



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Certification of Grants and Returns 2017-18 – Monmouthshire County Council

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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 2017-18 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 the 2018-19 claims.
- 3 The Council submitted 50 percent of its 2017-18 grant claims to us on time. We can confirm that we have certified all the claims, at a total audit cost of some £68,330. Overall, the audits resulted in £4,204 less being claimable by the Council in respect of 2017-18.
- 4 For 2017-18 we certified 12 grant claims (the same as 2016-17). Four of the twelve claims received an 'audit qualification'.

# Headlines

<b>Introduction and background</b>	<p><b>This report summarises the results of work on the certification of the Council 's 2017-18 grant claims and returns</b></p> <ul style="list-style-type: none"><li>• As appointed auditors of the Council we are asked, on behalf of the Auditor General, to certify grant claims made by the Council.</li><li>• In respect of 2017-18 we certified 10 grants with a total value of £53,863,232 and 2 returns with a total value of £29,543,021.</li><li>• At the start of our grant audit work for 2017-18, 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.</li><li>• 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.</li><li>• 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.</li></ul>
<b>Timely receipt of claims</b>	<ul style="list-style-type: none"><li>• Our analysis shows that 50 percent of grants received during the year were received by the Council's deadline. The remaining grants were received between 5 and 104 days late.</li><li>• In future the Grants Co-ordinator should ensure that all grant claims are submitted by the deadlines.</li></ul>
<b>Certification results</b>	<p><b>For the 12 grants and returns we issued 8 (67%) unqualified certificates and 4 qualifications (33%)</b></p> <p>The reasons for qualifying the grants can be summarised as follows:</p>

	<ul style="list-style-type: none"> <li>• Contract Procedure Rules were not followed for 2 of the grants (Land Drainage grant and the Local Transport grant). The total value of the contracts was £702,396 (£158,396 and £544,000 respectively). The claim has not been amended for these errors and therefore has been qualified.</li> <li>• The Partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) for the Section 33 NHS (Wales) Act 2006 Pooled Budgets was not signed until after year-end. Additionally, at the date the audit was undertaken, ABUHB had not paid any financial contributions to the pooled funds as per the section 33 agreement.</li> <li>• The Local Transport Grant had £32,390 of 2018-19 expenditure, incorrectly included in the 2017-18 claim. The claim has not been amended for these errors and therefore has been qualified.</li> <li>• The Bus Services Support Grant included £225,930 of ineligible expenditure. This expenditure was deemed ineligible as it either related do a different financial year or it was expenditure where the authority could not provide supporting invoices. The claim has not been amended for these errors and therefore has been qualified.</li> </ul> <p>Details are contained in the table under paragraph 7 of this report.</p>
<b>Audit adjustments</b>	<p><b>Adjustments were necessary to 2 of the Council 's grants and returns as a result of our audit work in respect of 2017-18</b></p> <ul style="list-style-type: none"> <li>• These adjustments related to Housing Benefit and Teacher's Pension. None of these were significant (i.e. over £10,000) and are detailed on page 8</li> </ul>
<b>Fees</b>	<p><b>Our overall fee for certification of grants and returns for 2017-18 is (£68,330), which is a slight increase (4.7%) on last year's final fee of £65,265.</b></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 2017-18 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 2017-18

### Overall, we certified 12 grants and returns:

- 6 were unqualified with no amendment
- 2 were unqualified but required some amendment to the final figures
- 4 required a qualification to our audit certificate
- 0 were qualified but required some amendment to the final figures

Ref – Para 7	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing Benefit Subsidy	30/04/18	13/09/18	Yes	No		-£4,530	
2	21 <sup>st</sup> Century Schools	30/09/18	25/09/18	No	No			
3	Pooled Budgets	27/04/18	12/07/18	Yes	Yes			
4	Health Act S28a & b Money Transfers	30/09/18	18/09/18	No	No			
5	National Non-Domestic Rates	31/05/18	05/06/18	Yes	No			
6	Summary of Grants WG Schedule	15/06/18	27/09/18	Yes	No			
7	Land Drainage	Ongoing	12/03/18	N/a	Yes			
8	Teachers' Pension Return	31/05/18	05/06/18	Yes	No		+£326	
9	Social Care Workforce Development Plan	28/09/18	27/09/18	No	No			
10	Free Concessionary Travel	N/a	31/12/18	No	No			
11	Local Transport Grant	30/09/18	27/09/18	No	Yes			
12	Bus Services Support Grant	22/10/18	13/12/18	Yes	Yes			
	<b>Total</b>				<b>4</b>		<b>-£4,204</b>	<b>8</b>



