



WALES **AUDIT** OFFICE  

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# Certification of Grants and Returns 2011-12

## **Vale of Glamorgan Council**

**Audit year:** 2011-12

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# Status of report

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The team who delivered the work comprised John Golding (Engagement Leader), Gail Turner (Manager), Rhys Jenkins (In-Charge Auditor), Owen Smith, Georgina Philp and Caryl Jones (Assistant Auditors) from Grant Thornton UK LLP.

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# Summary

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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 Vale of Glamorgan Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
3. We have completed our work and conclude that the Authority had adequate arrangements in place for the production and submission of its 2011-12 grant claims. Our conclusion for 2011-12 is based on the following overall findings:
  - the Vale of Glamorgan Council worked closely with us to ensure that an accurate and up-to-date schedule of 2011-12 grants was in place throughout the year
4. For 2011-12 we certified 21 grant claims, 1 fewer than in 2010-11.
5. The Authority submitted all of its 2011-12 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of £49,414.
6. None of the claims were qualified.

# Headlines

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## Introduction and background

### **This report summarises the results of work on the certification of the Authority's 2011-12 grant claims and returns**

As auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.

- For 2011-12, we certified 21 grants with a total value of £116,036,829.
- At the start of our grant certification work for 2011-12, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation) and agreed our proposed approach for completing grant work in the coming months.
- 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.

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## Certification results

### **We issued unqualified certificates for all grants and returns**

- This is an improvement on performance reported in 2010-11, where qualifications were necessary in 3 cases (13%).
- Our analysis shows that 100 per cent of grants received during the year were received by the Authority's deadline.

Pages 8-9

# Headlines

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## Audit adjustments

### **Adjustments were necessary to seven of the Authority's grants and returns as a result of our audit certification work this year**

- There were no significant adjustments (i.e., over £10,000).
- An adjustment was made to the Housing and Council Tax Benefits Scheme, reducing the overall amount payable to the Authority by £6,368, where the value of the grant was £46,946,149 (0.01% adjustment).
- An adjustment was made to the National Non-Domestic Rates Return, reducing the overall amount payable to the Authority by £7, where the value of the grant was £34,770,131 (0.00% adjustment).
- An adjustment was made to the Housing Revenue Account Subsidy Statement, decreasing the overall amount payable to the Authority by £1,486, where the value of the grant was £5,052,870 (0.03% adjustment).
- Amendments to 4 other schemes had no overall effect on entitlement, and no additional funds were claimable by the Authority.

Pages 10-12

## The Authority's arrangements

### **The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in the Free Concessionary Travel Grant.**

- The Authority should put in place systems and controls to ensure that where grant is passed to a third party to spend, that the organisation is complying with grant scheme rules by keeping adequate records of expenditure.

Pages 13-14

# Headlines

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## Fees

**Our overall fee for certification of grants and returns for 2011-12 is £49,414 which is within our original estimate of £40,000 to £60,000**

Pages 15-16

- The number of claims audited decreased from 22 in 2010-11 to 21 in 2011-12.
- Savings of £6,375 were made on the Housing benefits grant testing as we were able to collaborate with the Internal Audit department and an Internal Audit team member was included in our team for 2 weeks of the work.
- In line with WAO guidance all certifications required substantive testing. In the past for some grants, controls could be relied on.

7. Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2011-12 grants and returns, showing where either amendments were made as a result of our work or where we had to qualify our certificate.
8. A qualification means that issues were identified concerning the Authority'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 Authority to satisfy itself that the full amounts of grant claimed are appropriate.

