

Certification of Grants and Returns 2019-20 – Monmouthshire County Council

Audit year: 2019-20

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Summary of certification work outcomes

- 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 undertook our work with the aim of certifying individual claims and to answer the question:
 - ‘Does Monmouthshire County Council (the Council) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?’
- 3 We have completed our certification work and conclude that 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 2020-21 claims.
- 4 The Council submitted 67% of its 2019-20 grant claims to us on time (2018-19: 67%). We can confirm that we have certified all of the claims, at a total audit cost of £54,020 (£56,357).
- 5 For 2019-20 we certified five grant claims, which is a significant reduction in the number of claims were certified in 2018-19 (12 claims). This is due to a number of Welsh Government grants no longer requiring Audit Wales certification. Of the five claims certified this year, three were qualified.

<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Council's 2019-20 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. – For 2019-20, we certified three grants with a total value of £19,577,569 and two returns with a total value of £32,330,166. – At the start of our grant audit work for 2019-20, 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 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.
<p>Timely receipt of claims</p>	<ul style="list-style-type: none"> – Out of five claims in total requiring certification this year, three were received within deadlines, with two received late. Further detail is provided in the table on page 6 below.
<p>Certification results</p>	<p>For the five claims, we issued two unqualified certificates and three qualifications</p> <p>The reasons for the three qualifications are summarised below:</p> <ul style="list-style-type: none"> – the Teachers' Pension return included a difference between the payroll records and the return that could not be reconciled; – the National Non-Domestic Rates return included £26,867.67 (two cases) of empty premises relief where there was no evidence to support that a property was empty during that period; and – the Housing Benefit Subsidy return included one item of underpaid subsidy (although this did not affect the total level of subsidy receivable by the Council).

Audit adjustments	Adjustments were necessary to two of the Council's claims as a result of our work this year – These adjustments related to the Section 33 Pooled Budgets and Health Act S28a and 28b Money Transfers returns. None of these adjustments were significant and are detailed in paragraph 8.
Fees	Our overall fee for certification of 2019-20 grants and returns is £54,020.

- 6 Detailed below is a summary of the key outcomes from our certification work on the Council's 2019-20 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.
- 7 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 2019-20

Overall, we certified five grants and returns:

- **two were unqualified but required some amendment to the final claim**
- **three required a qualification to our audit certificate**

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	National Non-Domestic Rates Return	29/05/20	02/06/20	Yes	Yes			
2	Teachers' Pension Return	31/05/20	29/09/20	Yes	Yes			
3	Housing Benefit Subsidy	30/04/20	30/04/20	No	Yes			
4	Section 33 Pooled Budgets	08/05/20	30/04/20	No			£791	Yes
5	Health Act S28a and 28b Money transfers	30/09/20	29/09/20	No		£55,518		Yes
	Total				3	£55,518	£791	2

8 This table summarises the key issues behind each of the adjustments or qualifications identified in the table above.

Ref	Summary observations	Amendment
1	<p>National Non-Domestic Rates (qualification)</p> <ul style="list-style-type: none"> Out of a sample of ten cases receiving Empty Premises Relief, in two cases (totalling £26,867.67) the Council could not provide evidence that a review of the premises had taken place when the relief was granted. Projecting this error over the total of £1,023,980, Empty Premises Relief awarded in 2019-20 gives a potential overstatement of relief awarded of £164,656. Our audit also identified a number of less significant matters, grouped into three categories: <ul style="list-style-type: none"> presentational errors with no impact on claim value; 	-

Ref	Summary observations	Amendment
	<ul style="list-style-type: none"> - other errors with an impact on claim value, but individually and in total lower than the £10,000 Welsh Government threshold for reporting; and - other minor matters in completion of the claim. 	
2	<p>Teachers' Pensions (qualification)</p> <ul style="list-style-type: none"> • Our audit identified a difference of £1,587.88 in the total contributory salary per the Teachers' Pensions claim compared to the Council's payroll records. This difference means that both Employees' Contributions Tier 1 (7.4%) and Employer's Contributions Tier 1 (23.68%) differ by £117 and £376 respectively. 	-
3	<p>Housing Benefit Subsidy (qualification)</p> <ul style="list-style-type: none"> • Our initial testing of 'Rent Allowances' identified one case where Housing Benefit had been underpaid by £206 due to incorrect treatment of claimant earnings. Under Department for Work and Pensions (DWP) directions, we performed significant additional testing of a number of similar cases but did not identify further issues. No amendment to the Housing Benefit Subsidy claim is required as the single error did not affect the level of subsidy receivable by the Council. 	-
4	<p>Section 33 Pooled Budgets</p> <ul style="list-style-type: none"> • Our audit identified one transaction for vehicle hire that was ineligible for inclusion in this claim. There were also a number of year-end accruals for energy costs included in the initial claim, 	-£791

Ref	Summary observations	Amendment
	which were lower than the actual invoices received after year-end. The net effect is a reduction in the overspend of the pooled budget of £791 (of which £451 would have been funded by the Council).	
5	<p>Health Act S28a and 28b Money Transfers</p> <ul style="list-style-type: none"> Expenditure on the Severn View EMI Unit did not include a 10% recharge (amounting to £55,518) for support costs. Therefore, the total expenditure of £553,670 is understated by this amount. However, there was no impact on the level of grant, as expenditure already exceeds the income allocation. 	+£55,518
	Total effect of amendments	+£54,727

Fees

- 9 A breakdown of our fees is detailed below. The total fee for 2019-20 is in line with the total for 2018-19, despite there being fewer claims to certify. This is primarily due to our work over the Housing Benefit Subsidy return.
- 10 While this return was unamended this year, significant additional testing was required given an error identified in our original testing sample (the DWP requires significant additional testing in the case of any errors in an original sample). This error did not affect the level of Housing Benefit subsidy receivable by the Council, and so the claim did not require amendment (although a qualification letter was

issued to DWP to outline our findings). Furthermore, with Housing Benefit managed by Torfaen CBC on the Council's behalf, we needed to obtain remote working access to two Councils' systems which increased the complexity of our work on this claim this year.

11 In this paper we also provide an estimate of our fees for delivery of 2020-21 grant certification work.

Breakdown of fee by claim	2017-18	2018-19	2019-20	2020-21 (estimate)
Housing Benefit	£19,770	£16,185	£31,106	£20,000
21st Century Schools	£2,459	£2,251	N/A	-
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£3,116	£1,781	£2,920	£3,000
Health Act S28a and 28b Money transfers	£3,848	£3,190	£3,065	£3,000
National Non-Domestic Rates Return	£4,154	£3,450	£5,208	£4,000
Sustainable Waste Management Grant	N/A	£1,759	N/A	-
Summary of Grants WG Schedule	£6,712	£4,027	N/A	-
Teachers' Pension Return	£3,634	£1,864	£3,540	£2,500
Free Concessionary Travel	£529	£2,644	N/A	-
Local Transport Grant	£2,990	£3,631	N/A	-
Bus Services Support Grant	£5,117	£3,062	N/A	-
Youth Travel Scheme	N/A	£1,927	N/A	-
CI Grant Planning, Supervision & Review	£9,612	£8,811	£8,181	£7,500
Total fee	£61,821	£54,579	£54,020	£40,000

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