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><b>Housing Benefit Subsidy - Unqualified (Amendment to claim)</b></p> <p>There were no errors found from the testing of Housing Benefit cases. The only amendments to the claim related to the compilation/reconciliation process, as follows:</p> <ul style="list-style-type: none"> <li>• Compilation error as "Benchk106 report" figures were not included in spreadsheet used to populate the claim, and</li> <li>• Corrections to manual adjustments on the SUB57 and RBE263 reports.</li> </ul> <p>The above issues did not result in a qualification but resulted in a reduction in the claim of £4,530.</p>	-£4,530
3	<p><b>Pooled Budgets – Qualified (no amendment)</b></p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> <li>• The Partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) was not signed until after year-end (signed May 2018), when it should have been signed and dated before the contract start date (1 April 2017).</li> <li>• When the audit was undertaken, ABUHB had not paid any financial contributions to the pooled funds as per the agreement. Section 15.10 of the section 33 agreement states the partners will pay their financial contributions to the Pooled Funds in annual instalments in advance.</li> </ul> <p>The above issues resulted in a qualification to the claim.</p>	£Nil

Ref	Summary observations	Amendment
7	<p><b>Land Drainage – Qualified (no amendment)</b></p> <p>During our testing the following issue was identified:</p> <ul style="list-style-type: none"> <li>• A contract (expenditure totalling £158,396) was awarded but there was no evidence to support the Authority's normal procurement process.</li> </ul> <p>The above issue resulted in a qualification to the claim.</p>	£Nil
8	<p><b>Teacher's Pension - Unqualified (Amendment to claim)</b></p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> <li>• The values recorded in Section 3 for Teachers Contributions and for Employer's Contributions were incorrectly transpose; and</li> <li>• Employer contributions were incorrectly reported for Tier 1 (7.4%) by £326.</li> </ul> <p>The above issues resulted in an amendment to the claim and an increase in the amount claimable of £326.</p>	+£326
11	<p><b>Local Transport Grant – Qualified (no amendment)</b></p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> <li>• Contracts with expenditure totalling £544,000 for the 2017-18 claim were awarded without evidence that the authority's normal procurement processes had been followed;</li> <li>• The claim included approximately £32,390 of expenditure that related to 2018/19 Financial Year.</li> </ul> <p>The above issues resulted in a qualification. No amendments were made to the claim, but these issues identified would result in a reduction of the claim by £576,390.</p>	£Nil

Ref	Summary observations	Amendment
12	<p><b>Bus Services Support Grant – Qualified (no amendment)</b></p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> <li>• The claim included expenditure of £202,305.00 incurred by third parties on Audio Visual (AV) equipment that should not be allowed because it was installed prior to March 2017;</li> <li>• Expenditure on the claim was overstated by £3,139.00 as payments due to two Community Transport Operators had been omitted and a payment to a Local Authority, which was subsequently returned had been included;</li> <li>• Expenditure included two returned BACs totalling £1,997.40, when the original payments related to the Young Persons Discount scheme;</li> <li>• Expenditure on the claim was overstated by £21,144.74, as a recoverable over payment (of £21,444.74) due from one Bus Operator, had not been included;</li> <li>• Expenditure on the claim was overstated by £1,338.00 as a recoverable ‘over payment’ from one Community Transport Operator had not been included.</li> </ul> <p>The above issues resulted in a qualification. No amendments were made to the claim, but these issues identified would result in a reduction of the claim by £225,930.</p>	£Nil
	<b>Total effect of amendments to the Council</b>	<b>- £4,204</b>

# Fees

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

<b>Breakdown of fee by grant/return</b>	<b>2017-18</b>	<b>2016-17</b>
Housing Benefit Subsidy	£19,770	£21,563
21st Century Schools	£2,459	£2,691
Flying Start	N/a	£2,143
Families First	N/a	£3,809
Pooled Budgets	£3,116	£1,551
Health Act S28a & b Money Transfers	£3,848	£3,905
National Non Domestic Rates	£4,154	£4,577
Summary Statement	£6,712	N/a
Land Drainage	£3,401	N/a
Teachers' Pension Return	£3,634	£2,444
Social Care Workforce Development Plan	£2,988	£5,008
Local Transport Grant	£2,990	£2,112
Free Concessionary Travel	£529	£3,307
Bus Services Support Grant	£5,117	£2,897
Grant Planning, Management and Review	£9,612	£9,258

<b>Breakdown of fee by grant/return</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Total fee</b>	<b>£68,330</b>	<b>£65,265</b>

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