

Certification of Grant Returns 2020-21 – Monmouthshire County Council

Audit year: 2020-21

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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 grant returns.
- 2 We undertook our work with the aim of certifying individual returns 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 returns?’
- 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 returns. However, there remains some scope for improvement (particularly around the Housing Benefit return), and we are continuing to work with the Council to allow them to make these improvements for 2021-22 returns.

Table 1: Overview

<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Council’s 2020-21 grant 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 returns made by the Council. • for 2020-21 we certified five grant returns with a total value of £19,577,569. • 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 returns</p>	<p>For the five returns, three were received within established deadlines, with two received slightly late:</p> <ul style="list-style-type: none"> • however, we note that these slight delays did not impact on our audit process at all. Further detail is provided in the table on page 6 below.

Certification results	<p>For the five returns, we issued one unqualified certificate and four qualifications:</p> <ul style="list-style-type: none"> the reasons for the four qualifications are summarised below in paragraph 6.
Audit adjustments	<p>Adjustments were necessary to one of the Council’s returns as a result of our certification work:</p> <ul style="list-style-type: none"> these adjustments related to the Section 33 Pooled Budget return. These adjustments were not significant in value and are detailed in paragraph 6.
Fees	<p>Our overall fee for certification of 2020-21 grant returns is £57,190:</p> <ul style="list-style-type: none"> this represents a slight increase in cost when compared to 2019-20. The reasons for this increase are set out in paragraph 7.

- 4 Detailed on the following page is a summary of the key outcomes from our certification work on the Council’s 2020-21 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.
- 5 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 return. In these circumstances, it is possible 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.

Table 2: Summary of findings

Key information for 2020-21
Overall, we certified five grant returns:
<ul style="list-style-type: none"> • One return was unqualified • One return required adjustments prior to certification • Four returns were qualified

Table 3: Key grant information

Ref – Para 6	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	National Non-Domestic Rates Return	28/05/21	25/05/21	No	Yes	–	–	–
2	Teachers’ Pensions Return	30/06/21	27/05/21	No	Yes	–	–	–
3	Housing Benefit Subsidy	30/04/21	12/05/21 ¹	Yes	Yes	–	–	–
4	Section 33 Pooled Budgets	07/05/21	14/05/21	Yes	Yes	–	£2,704	–
5	Health Act S28a and 28b Money transfers	30/09/21	24/09/21	No	–	–	–	Yes
	Total				4	–	£2,704	1

¹ While the Housing Benefit Subsidy return and the Section 33 Pooled Budget return were both submitted for audit slightly after the deadline set out in our Certification Instructions, these minor delays did not impact on the delivery of our certification work.

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

Table 4: Detailed audit findings

Ref	Summary observations	Amendment
1	<p>National Non-Domestic Rates (qualification only)</p> <p>The following matters were raised in the qualification letter:</p> <ul style="list-style-type: none"> like many authorities across Wales, the ability for on-site inspections for empty property relief claims has been severely hampered by the COVID-19 pandemic, as staff in the authority had to work from home or have been diverted to other important work. For our sample test of empty property relief claims, a variety of evidence was provided by claimants to prove that properties were empty. However, the Council has not been able to obtain sufficient and consistent assurance that the property was empty for the claimed period for all properties. Our sample testing of transitional relief claims identified one issue where a transaction of £5,692 could not be reconciled to supporting documentation. We tested nine other such claims with no issues arising, leaving an untested balance of only £12,946. Given that the error was below the £10,000 de minimis threshold established by the Welsh Government, no amendment has been made to the Council's return. 	–

Ref	Summary observations	Amendment
2	<p>Teachers' Pensions (qualification only)</p> <ul style="list-style-type: none"> • We identified the following matters in our qualification letter (despite the small amounts involved, we are required to report to Teachers' Pensions rather than adjust the return): <ul style="list-style-type: none"> – one refund of £243.75 which could not be evidenced or explained by the Council (consequently, our view is that refunds are overstated by this amount on the Council's return); – a discrepancy of £66.42 in Tier 6 contributions, resulting from one employee's pension contributions being incorrectly recorded on the return; and – a further minor discrepancy of £4.69 in Tier 1 contributions, where the return did not agree to supporting evidence provided by the Council. Given the very minor nature of this difference, no further work was performed to identify the reason for this discrepancy. 	–

