
1	We have checked that all relevant parts of the return been completed (in pounds and pence) and that the employer's certificate bears the signature of the Responsible Finance Officer	No exception or errors identified	None
2	We have checked that all arithmetic on the return is correct including: <ul style="list-style-type: none"> <li>(a) that the totals in section 3 are arithmetically correct;</li> <li>(b) that the total in section 3 column 1 agrees with the entry in section 1 (box 1);</li> <li>(c) that the total in section 3 column 2 agrees with the entry in box 2a(iv);</li> <li>(d) that the total in section 3 column 3 agree with the entry in box 2a(v); and</li> <li>(e) has the overall balance in box 2e been calculated correctly?</li> </ul>	No exception or errors identified	None
3	We have checked that the breakdown of contributions in each tier casts to the percentage rate of the contributory salary.	We have identified some minor variances for Teacher's Contributions and Employer's Contributions between the actual values in the claim and the expected value of the tiers based on the percentage rate of the contributory salary. These have been detailed in the tables included in our 'Independent Reporting Accountant's agreed-upon Procedures report in connection with Teacher's	The expected value referred to is a % applied to the total annual value of contributions of all teachers contributing to the scheme. This figure is then compared to the sum of each individual monthly contribution made by each teacher.  Individual contributions are calculated on a monthly basis and rounded to the nearest penny when contributions are made. These values, numbering 29,138 individual figures, are then aggregated to arrive at the annual total, with the result that these rounding's are also aggregated.

## Appendix 1 – Agreed upon procedures and findings matrix

		<p>Pensions EOYC return for the year ended 31 March 2020'. The EOYC has not been adjusted for the variances identified</p>	<p>The difference between the expected value and actual value is therefore likely to relate to the different calculation methods.</p> <p>As the amounts are immaterial and within the accepted tolerance levels, the variances being minor rounding's the EOYC has not been amended.</p> <p>This is an ongoing issue and will continue to be so due to the difference in the calculation methods described above.</p> <p>Received via email 27/01/2021</p>
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>No exception or errors identified</p>	<p>None</p>
5	<p>We have checked that contributions paid in box 2d provided by TP agree with the employer's accounts.</p>	<p>No exception or errors identified</p>	<p>None</p>
6	<p>For a sample of 60 teachers paid by the employer payroll and (where available) third party payrolls, we have checked that:</p> <ul style="list-style-type: none"> <li>(a) the status of the teacher to the employer portal;</li> <li>(b) contributory salaries have been agreed to payroll records and included in section 3 column 1 in the correct tier;</li> <li>(c) teachers' contributions have been deducted at the correct tier rate and included in section 3 column 2 in the correct tier; and</li> <li>(d) employer's contributions have been calculated correctly and included in section 3 column 3.</li> </ul>	<p>No exception or errors identified</p>	<p>None</p>

## Appendix 1 – Agreed upon procedures and findings matrix

7	<p>For two teachers who fall into one of the following categories we have checked that:</p> <ul style="list-style-type: none"> <li>(a) Career average flexibilities payments have been deducted correctly and included in box 2a(i);</li> <li>(b) additional pension payments have been deducted correctly and included in box 2a(ii);</li> <li>(c) additional contributions have been deducted correctly and included in box 2a(iii)</li> <li>(d) deductions and interest for teachers with EFE elections are calculated correctly and included in box 2b(i)</li> <li>(e) Preston contributions have been deducted correctly and included in box 2b(ii)</li> <li>(f) TR22 contributions have been deducted correctly and included in box 2b(iii)</li> </ul>	No exception or errors identified	None
8	We have checked that all short term pension payments made by the employer in box 2c(i) for teachers who have died before February 2016 agree to correspondence from Teachers' Pensions	No exception or errors identified, the cell in the EOYC is nil	None
9	We have checked all prior year refunds in box 2c(ii) to correspondence from Teachers' Pensions	No exception or errors identified	None
10	For all management explanations related to the exceptions and errors noted, we have obtained representations from the Responsible Finance Officer.	No exception or errors identified	None

## APPENDIX 2 - ORIGINAL RETURN

Appended