



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Monmouthshire County Council - Certification of Grants and Returns 2018-19

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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 public body, make arrangements for certifying claims and returns (referred to as claims hereafter).
- 2 We have completed our certification work and conclude that Monmouthshire County Council (the Council) had generally sound arrangements in place for the production and submission of its claims. There is some scope for improvement, and we are continuing to work with the Council to make these improvements for 2019-20 claims.
- 3 The Council submitted 67% of its 2018-19 claims to us on time (2017-18: 50%). We can confirm that we have certified all of these, at a total cost of £54,580 (2017-18: £68,330). Overall, our work in 2018-19 resulted in £4,620 more being claimable by the Council.
- 4 For 2018-19 we certified 12 claims (the same as 2017-18), collectively worth £77,708,330. Three of the 12 claims were qualified.

Headlines

Introduction and background	<p>This report summarises the results of work on the certification of the Council's 2018-19 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 claims and returns submitted by the Council.• In 2018-19 we certified ten grant claims with a total value of £46,959,805 and two returns with a total value of £30,748,525.• At the start of our grant audit work for 2018-19, we met with the grant co-ordinator and key financial officers who have responsibility for 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 most 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 to provide collective feedback to those officers having the responsibility for grant management so that we can work together to identify further improvements in claim preparation.
Timely receipt of claims	<ul style="list-style-type: none">• 67% of claims submitted to us during the year were received by the deadline set for the Council in terms and conditions.
Certification results	<p>For the 12 claims, we issued nine (75%) unqualified certificates and three qualifications (25%).</p> <p>The reasons for the three qualifications are summarised as follows:</p> <ul style="list-style-type: none">• For the Section 33 NHS (Wales) Act 2006 pooled budgets return, the partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) was not signed before the start of the year. Additionally, at the date the audit was undertaken, ABUHB had not paid any financial contributions to the pooled budget as per the Section 33 agreement.

	<ul style="list-style-type: none"> • The Local Transport Grant claim had £371,119 of 2019-20 expenditure, and £20,236 of 2017-18 expenditure, incorrectly included in the 2018-19 claim. The claim has not been amended for these errors and therefore the claim has been qualified. • The Bus Services Support Grant claim did not include £16,204 of eligible accrued expenditure. The claim has not been amended for this error and therefore has been qualified. <p>Further details are contained in the table under paragraph 7 of this report.</p>
Claim adjustments	<p>Adjustments were necessary to two of the Council's claims as a result of our work this year.</p> <ul style="list-style-type: none"> • These adjustments related to the Housing Benefit Subsidy and Teachers' Pensions returns. None of these adjustments were significant (ie over £10,000) and are detailed on page 8.
Fees	<p>Our overall cost of certification work for 2018-19 is £56,357 which is a decrease of 17.5% on our fee from 2017-18 of £68,330.</p>

Summary of certification work outcomes

- 5 The following pages summarise the key outcomes from our certification work on the Council's 2018-19 claims, showing where either amendments were made 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 adjusting the claim. In these circumstances, the relevant grant-paying body may require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2018-19

Overall, we certified 12 grants and returns:

Seven were unqualified with no amendment;

Two were unqualified but required amendments to the claim; and

Three required a qualified audit certificate.

Ref – Para 7	Claims and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing & Council Tax Benefits Scheme	30/04/2019	02/05/2019	Yes			+£3,875	Yes
2	21st Century Schools	30/09/2019	10/09/2019	No				Yes
3	Section 33 Pooled Budgets	19/04/2019	09/05/2019	Yes	Yes			
4	Health Act S28a and 28b Money transfers	30/09/2019	19/09/2019	No				Yes
5	National Non-Domestic Rates Return	31/05/2019	30/05/2019	No				Yes
6	Sustainable Waste Management Grant	31/08/2019	01/10/2019	Yes				Yes
7	Summary of Grants WG Schedule	30/09/2019	27/09/2019	No				Yes
8	Teachers' Pension Return	31/05/2019	31/05/2019	No			+£745	Yes
9	Free Concessionary Travel	30/09/2019	19/09/2019	No				Yes
10	Local Transport Grant	30/09/2019	27/09/2019	No	Yes			
11	Bus Services Support Grant	30/09/2019	19/09/2019	No	Yes			
12	Youth Travel Scheme	31/10/2019	01/11/2019	Yes				Yes
Total					3		+£4,620	9

7 This table summarises the key issues behind each of the adjustments or qualifications that were identified above.

Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy return - unqualified (amendment to claim)</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"> • correction to manual adjustments on the SUB057, RBE263 reports; and • compilation error as the 2018-19 benefits paid out figure was not included in the spreadsheet used to populate the claim. <p>The above issues did not result in a qualification and resulted in an increase in the claim of £3,875.</p>	+£3,875
3	<p>Section 33 Pooled Budget return - qualified (no amendment)</p> <p>During our testing the following issues were identified:</p> <ul style="list-style-type: none"> • the Partnership agreement between the Council and Aneurin Bevan University Health Board (ABUHB) was signed during the financial year, when it should have been signed and dated before the contract start date (1 April 2018); and • 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. <p>The above issues resulted in a qualification to the claim.</p>	£Nil

Ref	Summary observations	Amendment
8	<p>Teachers' Pension return - unqualified (amendment to claim)</p> <p>During our testing we identified two employees (in a sample of 20) that had not made the correct employee pension contributions for 2018-19. This error only applied to employees in the Final Salary Scheme (and not employees included in the Career Average Revalued Earnings scheme) and was due to the system not recalculating pension contribution rates, if there were changes to their actual pensionable pay.</p> <p>We reviewed the annual contributions for all employees included in the Final Salary Scheme, which led to an increase in the claim for overpayment of employee payments to Teacher's Pension of £745.</p>	+£745
10	<p>Local Transport Fund claim - qualified (no amendment)</p> <p>During our testing we identified expenditure that was not incurred in the 2018-19 financial year:</p> <ul style="list-style-type: none"> • the Local Transport Fund claim included £371,119 of expenditure relating to the 2019-20 financial year; and • the Active Travel Fund Claim includes £20,236 of expenditure relating to the 2017-18 financial year. <p>The claim was not amended for the issues detailed above and therefore resulted in a qualification. If amended, there would have been a reduction of the claim of £391,355.</p>	£Nil
11	<p>Bus Services Support Grant claim - qualified (no amendment)</p> <p>During our testing we identified £16,204 of eligible accrued expenditure that had not been included in the claim.</p> <p>The claim was not amended for the issue detailed above and therefore resulted in a qualification. If amended, there would have been an increase in the value of the claim of £16,204.</p>	£Nil
	Total effect of amendments to the Council's claims and returns	+£4,620

Fees

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

Breakdown of fee by grant/return	2018-19	2017-18
Housing Benefit Subsidy	£16,185	£19,770
21st Century Schools	£2,314	£2,459
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£1,781	£3,116
Health Act S28a and 28b Money Transfers	£3,190	£3,848
National Non-Domestic Rates	£3,450	£4,154
Sustainable Waste Management	£1,759	N/A
Summary of Grants WG Schedule	£4,027	£6,712
Land Drainage	N/A	£3,401
Teachers' Pensions	£1,885	£3,634
Social Care Workforce Development Plan	N/A	£2,988
Free Concessionary Travel	£2,644	£529
Local Transport	£3,630	£2,990
Bus Services Support	£3,062	£5,117
Youth Travel Scheme	£1,927	N/A
Grant Planning, Oversight & Review	£10,503	£9,612
Total fee	£56,357	£68,330

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