



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2016-17 – Monmouthshire County Council

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The team who delivered the work comprised of Ann-Marie Harkin, Terry Lewis, Rhodri Davies, Martin Hall, Gayle Howard, Katie Davey, Simon Howells, Jo Williams, Jane Thomas and Caitlin Smith.

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Summary

- 1 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 (referred to as grant claims, hereafter).
- 2 We have completed the audit work in respect of 2016-17 and conclude that the Council had generally sound arrangements in place for the production and submission of its grant claims. There is some scope for improvement and we are continuing to work with the Council to make these improvements for 2017-18.
- 3 The Council submitted 50 per cent of its 2016-17 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £65,265. Overall, the audits resulted in £124,750 less being claimable by the Council in respect of 2016-17.
- 4 For 2016-17 we certified 12 grant claims (the same as 2015-16). Only one of the twelve claims received an 'audit qualification'.

Headlines

Introduction and background	<p>This report summarises the results of work on the certification of the Council 's 2016-17 grant claims and returns</p> <ul style="list-style-type: none">• As appointed auditors of the Council, we are asked on behalf of the Auditor General, to certify grant claims made by the Council.• In respect of 2016-17, we certified 10 grants with a total value of £49,690,675 and 2 returns with a total value of £26,722,380.• At the start of our grant audit work for 2016-17, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation). The Council continues to use a comprehensive Good Practice Grant Checklist which is included on each grant claim file. This checklist highlights the key areas we review when performing our grant auditor certification work.• Although this checklist was used on the majority of grant claim files, there is room for improvement in its completion as some errors were still found on the claims which should have been identified when undertaking the checks required in the checklist.• We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.
Timely receipt of claims	<ul style="list-style-type: none">• Our analysis shows that 50 per cent of grants received during the year were received by the Council's deadline. However, most of the claims had only minimal delays and this did not impact to any great extent on our ability to complete our audit work.• In future, the Grants Co-ordinator should ensure that all grant claims are submitted by the deadlines.
Certification results	<p>For the 12 grants and returns we issued 11 (92%) unqualified certificates and 1 qualification (8%)</p> <ul style="list-style-type: none">• The reasons for qualifying the grant was due to an ongoing police investigation, into alleged fraudulent claims for Free Concessionary Travel fares at a bus operator. The alleged fraudulent

	<p>activity relates to the expenditure contained in the 2016-17 grant claim, which amounts to £6,524. We have not made any amendments to the claim to reflect any potentially ineligible expenditure.</p>
Audit adjustments	<p>Adjustments were necessary to 3 of the Council 's grants and returns as a result of our audit work in respect of 2016-17</p> <ul style="list-style-type: none"> • There were 3 significant adjustments (i.e. over £10,000). An adjustment of £63,443 was made on the Housing Benefit Subsidy claim, £10,644 was made on the Section 33 NHS (Wales) Act 2006 Pooled Budgets claim and £50,663 was made on the Local Transport Grant. The net adjustment of the 3 grants is a reduction of £124,750 in funds payable to the Council. • There were 2 grants where adjustments were identified, but were not amended as the Welsh Government only requires amendments when errors are over £10,000. An error of £7,214 was made on Families First and £47 was made on the Bus Services Support Grant.
Fees	<p>Our overall fee for certification of grants and returns for 2016-17 is £65,265, which is a slight increase (6%) on last year's final fee of £61,860.</p>

Summary of certification work outcomes

- 5 Detailed on the following page is a summary of the key outcomes from our certification work on the Council 's 2016-17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 6 A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2016-17

Overall, we certified 12 grants and returns:

- 8 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 1 required a qualification to our audit certificate
- 0 were qualified but required some amendment to the final figures

Ref – Para 9	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing Benefit Subsidy	30/04/17	17/05/17	Yes	No	-£63,443		
2	21 st Century Schools	30/09/17	08/09/17	No	No			
3	Flying Start	30/09/17	03/10/17	Yes	No			
4	Families First	30/09/17	07/09/17	No	No			
5	Pooled Budgets	28/04/17	16/05/17	Yes	No	-£10,644		
6	Health Act S28a & b Money Transfers	30/09/17	19/09/17	No	No			
7	National Non Domestic Rates	26/05/17	24/05/17	No	No			
8	Teachers' Pension Return	27/05/17	12/09/17	Yes	No			
9	Social Care Workforce Development Plan	23/09/17	28/09/17	Yes	No			
10	Local Transport Grant	30/09/17	19/09/17	No	No	-£50,663		
11	Free Concessionary Travel	23/10/17	19/10/17	No	Yes			
12	Bus Services Support Grant	23/10/17	17/11/17	Yes	No			
	Total				1	-£124,750	£Nil	11

