

Archwilydd Cyffredinol Cymru
Auditor General for Wales



WALES **AUDIT** OFFICE
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Certification of Grants and Returns 2016-17

Vale of Glamorgan Council

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Status of report

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We have completed our 2016-17 grant certification audits. This report summarises the outcomes of this work and our main findings.

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Summary report

Introduction

1. The Vale of Glamorgan Council (the Council) is responsible for preparing a range of grants and returns (grant claims) for submission to grant paying bodies.
2. In our role as your external auditors, we are required to certify these grant claims in accordance with their respective certification instructions and conclude on whether expenditure has been incurred in accordance with the relevant terms and conditions. The certification instructions issued by the Auditor General for Wales prescribe the work to be undertaken for each grant claim.
3. Our certification arrangements in regard to Welsh Government grant claims require us to seek a claim amendment, or issue a qualification letter, only when errors amount to £10,000 or more.
4. We have now certified all the Council's grant claims and returns for 2016-17, and this report provides a summary of the outcomes of this work.

Summary of 2016-17 grant audit work

5. In all we were required to certify 9 claims with an aggregate expenditure totalling some £97.015m. Of the 9 claims certified (11 in 2015-16):
 - 7 were certified with no issues arising (9 in 2015-16);
 - 1 claims was qualified (1 in 2015-16); and
 - 1 claim was both qualified and amended (1 in 2015-16).
6. The Council submitted all their claims by the submission deadline, and all claims were certified by ourselves by the certification deadline (with the exception of the Housing Benefit claim that, with the agreement of the Council, was submitted a day late).
7. The amended claim resulted in a reduction of grant to the Council of £215 whereas this comparative figure for 2015-16 was a reduction of £26,191.
8. We have summarised all of the matters arising, where appropriate, on a claim-by-claim basis at Appendix 1. A small number of recommendations arising from this work, that the Council should seek to address in preparation for 2017-18 grants claims submission, are at Appendix 2.
9. Our Audit Plan for 2016-17 estimated that the total fee for our grant certification work would range between £55,000 and £60,000. Our final fee for completing the work is £54,511, which is lower than our initial estimate and our comparative audit fee for 2015-16 (£59,224).

Detailed report

The Council's grants management processes are robust

10. Following the completion of our 2015-16 grant certification work at the Council we reported a positive outcome in terms of the timely submission of claims together with the low number of qualified or amended claims. This has continued in respect of the 2016-17 grant certification audits as outlined below within Exhibit 1.

Exhibit 1 – Summary performance information

Issue	2015-16	2016-17
Total claims audited	11	9
Number of qualification letters	2	2
Number of amended claims	1	1
Number of late claims (to WAO)	0	0

11. Regarding the qualified and amended claims:
- the amended claim was the Housing Benefit subsidy claim where the total amendments made resulted in the Council claiming an additional £215 of subsidy;
 - the Housing Benefit claim was also qualified and this related to a number of errors identified from our caseload testing which required reporting to the Department for Work and Pensions (DWP); and
 - the other qualification related to the 21st Century Schools grant as we were not provided with sufficient audit evidence to support expenditure of £19,685.
12. The Council's internal quality assurance arrangements require the preparation of a grant completion checklist that is certified by the preparer of the grant to confirm that the claim is ready for audit. This arrangement has continued to work well this year and is a key feature contributing to the overall effectiveness of the Council's grant preparation and submission processes.
13. In regard to the Welsh Government funded grant claims, errors amounting to less than £10,000 do not result in amendment or qualification, instead they are reported locally to officers for consideration. We can confirm that we have not issued any reports of this nature to officers as a result of our work.

The Housing Benefits claim continues to be completed to a high standard although there is scope for further improvement

14. The Housing Benefit Subsidy claim is high value (£38.257m) and technically complex. As a result, the audit requirements as set out by the DWP are extensive, which in our experience means that an amended and/or qualified claim is not uncommon.

