

Meeting of:	Audit Committee
Date of Meeting:	Monday, 25 February 2019
Relevant Scrutiny Committee:	All Scrutiny Committees
Report Title:	Certification of Grants and Returns 2017-18
Purpose of Report:	To present to Members the Council's External Auditor's report on the Grant work undertaken for 2017-18
Report Owner:	Report of the Section 151 officer
Responsible Officer:	Carys Lord Section 151 Officer
Elected Member and Officer Consultation:	As this impacts on the whole authority, no specific ward member consultation has been undertaken
Policy Framework:	This report is in accordance with the policy framework and budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The Council is responsible for preparing a wide range of grants and grant claims for submission to grant paying bodies • The Welsh Audit Office (WAO) as the Council's external auditors is required to certify these grant claims to conclude on whether the expenditure has been incurred in accordance with the relevant terms and conditions for each grant. • This work has now been completed for 2017/2018 and this report provides a summary of that work. 	

Recommendations

1. THAT Members review and note the content of this report

Reasons for Recommendations

1. To facilitate monitoring of the audit function

1. Background

- 1.1 The Council received and certified 9 grant claims and returns from government departments and other bodies requiring external audit certification in 2017-18, supporting income of circa £92m.
- 1.2 The Wales Audit Office, as the Council's external auditors, is required to certify the claims submitted by the Council. This certification typically takes place some 6 - 12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.3 This report summarises the External Auditor's overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

2. Key Issues for Consideration

- 2.1 A summary of all claims and returns subject to certification is provided within the report attached at Appendix A, together with the certification fee and outcome of the External Auditor's review. The Council submitted all of its 2017-18 grant claims to the External Auditor on time and these have all been certified. Overall the External Auditors certified 9 grants and returns; 7 were certified with no issues arising; 2 required a qualification to the audit certificate with no amendment to the claim and 1 was both qualified and amended.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The audit process has confirmed that the £92m made available to the Council by various grant providing bodies has been spent in accordance with the terms and conditions associated with each of the grants, which require the Council to be mindful of the requirements of future generations in planning and undertaking the work.

4. Resources and Legal Considerations

Financial

4.1 As detailed in the body of the report

Employment

4.2 There are no direct employment issues relating to this report

Legal (Including Equalities)

4.3 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns

5. Background Papers



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certification of grants and returns – **Vale of Glamorgan Council**

Audit year: 2017-18

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work was Anthony Veale, Steve Wyndham, Gareth Rees, Melanie Williams, Diane Auton, Thomas Dhar, Katie Davey & Rhys Meadows.

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We have completed our 2017-18 grant certification audits. This report summarises the outcomes of this work and our main findings.

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Summary report

Introduction

- 1 The Vale of Glamorgan Council (the Council) is responsible for preparing a range of grants and returns (grant claims) for submission to grant paying bodies.
- 2 In our role as your external auditors, we are required to certify these grant claims in accordance with their respective certification instructions and conclude on whether expenditure has been incurred in accordance with the relevant terms and conditions. The certification instructions issued by the Auditor General for Wales prescribe the work to be undertaken for each grant claim.
- 3 Our certification arrangements in regard to Welsh Government grant claims require us to seek a claim amendment, or issue a qualification letter, only when errors amount to £10,000 or more.
- 4 We have now certified all the Council's grant claims and returns for 2017-18, and this report provides a summary of the outcome of this work. We are grateful for the support and assistance provided by the Council in undertaking our grants certification work.

Summary of 2017-18 grant work

- 5 In all we were required to certify 9 claims with an aggregate expenditure totalling some £92.010m. Of the 9 claims certified (9 in 2016-17):
 - 7 were certified with no issues arising (7 in 2016-17);
 - 2 claims were qualified (2 in 2016-17); and
 - 1 claim was both qualified and amended (1 in 2016-17).
- 6 The Council submitted all claims within the submission deadline. We certified two of the claims shortly after the certification deadline, being the Housing Benefit and the Local Transport Fund claims which were both qualified certificates. The issues that resulted in these two claims being qualified were major factors contributing to the delay in our submission.
- 7 The Housing Benefit Subsidy claim was also subject to a small amendment which resulted in an increased grant to the Council of £1,216.
- 8 We have summarised all matters arising, where appropriate, on a claim-by-claim basis at [Appendix 1](#). A small number of recommendations arising from our work, that the Council should seek to address in preparation for its 2018-19 grant claims submission, are at [Appendix 2](#).
- 9 Our Audit Plan for 2017-18 estimated that the total fee for our grant certification work would range between £50,000 and £55,000. Our final fee for completing the work is £56,500, which is slightly higher than both our initial estimate and the comparative audit fee for 2016-17 (£54,511). The main reason for the increase is the additional and unplanned audit work required on the qualified claims, in particular upon the Housing Benefit subsidy claim.

The Council's grants management processes are robust

- 10 Following the completion of our 2016-17 grant certification work at the Council we reported a positive outcome in terms of the timely submission of claims together with the low number of qualified or amended claims. This has continued in respect of our 2017-18 grant certification as outlined below within Exhibit 1.