Ref	Summary observations	Amendment
3	<p data-bbox="360 448 920 475">Housing Benefit Subsidy (qualification only)</p> <p data-bbox="360 488 1525 576">Our qualification letter identified a number of issues following our certification work. While the list of issues is certainly extensive, the overall impact on the Housing Benefit subsidy claimed by the Council is relatively low:</p> <ul data-bbox="360 592 1525 1310" style="list-style-type: none"> <li data-bbox="360 592 1525 711">• firstly, we identified a number of cases in our sample testing where income deductions from Housing Benefit claims had been incorrectly calculated, resulting in overpayments of Housing Benefit. These errors related to various classes of income, including tax credits, pensions and earnings. <li data-bbox="360 727 1525 783">• we also identified one case where a Housing Benefit overpayment identified by the Council had been incorrectly classified, leading to an excess of Housing Benefit subsidy being claimed. <li data-bbox="360 799 1525 1310">• Finally, we identified a number of ‘observations’ (ie matters arising from our work which had no impact on Housing Benefit subsidy being claimed by the Council). These observations included: <ul style="list-style-type: none"> <li data-bbox="405 895 976 922">– some original claim forms not being located; <li data-bbox="405 938 1200 965">– agreements with accommodation providers not being available; <li data-bbox="405 981 1480 1031">– incorrect calculation of breakfast deductions in a number of cases, leading to underpaid Housing Benefit; <li data-bbox="405 1046 1424 1096">– lack of evidence of the number of living rooms and bedrooms for certain properties included in Housing Benefit claims; <li data-bbox="405 1112 1514 1161">– incorrect application of the LHA rate when assessing Housing Benefit claims covering part of a week; and <li data-bbox="405 1177 1413 1227">– classification of overpayments made relating to leased properties managed by the Council’s Housing Options department. <li data-bbox="360 1251 1469 1310">• We also note a number of amendments made to the final Housing Subsidy return following further work by the Council (which do not arise from our certification work). 	–

Ref	Summary observations	Amendment
4	<p>Section 33 Pooled Budgets (qualification and amendment)</p> <ul style="list-style-type: none"> • Our qualification letter identified the following issues: <ul style="list-style-type: none"> – there was an overspend of £17,551 on the pooled budget, for which we could find no evidence of prior approval by the partners (although we appreciate that this could have been as a result of partnership meetings being disrupted as a result of the COVID-19 pandemic); – there were transactions totalling £2,704 which related to the 2019-20 financial year, rather than 2020-21. As such, these transactions should not have been included in the 2020-21 pooled budget memorandum account and, following our audit work, have been removed in the revised return submitted by the Council (as well as being reported in the qualification letter for completeness). 	£2,704 reduction in the final return
5	<p>Health Act S28a and 28b Money Transfers</p> <ul style="list-style-type: none"> • No amendments or qualifications noted from our certification work. 	–
	Total effect of amendments	£2,704 reduction in final returns

Fees

- 7 A breakdown of our fees is detailed below. The total fee for 2020-21 is slightly above the total for 2019-20 and remains higher than the historic fee level for these returns.
- 8 This increase in cost is primarily due to our work over the Housing Benefit Subsidy return which is by far the most complex and detailed return that we review. The table in paragraph 6 above sets out the issues arising from our work this year, which have taken considerable time for Audit Wales staff to review and confirm. In a number of cases, the errors identified in our work led to additional sample testing being required in those specific areas, which is again time-consuming to perform and review.
- 9 In this paper we also provide an estimate of our fees for delivery of 2021-22 grant certification work.

Table 5: Total grant fee by year

Breakdown of fee by claim	2019-20	2020-21	2021-22 (estimate)
Housing Benefit	£31,106	£31,944	£31,000
Section 33 NHS (Wales) Act 2006 Pooled Budgets	£2,920	£2,965	£3,000
Health Act S28a and 28b Money transfers	£3,065	£808	£2,000
National Non-Domestic Rates Return	£5,208	£8,995	£6,000
Teachers' Pension Return	£3,540	£3,348	£3,500
CI Grant Planning, Supervision & Review	£8,181	£9,130	£8,500
Total fee	£54,020	£57,190	£54,000

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