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15. As a result of our work, we issued a qualification letter to the DWP relating to some errors which we identified in regard to the following areas:
- assessment of employed earnings;
 - assessment of tax credit income;
 - incorrect classification of overpayments; and
 - errors in the award of benefit that resulted in the underpayment of benefit.
16. The DWP have not yet responded to the Council to confirm what action, if any, will be taken in regard to these issues.
17. The claim was also subject to minor amendment, the net impact of which resulted in a small increase in the value of subsidy being claimed by the Council of £215.
18. At the conclusion of the audit we discussed our findings with the Council's Housing Benefit team and agreed several actions to further improve the accurate processing of Housing Benefit claims. These actions included providing additional training for benefits staff upon the assessment of claimant earnings and ensuring that the benefits system is accurately updated with the date when individual claims are processed.

Recommendations

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| R1 | Housing Benefit Subsidy – The Council should ensure that the agreed actions to further improve the accurate processing of housing benefit claims are implemented, including: <ul style="list-style-type: none">• The provision of additional training to benefits staff on the assessment of claimant earnings;• Maintaining a record of any adjustments made to the housing benefits system to correct errors identified during this year's certification work; and• To prepare a briefing note documenting how the Disproportionate Rent Increase exemption has been satisfied. |
| R2 | Other grant claims - The Council needs to ensure that sufficient audit evidence is retained to support expenditure claimed in relation to salary recharges and other similar apportionments. |

Appendix 1– Summary of matters arising for grant claims

Detailed on the following page is a summary of the key outcomes for each of the grants we have certified.

Ref	Summary observations	Qualified	Amended
1. Housing Benefit Subsidy	Our testing identified a number of errors which we reported to the DWP within our qualification letter and we agreed amendments to the claim which resulted in additional subsidy of £215 for the Council. Whilst we were satisfied that the benefits processing and claim preparation arrangements are generally robust we have raised some recommendations for further improvement.	Yes	Yes
2. 21 st Century Schools	There was an item of expenditure relating to one of the lines on the form where the Council did not retain sufficient evidence to allow completion of our required tests. In this instance the record of time spent by the Council's property management section staff on this scheme was not retained and so this time charged to this grant was not appropriately supported. We qualified our certificate in regard to this matter.	Yes	No
3. Flying Start	No issues arose from the certification work	No	No
4. Families First	No issues arose from the certification work	No	No
5. Communities First	No issues arose from the certification work	No	No
6. National Non-domestic Rates Return	No issues arose from the certification work	No	No
7. Teachers Pensions Return	No issues arose from the certification work	No	No
8. Social Care Workforce Development Programme support	No issues arose from the certification work	No	No
9. Free Concessionary Travel	No issues arose from the certification work	No	No

Appendix 2 – Recommendations

Recommendations and Action Plan

Recommendation	Agreed Action	Implementation Date	Responsible officer
<p>R1 Housing Benefit Subsidy – The Council should ensure that the agreed actions to further improve the accurate processing of housing benefit claims are implemented, including:</p> <ul style="list-style-type: none"> • The provision of additional training to benefits staff on the assessment of claimant earnings; • Maintaining a record of any adjustments made to the housing benefits system to correct errors identified during this year’s certification work; and • Prepare a briefing note documenting how the Disproportionate Rent Increase exemption has been satisfied. 	<p>These findings are accepted</p> <p>The processes within the HB service will be reviewed to address the particular issues raised and staff training needs will be addressed</p>	<p>May 2018</p>	<p>Operational Manager, Exchequer Services</p>
<p>R2 Other grant claims - The Council needs to ensure that sufficient audit evidence is retained to support expenditure claimed in relation to salary recharges and other similar apportionments.</p>	<p>These findings are accepted.</p> <p>In response all grant managers will be contacted requesting them to ensure that all audit evidence is retained and available for inspection by audit at the appropriate time.</p>	<p>April 2018</p>	<p>Head of Finance</p>

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