Exhibit 1: Summary Performance Information

There were nine claims certified for the year.

Issue	2016-17	2017-18
Total claims audited	9	9
Number of qualification letters	2	2
Number of amended claims	1	1
Number of late claims (to WAO)	0	0

- 11 Regarding the qualified and amended claims:
- the amended claim was the Housing Benefit subsidy claim where the total amendments made resulted in an additional £1,216 of subsidy payable to the Council;
 - the Housing Benefit claim was also qualified and this related to a number of errors identified from our caseload testing which required reporting to the Department for Work and Pensions (DWP); and
 - the other qualification related to the Local Transport Fund grant regarding the absence of some supporting documentation and the inclusion of some expenditure which did not meet the requirements of the scheme's conditions.
- 12 The Council's internal quality assurance arrangements require preparation of a grant completion checklist that is certified by the preparer of the grant to confirm that the claim is ready for audit. This arrangement has continued to work well this year and is a key feature contributing to the overall effectiveness of the Council's grant preparation and submission processes.
- 13 In regard to the Welsh Government funded grant claims, errors amounting to less than £10,000 do not result in amendment or qualification, instead they are reported locally to officers for consideration. We can confirm that we have not issued any reports of this nature to officers as a result of our work.

The Housing Benefits claim continues to be completed to a good standard although there is scope for further improvement

- 14 The Housing Benefit Subsidy claim is high value (£37.949m) and technically complex. As a result, the audit requirements as set out by the Department of Works and Pensions (DWP) are extensive, which in our experience means that an amended and/or qualified claim is not uncommon.
- 15 As part of our certification of the claim we submitted a qualification letter to the DWP relating to errors which we identified in regard to the following areas:
- assessment of employed earnings;
 - assessment of tax credit income;
 - some inaccuracies concerning the classification of overpayments; and
 - some errors in the award of benefit that resulted in the underpayment of benefit.
- 16 The DWP have not yet responded to the Council to confirm what action, if any, will be taken in regard to these issues.
- 17 At the conclusion of the audit we discussed our findings with the Council's Housing Benefit team and agreed several actions to further improve the accurate processing of Housing Benefit claims. These actions included providing additional training for benefits staff upon the assessment of claimant earnings and ensuring that the benefits system is accurately updated with the date when individual claims are processed.

Recommendations

Recommendations	
Housing Benefit Subsidy	
R1	The Council should ensure that the agreed actions to further improve the accurate processing of housing benefit claims are implemented, including the provision of training to staff, with a focus on those errors that have occurred in prior years.
Other Grants	
R2	Key documentation to support the Council's grant funded schemes should be retained for audit purposes.

Appendix 1

Summary of matters arising on grant claims

Ref	Summary observations	Qualified	Amended
1. Housing Benefit Subsidy	Our testing identified a number of errors that required us to undertake extended sample testing in line with the scheme's guidance for certification. We reported our findings to the DWP within our qualification letter and also agreed amendments to the claim which resulted in additional subsidy of £1,216 for the Council. Whilst we were satisfied that benefits processing and claim preparation arrangements are generally robust we have raised some recommendations for further improvement.	Yes	Yes
2. 21st Century Schools	No issues arose from the certification work	No	No
3. Summary Expenditure Return	No issues arose from the certification work	No	No
4. Local Transport Fund	Our certification of the scheme this year was qualified in relation to two matters this year; <ul style="list-style-type: none">• The application bid for one of the schemes contained on the return was not retained as part of the working papers; and• Transactions forming part of a second scheme contained on the return did not meet the requirements of the scheme's conditions for grant	Yes	No
5. Communities First	No issues arose from the certification work	No	No

Ref	Summary observations	Qualified	Amended
6. National Non-domestic Rates Return	No issues arose from the certification work	No	No
7. Teachers Pensions Return	No issues arose from the certification work	No	No
8. Social Care Workforce Development Programme support	No issues arose from the certification work	No	No
9. Free Concessionary Travel	No issues arose from the certification work	No	No

Appendix 2

Recommendations and action plan

The following table provides a summary of recommendations along with the Council's response.

Issue	Recommendation	Intended outcome/benefit	Agreed	Council responsibility and actions	Completion date
Housing Benefit Subsidy A number of errors were identified that required additional testing and/or reporting to the DWP.	R1 The Council should ensure that the agreed actions to further improve the accurate processing of housing benefit claims are implemented, including the provision of training to staff with a focus on those errors that arose in prior years.	Fewer errors from processing Housing Benefit claims and audit amendments.	The findings are accepted	Head of Finance The processes within the HB service will be reviewed to address the particular issues raised and staff training will be undertaken where appropriate	May 2019
Other Grants A key document was unavailable to support the Local Transport Fund Grant claim.	R2 Key documentation to support the Council's grant funded schemes should be retained for audit purposes.	Supporting evidence for the claim is complete.	The findings are accepted	Head of Finance All managers responsible for the management of grant funded schemes will be	April 2019

Issue	Recommendation	Intended outcome/benefit	Agreed	Council responsibility and actions	Completion date
				requested to ensure that all audit evidence is retained and available for inspection by Audit at the appropriate time	

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