### Key information for 2011-12

**Overall, we certified 21 grants and returns:**

- 14 were unqualified with no amendment
- 7 were unqualified but required an amendment to the final figures
- None required a qualification to our certificate
- None were qualified but required an amendment to the final figures

# Headlines

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# Certification Results

Ref – Para 9	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Communities First – Castlelands	31/07/12	31/07/12	No				£136,928
2	Communities First - Gibbonsdown and Court	31/07/12	31/07/12	No				£144,446
3	Housing and Council Tax Benefits Scheme	31/04/12	30/04/12	No			(£6,368)	£46,946,149
4	National Non-Domestic Rates Return	21/08/12	20/07/12	No			(£7)	£34,770,131
5	Teachers' Pensions Return	29/06/12	22/06/12	No			See below	£9,689,227
6	Transport Grant	31/08/12	30/08/12	No				£747,000
7	Schools Effectiveness Grant	30/09/12	26/09/12	No			See below	£1,295,631
8	Transitional SBIG (Tranche 1)	30/09/12	21/09/12	No				£5,000,000
9	Transitional SBIG (Tranche 3)	30/09/12	21/09/12	No				£400,000
10	Flying Start	30/09/12	28/09/12	No				£1,334,083
11	Cymorth	30/09/12	28/09/12	No				£1,269,797
12	Learning Disability Resettlement	31/08/12	31/07/12	No				£1,205,346
13	Free Concessionary Travel	30/09/12	28/09/12	No				£1,591,881

# Certification Results

14	Learning Pathways (non-ESF funded)	30/09/12	28/09/12	No				£774,194
15	Substance Misuse Action Plan Fund	30/09/12	21/09/12	No			See below	£682,269
16	Strategic Regeneration Area (Iolo Park)	30/09/12	21/09/12	No				£204,490
17	Strategic Regeneration Area (Basset Park)	30/09/12	28/09/12	No				£369,430
18	Regional Transport Consortia	30/09/12	21/09/12	No				£1,368,000
19	Social Care Workforce Development Programme	28/09/12	28/09/12	No			See below	£240,737
20	HRA Subsidy	30/09/12	18/09/12	No			(£1,486)	£5,052,870
21	Sustainable Waste Management	31/10/12	21/09/12	No				£2,814,220
<b>Total</b>					<b>0</b>	<b>£nil</b>	<b>(£7,861)</b>	<b>£116,036,829</b>

# Audit Adjustments

9. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 8 to 9.

Ref	Summary observations	Amendment
3	<p><b>Housing and Council Tax Benefits Scheme</b></p> <ul style="list-style-type: none"> <li>The Housing and Council Tax Benefits Scheme was adjusted without qualification, decreasing the overall amount payable to DWP by £6,368.</li> <li>Adjustments were made to cell 055 (rent rebates total expenditure - tenants of HRA properties) and cell 094 (rent allowances total expenditure). The adjustments increased each of the cells by £1 to agree the figures to reconciliation cells, as per the CI requirements.</li> <li>An adjustment was made to cell 179S (uncashed payments prior to 2011-12). The adjustment reduced the cell by £1,998 to agree the figure to supporting documentation.</li> <li>An adjustment was made to cell 214 (modified schemes - expenditure due to voluntary disregarding of War Disablement Pensions or War Widows Pensions). The adjustment increased cell 214 by £5,827 to align the cell with cell 225, as per the CI requirements.</li> </ul>	(£6,368)
4	<p><b>National Non-Domestic Rates Return</b></p> <ul style="list-style-type: none"> <li>The Non-Domestic Rates Final Contributions Return was adjusted without qualification, decreasing the overall amount payable by £7.</li> <li>The adjustment was the result of a malfunction of the Academy system, which created an erroneous figure in line 3 of the claim form (transitional relief - increase in rate yield due to full rate increases being deferred). The actual figure was nil.</li> </ul>	(£7)

# Audit Adjustments

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5	<b>Teachers' Pension Fund Return</b> <ul style="list-style-type: none"><li>The Teachers' Pensions Fund Return was adjusted without qualification, and amendments have no overall effect on entitlement.</li><li>Adjustments were made to line 2a of the claim form (contributions paid - teachers' contributions paid and employer's contributions paid), which incorrectly included a refund element already separately disclosed. The adjustment to cell 2aiii reduced teachers' contributions paid by £938.96. The adjustment to cell 2aiv reduced employer's contributions paid by £2,068.66.</li></ul>	£nil
7	<b>School Effectiveness Grant</b> <ul style="list-style-type: none"><li>The School Effectiveness Grant was adjusted without qualification, but amendments have no overall effect on entitlement.</li><li>The adjustment increases the amount the LA has delegated to its schools by £28,882, to align the claim form with supporting documentation. This figure is for information purposes only.</li></ul>	£nil
15	<b>Substance Misuse Action Plan Fund</b> <ul style="list-style-type: none"><li>The Substance Misuse Action Plan Fund was adjusted without qualification, but amendments have no overall effect on entitlement.</li><li>The adjustment is a change to the amounts the LA has delegated to 2011-12 Generic Funding and the Ring Fenced Share of £300K for Counselling Service by £3,635, to align the claim form with supporting documentation.</li></ul>	£nil

