

Meeting of:	Audit Committee
Date of Meeting:	Monday, 14 December 2020
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Certification of Grants & Returns 2018-19
Purpose of Report:	To provide members of the Committee with the Audit Wales Certification of Grants & Returns Report 2018-19
Report Owner:	Head of Section 151 Officer
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • Audit Wales certify a range of grant claims and returns in accordance with their respective instructions and conclude whether expenditure has been in accordance with the relevant terms and conditions. • Audit Wales have certified all the Council's grant claims and returns for 2018-19 and the report attached at Appendix A provides a summary of the outcomes of this work. 	

Recommendations

1. That the Committee consider and note the Certification of Grants and Returns Report 2018-19.

Reasons for Recommendations

1. To ensure the Audit Committee is aware of and informed of the outcome of Audit Wales work in this area.

1. Background

- 1.1 The Vale of Glamorgan Council is responsible for preparing a range of grants and returns (grant claims) for submission to grant paying bodies.
- 1.2 Audit Wales certify a range of grant claims and returns in accordance with their respective instructions and conclude whether expenditure has been in accordance with the relevant terms and conditions.

2. Key Issues for Consideration

- 2.1 All the relevant grant claims and returns for 2018-19 have been certified by Audit Wales and the report attached at Appendix A provides a summary of the outcomes of this work.
- 2.2 Appendix A provides a summary of the 2018-19 grant work. Eight claims required certification, which had an aggregate expenditure of £92.01 million.
- 2.3 Five claims were certified with no issues arising, one was qualified and amended and a further two claims were amended.
- 2.4 A summary of the outcomes for each is detailed within Appendix A.

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

- 3.1** Providing this information helps to demonstrate how the Council ensures that laws and regulations are complied with including the Well Being of Future Generations Act which sets out the five ways of working.

4. Resources and Legal Considerations

Financial

- 4.1** There are no resource implications as a direct consequence of this report.

Employment

- 4.2** None as a direct consequence of this report.

Legal (Including Equalities)

- 4.3** The certification instructions issued by the Auditor General for Wales prescribe the work we are required to undertake for each grant claim.

5. Background Papers

None

Certification of Grants and Returns – Vale of Glamorgan Council

Audit year: 2018-19

Date issued: December 2020

Document reference: 2179A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

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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.

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Summary of certification work outcomes

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 we are required to undertake for each grant claim.
- 3 Our certification arrangements regarding 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 2018-19, and this report provides a summary of the outcome of this work.

Summary of 2018-19 grant work

- 5 In all we were required to certify eight claims, with an aggregate expenditure totalling £92.01 million. Of the eight claims certified:
 - five were certified with no issues arising;
 - one claim was qualified and amended; and
 - two further claims were amended.
- 6 The Council submitted all claims within the submission deadline. We certified one of the claims shortly after the certification deadline, being the Housing Benefit subsidy claim which was a qualified certificate. The issues that resulted in this claim being qualified were also major factors contributing to the delay in our certification.

- 7 The Housing Benefits subsidy claim was also subject to a small amendment which resulted in an increased grant to the Council of £4,937.
- 8 We have summarised all matters arising, where appropriate, on a claim-by-claim basis at **Appendix 1**.
- 9 Our Audit Plan for 2018-19 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 £61,200 which is higher than our initial estimate and the comparative certification fee for 2017-18 (£56,500). The reason for this increase is the additional and unplanned audit work required on the qualified housing benefits subsidy claim.

The Council's grants management processes are robust

- 10 Following completion of our 2017-18 grant certification work at the Council, we reported positively upon the general quality of the Council's grants administration arrangements, including the timely submission of claims, together with the low number of qualified or amended claims. This has continued in respect of 2018-19 grant certification as outlined below within **Exhibit 1**.

Exhibit 1: Summary performance information

There were eight claims certified for the year.

Issue	2018-19	2017-18
Total claims audited	8	9
Number of qualification letters	1	2
Number of amended claims	3 ¹	1
Number of late claims (to WAO)	0	0

¹ In total three claims were amended but only one amendment – housing benefits – had a financial impact.

- 11 Regarding the qualified and amended claims:
- the Housing Benefit claim was qualified regarding a number of errors identified from our caseload testing which required reporting to the Department for Work and Pensions (DWP), and also amended which resulted in additional £4,937 of subsidy payable to the Council;
 - the Local Transport Fund grant was amended to show the grant received on account in line with guidance and present the expenditure details in line with requirements of the scheme's conditions; and
 - the Summary Statement of Welsh Government Grants was amended to remove the line related to Childcare Early Offer Grant as this is administered by another Council.
- 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.

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

- 13 The Housing Benefit Subsidy claim is high value (£37.905 million) and technically complex. As a result, the audit requirements as set out by the Department for Work and Pensions (DWP) are extensive, which means that an amended and/or qualified claim is not uncommon.
- 14 As part of our certification of the claim we submitted a qualification letter to the DWP relating to errors identified regarding the following areas:
- assessment of employed earnings;
 - change of address details;
 - incorrect assessment of rent liability; and

- application of the earnings disregard.
- 15 The DWP have not yet responded to the Council to confirm what action, if any, will be taken regarding these issues.
- 16 Our certification is also guided by DWP to consider those matters we reported as errors in previous years. Whilst some of those errors from the previous year qualification letter did not arise to the same extent and so we were able to report the matter as closed, there were a number of previous year errors that arose again this year, and which we reported to DWP as remaining ongoing. These are:
- incorrect application of housing benefit claim start dates;
 - assessment of employed earnings within the calculation of benefit awarded; and
 - incorrect classification of overpayments.
- 18 Particular focus should be given in training and updates issued to benefit assessors to try and prevent further recurrence of these errors in future years.

Changes to the 2019-20 certification arrangements

- 19 The Welsh Government has ceased its requirement for the external certification of most of its grants and returns from next year hence our certification work during 2019-20 will be limited to the Housing Benefit, Teachers' Pension and Non-Domestic Rate returns.

Appendix 1

Summary of outcomes from our grant certification work

Ref	Summary observations	Qualified	Amended
1. Housing Benefit Subsidy	Our testing identified some 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 agreed amendments to the claim which resulted in additional subsidy of £4,937 for the Council.	Yes	Yes
2. Sustainable Waste Management	No issues arose from the certification work.	No	No
3. Summary Statement of Welsh Government Grants	The claim was amended to remove the line related to Childcare Early Offer Grant as this is administered by another Council. There were also four lines on this scheme where the Council's entries were not consistent with the scheme's requirements, but no amendment was made as the impact was less than £10,000.	No	Yes
4. Local Transport Fund	Our certification of the scheme was qualified in relation to two matters:	No	Yes

Ref	Summary observations	Qualified	Amended
	<ul style="list-style-type: none"> • to show the grant received on account as only that which has been received at the date of the Head of Finance's certificate; and • to present the expenditure details in line with requirements of the scheme's conditions. 		
5. Communities First	No issues arose from the certification work.	No	No
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. Free Concessionary Travel	No issues arose from the certification work.	No	No

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