

# Certification of Grants and Returns 2019-20 – Denbighshire County Council

Audit year: 2019-20

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

# Contents

Summary report	
Summary	4
Headlines	5
Summary of certification work outcomes	7

# Summary report

## 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 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 Denbighshire County 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 the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2019-20 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2020-21. Our conclusion for 2019-20 is based on the following overall findings:
  - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2019-20 grants was in place throughout the year; and
  - there is scope to improve the Authority's arrangements for submitting its grant claims for audit.
- 4 For 2019-20 we certified four grant claims worth £69,625,023.
- 5 The Authority submitted 75% (three out of four) of its 2019-20 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of £32,121 (9 claims were certified in 2018-19 at a total audit cost of £59,107).
- 6 Two of the four claims were qualified (1:2); this is a higher qualification rate than the long-term Welsh average of 1:4.

## Headlines

### Exhibit 1:

<b>Introduction and background</b>	<p><b>This report summarises the results of work on the certification of the Authority's 2019-20 grant claims and returns</b></p> <ul style="list-style-type: none"><li>• As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.</li><li>• For 2019-20, we certified four grants with a total value of £69,625,023.</li><li>• We have provided officers with a comprehensive Good Practice <b>Grant Checklist</b> to be included on each grant claim file. The <b>Grant Checklist</b> highlighted the key areas Audit Wales would be reviewing whilst performing grant auditor certification.</li><li>• 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.</li></ul>
<b>Timely receipt of claims</b>	<p>Our analysis shows that 75% of grants received during the year were received by the deadline set for the Authority in terms and conditions. The Housing Benefit Subsidy claim was received five days late, a minimal delay which did not impact on the certification process.</p>

<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for two grants and returns but qualifications were necessary in two cases (50%) for Housing Benefit Subsidy and Teachers Pensions</b></p> <p>The reasons for qualifying the two grants are set out below, these issues can be grouped into ongoing issues and those outside the Authority's control.</p> <p><b>Qualification issues reported in previous financial years</b></p> <ul style="list-style-type: none"> <li>• Misclassification of Housing Benefit expenditure.</li> </ul> <p><b>Qualification issues outside the Authority's control</b></p> <ul style="list-style-type: none"> <li>• Due to travel restrictions arising from the COVID-19 pandemic we were unable to physically review the monthly Teachers Pensions contributions for 2019-20.</li> </ul>
<p><b>Audit adjustments</b></p>	<p><b>Adjustments were necessary to two of the Authority's grants and returns as a result of our auditor certification work this year</b></p> <ul style="list-style-type: none"> <li>• The Housing Benefit Subsidy was subject to amendments, increasing the balance owed to the Authority by £123.</li> <li>• Two amendments were made to the National Non-Domestic Rates Return. These amendments did not impact on the amount payable to the Welsh Government.</li> </ul>
<p><b>The Authority's arrangements</b></p>	<p><b>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work.</b></p>
<p><b>Fees</b></p>	<p><b>Our overall fee for certification of grants and returns for 2019-20 is £32,121.</b></p> <p>This is just below our original estimate of £35,000 to £40,000 included in our Annual Audit Plan.</p>

## Summary of certification work outcomes

- 7 Detailed on the following page is a summary of the key outcomes from our certification work on the Authority'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.
- 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.

### Exhibit 2: key information for 2019-20

#### Key information for 2019-20

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Overall, we certified four grants and returns:

- **one was unqualified with no amendment;**
- **one was unqualified but required some amendment to the final figures;**
- **one required a qualification to our audit certificate; and**
- **one was qualified but required some amendment to the final figures.**

**Exhibit 3:**

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)
BEN01	Housing Benefit Subsidy	30/04	05/05	Yes	Yes	£nil	£123
LA01	Non-Domestic Rates	29/05	29/05	No	No	*£nil	*£nil
PEN05	Teachers Pensions	31/05	29/04	No	Yes	£nil	£nil
SOC07	Social Care Workforce Development	30/09	28/08	No	No	£nil	£nil
	<b>Total</b>				<b>2</b>	<b>£nil</b>	<b>£123</b>

\* Amendments made but no financial impact on the claim due to the nature of the error.

9 This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 5 to 6.

Ref	Summary observations	Amendment
BEN01	<p data-bbox="365 448 913 475"><b>Housing Benefit and Authority Tax Subsidy</b></p> <ul data-bbox="365 488 1518 783" style="list-style-type: none"> <li data-bbox="365 488 1518 579">• Testing of Headline Cell 11 identified one instance in which housing benefit expenditure had been incorrectly classified within Cell 13 of the Subsidy Form resulting in a contra adjustment to both Cell 12 and Cell 13 of £123 and increasing the balance owed to the Authority.</li> <li data-bbox="365 587 1518 746">• Testing of Headline Cell 94 identified one instance for which the rent liability had been incorrectly capped at the LHA shared room rate, resulting in an underpayment of housing benefit. Where housing benefit is underpaid there is no impact on the amount of subsidy to be claimed because subsidy cannot be claimed on benefit that has not been awarded. It has therefore not been classified as an error for subsidy purposes.</li> <li data-bbox="365 754 1328 783">• These matters have been reported to the Department for Work and Pensions.</li> </ul>	£123
LA01	<p data-bbox="365 863 443 890"><b>NDR</b></p> <ul data-bbox="365 903 1518 1106" style="list-style-type: none"> <li data-bbox="365 903 1312 932">• A contra adjustment of £8,065 was made to line 5 and line 6.5 of the Return.</li> <li data-bbox="365 940 1518 1031">• An adjustment of £273,000 was made to the Aggregate Rateable Value disclosed in line 43 of the Return. This is a memorandum item and does not impact on the amount payable by the Authority.</li> <li data-bbox="365 1038 1137 1067">• These matters have been reported to the Welsh Government.</li> <li data-bbox="365 1075 1435 1106">• They did not impact on the amount payable to the Welsh Government by the Authority.</li> </ul>	£nil

Ref	Summary observations	Amendment
PEN05	<p><b>Teachers Pensions</b></p> <ul style="list-style-type: none"> <li>Due to travel restrictions arising from the COVID-19 pandemic, we were unable to physically review the monthly contribution forms for 2019-20. Instead we placed reliance on other evidence provided by the Authority which did not provide the same level of assurance that we would normally obtain from physical review of the monthly contribution forms.</li> </ul>	£nil
	<b>Total effect of amendments to the Authority's claims and returns</b>	<b>£123</b>

Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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