



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2017-18 – **Denbighshire County Council**

Audit year: 2018

Date issued: February 2019

Document reference: 1066A2019-20

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised of Derwyn Owen, Matthew Edwards, Gareth Evans and other members of the Wales Audit Office team.

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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 undertook our work with the aim of certifying individual claims and to answer the question:
'Does Denbighshire County Council (the Authority) have satisfactory 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 Authority has good arrangements in place for the production and submission of its 2017-18 grant claims. We have made two recommendations and we continue to work with the Council to make further improvements in readiness for the 2018-19 grant claim certification audit. Our conclusion for 2017-18 is based on the following overall findings:
 - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2017-18 grants was in place throughout the year; and
 - our testing only identified errors of a relatively minor nature.
- 4 We certified seven claims, collectively worth £108.1 million. The Authority submitted all of them on time and we certified them at a total cost of £48,937 (£65,359 in 2016-17). The total cost excludes fees relating to the ongoing audit of two additional Coastal Protection grants (totalling £1.2 million). The submission and certification deadlines for the Coastal Protection grants differ from the other Welsh Government grants that are subject to audit. We will report our findings on this outstanding audit work in 2018-19 report.
- 5 Of the seven claims certified, only one claim was qualified. This compares well with the long-term Welsh average of 1:4.

Headlines

Introduction and background	<p>This report summarises the results of work on the certification of the Authority's 2017-18 grant claims and returns</p> <ul style="list-style-type: none">• We certified seven claims with a total value of £108.1 million.• We provided the officers with a comprehensive Good Practice Grant Checklist to be included on each claim file. The Grant Checklist highlighted the key areas we would review.• 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	<p>Our analysis shows that 100% of claims given to us during the year were received by the deadline set for the Authority in terms and conditions.</p>
Certification results	<p>We issued unqualified certificates for six claims and returns, but a qualification was necessary for the Housing Benefit Subsidy return.</p> <p>The reasons for qualifying the claim can be grouped into ongoing issues reported in previous years and issues which have come to our attention for the first time:</p> <p>Qualification issues reported in previous financial years</p> <ul style="list-style-type: none">– Errors were identified in the way that the Authority were calculating earned income where the claimant or partner was contributing to an occupation pension scheme.– The Authority continued to calculate the average weekly rent for Cell 229 of the claim using a method different to that prescribed in the statutory instrument. <p>Qualification issues reported for the first time in 2017-18</p> <ul style="list-style-type: none">– An error was identified in the calculation of a claimant's earnings which resulted in an overpayment of housing benefit.

	<p>In addition to the one claim qualified, we issued a ‘Certification Feedback Note’ in respect of three grant claims:</p> <ul style="list-style-type: none"> – 21st Century Schools; – Summary of Certified Welsh Government Grants; and – Social Care Workforce Development Programme. <p>A certification feedback note is a letter issued to the Section 151 Officer following the identification of low value errors and non-qualification issues for Welsh Government claims and returns, in which we recommend improvement to the stewardship of future claims.</p>
Claim adjustments	<p>Adjustments were not necessary to any of the Authority’s claims as a result of our work this year</p> <p>There were no significant adjustments (ie over £10,000).</p>
The Authority’s arrangements	<p>The Authority has good arrangements for preparing its claims and returns and supporting our certification work.</p> <p>We acknowledge the Authority’s (including staff employed by Civica) assistance and co-operation during the audit. Our queries were responded to in a timely manner and working papers provided were generally of a good standard.</p>
Fees	<p>Our overall fee for certification work for 2017-18 is £48,937 which was less than our estimate of £60,000 reported to you in our 2018 Audit Plan. (This excludes any fees associated with the audit of the two outstanding Coastal Protection grant claims referred to earlier in the report).</p>

Summary of certification work outcomes

- 6 The following page provides a summary of the key outcomes from our certification work on the Authority's 2017-18 claims and returns, showing where either amendments were made or where we had to qualify our audit certificate.
- 7 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 2017-18

Overall, we certified 7 grants and returns:

1 claim required a qualification to our audit certificate.

6 claims were unqualified with no amendment.

1 claim was unqualified but required amendments.

3 Welsh Government claims had errors with low values (less than £10k) which did not require amendment or qualification.

3 Certification Feedback Notes were issued to the Section 151 Officer.

8 This table summarises the key issues behind each of the adjustments or qualifications that were identified during our work.

Ref	Summary observations	Amendment
1.	<p>Housing Benefit Subsidy (BEN01)</p> <p>The Housing Benefit Subsidy claim was qualified due to the identification of a number of minor errors:</p> <ul style="list-style-type: none"> • There was an unexplained difference of £221 between the amount of Rent Rebate subsidy claimed and the amount granted per the Authority’s software supplier’s reconciliation of benefit granted to paid. The Authority had claimed the lower of the two amounts. • Our testing identified an error relating to the calculation of earnings, which meant we needed to extend the sample sizes. The actual error totalled £393 in overpaid housing benefit, that increased to £13,559 when extrapolated across the population tested. Additional testing identified two further errors in the calculation of earnings with both resulting in underpayments. <p>Our qualification letter to the Department for Work & Pensions (DWP) also included the following observations:</p> <ul style="list-style-type: none"> • Underpaid Housing Benefit, due to the Authority incorrectly calculating a claimant’s earnings where pension contributions were applicable. Under our certification instruction from the DWP, we are not required to undertake additional testing on underpayment errors. We reported similar findings to the DWP in our 2016-17 qualification letter. • The Authority advised that the housing system is unable to calculate the average weekly rent in accordance with the statutory definition and instead calculates the entry for cell 229 of the subsidy claim using an alternative method. 	<p>£13,559 (extrapolated error). This error does not impact on the Authority’s overall subsidy entitlement.</p>

Ref	Summary observations	Amendment
	The issues highlighted during the 2017-18 audit have been discussed separately with Civica staff who administer Housing Benefit on the Authority's behalf.	
2.	<p>National Non-Domestic Rates (NNDR) (LA01)</p> <p>The Non-Domestic Rates Final Contributions Return was amended due to:</p> <ul style="list-style-type: none"> • a transposition error between 2 rows on the return; and • a row required a zero inserting having been left blank on the original return. <p>These errors did not impact on the Authority's final annual contribution to the NNDR pool.</p>	£0
	Total effect of amendments to the Authority's claims and returns	£0

Recommendations

- 9 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	Priority 2	Priority 3
<p>Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements.</p> <p>We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>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.</p> <p>You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>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.</p> <p>These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Housing Benefit claim calculation errors – specifically around the calculation of earnings	<ul style="list-style-type: none"> Loss of subsidy – reimbursement from the DWP may be reduced Claim may be qualified 	R1 The Authority should ensure that pre-payment quality checking measures are sufficiently comprehensive to identify any errors and potential training requirements, which should then be addressed as a priority.	2	On a weekly basis 4% of the cases processed are Quality Checked by an external source. We are currently submitting a higher percentage of cases for Quality Assurance checks each week. Any errors found are identified and addressed in our training matrix as a priority.	Jeanette Round – Ongoing

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
	<ul style="list-style-type: none"> Vulnerable residents may not be receiving the full amount of Housing Benefit (and CTRS) to which they are entitled. 	R2 The Authority should undertake a review of all earned income claims where an occupational pension is present, to ensure that the correct award of benefit has been made.	2	All staff were made aware of the issue Audit raised and how to address these types of claims going forward. A review of claims where occupational pension is present is underway.	Jeanette Round – 31 st March 2019.

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