# Audit Adjustments

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19	<b>Social Care Workforce Development Programme</b> <ul style="list-style-type: none"><li>The Social Care Workforce Development Programme was adjusted without qualification, but amendments have no overall effect on entitlement.</li><li>Column 2 of line 1 was left blank, figure of £240,737 was entered to align the claim form with supporting documentation.</li></ul>	£nil
20	<b>HRA Subsidy</b> <ul style="list-style-type: none"><li>The HRA Subsidy was adjusted without qualification, decreasing the amount payable to the Authority by £1,486.</li><li>Client identified that cell 0238 should be adjusted from £26,468 to £0 to align the claim form with 2010/11 audited claim. Also, cell 0470 was adjusted from 0.79 to 0.97 to align with the Notes for Completion document, which provides guidance to completion of the claim form.</li></ul>	£1,486

# Recommendations

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10. We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

## Priority 1

Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.

## Priority 2

Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

## Priority 3

Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

# Recommendations

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Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Lack of supporting evidence to support the claim for funding</p> <ul style="list-style-type: none"> <li>In relation to SmartCard data for the Free Concessionary Travel Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Grant may be reclaimed by the Welsh Government</li> <li>Lack of audit trail for public monies</li> <li>Reduction in future years' grant</li> </ul>	<p>The Authority should ensure that travel operators who use Smartcard readers provide Smartcard data to support each invoice sent to the Authority.</p> <p>The Authority should also monitor the total number of concessionary fares supported by smartcard data to ensure Welsh Government targets are met.</p>	<p>[1]</p>		

# Fees

11. Our overall fee for the certification of grants and returns has been contained within the original estimate of £40,000 to £60,000 within the regulatory plan.

Breakdown of fee by grant/return	2011-12	2010-11
Communities First – Castlelands (previously Thompson Street)	£1,669	£1,262
Communities First – Gibbonsdown and Court	£1,669	£1,124
Housing and Council Tax Benefits Scheme	£8,357	£12,553
National Non-domestic Rates Return	£3,851	£2,788
Teachers' Pensions Return	£2,003	£2,251
Transport Grant	£2,172	£1,440
Schools Effectiveness Grant	£2,205	£3,311
Transitional Schools Buildings Grant (Tranche 1)	£861	£973
Transitional Schools Buildings Grant (Tranche 3)	£816	£697
Flying Start	£2,040	£1,227
Cymorth	£2,440	£2,585
Learning Disability Resettlement (non-ESF funded)	£1,124	£1,428
Free Concessionary Travel	£3,045	£2,117
Learning Pathways	£1,755	£1,583
Substance Misuse Action Plan Fund	£2,414	£2,808

# Fees

Breakdown of fee by grant/return	2011-12	2010-11
Social Care Workforce Development Programme	£1,717	£1,539
HRA Subsidy	£5,188	£8,036
Sustainable Waste Management	£1,940	£1,353
Strategic Regeneration Area – Iolo Park	£1,436	No audit required
Strategic Regeneration Area – Bassett Park	£1,574	No audit required
Regional Transport Consortia	£1,138	No audit required
Promoting Independence and Wellbeing Grant	No audit required	£1,317
Joint Working	No audit required	£1,483
Safer Communities Fund	No audit required	£1,761
Road Maintenance Fund	No audit required	£1,511
<b>Total fee</b>	<b>£49,414</b>	<b>£55,147</b>



WALES AUDIT OFFICE  

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SWYDDFA ARCHWILIO CYMRU

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Website: [www.wao.gov.uk](http://www.wao.gov.uk)