7 This table summarises the key issues behind each of the adjustments or qualifications that are shown above. In addition, it also includes 'Certification Feedback Notes'. These relate to errors found on grant claims and returns to the Welsh Government where the amount of the error found is less than £10,000. In line with our agreed approach with the Welsh Government, we do not qualify grant claims and returns or request changes for these errors. We are however required to bring them to your attention.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy - Unqualified (Amendment to claim)</p> <p>In the course of our testing the following issues were identified:</p> <ul style="list-style-type: none"> • Compilation error as “eligible overpayments” were not included in the claim, due to a casting error on the spreadsheet used to populate the claim; • Compilation error as “2017-18 paid out” figures were not included in spreadsheet used to populate the claim; • Compilation error as “Benchk106 report” out figures were not included in spreadsheet used to populate the claim; and • During testing of initial sample (20 cases) of Rent Allowance cases there was one case where the 13 week protection had been incorrectly granted. We undertook additional testing and determined that this was an isolated case. <p>The above issues did not result in a qualification, but resulted in a reduction in the claim of £63,443.</p>	-£63,443
4	<p>Families First - Unqualified (Certification Feedback Note)</p> <p>In the course of our testing the following issues were identified:</p> <ul style="list-style-type: none"> • Expenditure of £7,200 for teacher training in 2017-18 was incorrectly included in the 2016-17 claim; • Payroll expenditure was overstated by £9.15; and • Project Management expenditure had exceeded grant allocation by £5.29. 	£Nil

Ref	Summary observations	Amendment
	As the total of these errors are less than £10,000, we did not request the claim was amended. This is in line with our agreed approach with the Welsh Government as detailed above.	
5	<p>Pooled Budgets – Unqualified (Amendment to claim)</p> <p>Testing of ‘re-charges’ identified that Support Services Recharges had been overstated by £10,644. The Council had included the total cost of the re-charges, instead of only including the relevant proportion of the re-charges, as per the partnership agreement with Anuerin Bevan University Health Board.</p>	-£10,644
10	<p>Local Transport Grant - Unqualified (Amendment to claim)</p> <p>Testing eligibility against prime documents identified an error, which resulted in an ‘overstatement’ of expenditure of £50,663. The error identified was based on an ‘over estimation’ of an ‘accrual’, due to timing of working slipping significantly to post ‘year-end’. There were only two accruals included in this claim and testing of the other accrual identified no issues. We concluded that this was an isolated error.</p>	-£50,663
11	<p>Free Concessionary Travel - Qualified claim</p> <p>The claim was qualified due to an ongoing police investigation into alleged fraudulent claims for Free Concessionary Travel fares at a specific bus operator. The alleged fraudulent activity relates to the expenditure contained in the 2016-17 grant claim, which amounts to £6,524. We have not made any amendments to the claim to reflect any potentially ineligible expenditure.</p>	£Nil
12	<p>Bus Services Support Grant - Unqualified (Certification Feedback Note)</p> <p>Testing eligibility of claim expenditure against prime documents identified three small errors. These errors were due to differences in the values recorded in the ledger (and hence the claim) and the values recorded on the Annual Certified Claims (verified by an independent certified accountant as per grant terms and conditions) for bus operators</p>	£Nil

Ref	Summary observations	Amendment
	<p>and community transport operators. These differences resulted in a net overstatement of expenditure of £30.35 (actual error identified during testing) and £47.23 (projected error based on sample tested).</p> <p>As the total of these errors are less than £10,000, we did not request the claim was amended. This is in line with our agreed approach with the Welsh Government as detailed above.</p>	
	Total effect of amendments to the Council	- £124,750

Fees

8 A year-on year comparison of our fees has been detailed below.

Breakdown of fee by grant/return	2016-17	2015-16
Housing Benefit Subsidy	£21,563	£16,571
21st Century Schools	£2,691	£2,354
Flying Start	£2,143	£2,821
Families First	£3,809	£3,323
Pooled Budgets	£1,551	£926
Health Act S28a & b Money Transfers	£3,905	£4,538
National Non Domestic Rates	£4,577	£4,922
Teachers' Pension Return	£2,444	£4,703
Social Care Workforce Development Plan	£5,008	£2,317
Local Transport Grant	£2,112	£1,463
Free Concessionary Travel	£3,307	£2,520
Bus Services Support Grant	£2,897	£7,167
Grant Planning, Management and Review	£9,258	£8,629
Total fee	£65,265	£62,254

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