

Certification of Grants and Returns 2020-21 – Denbighshire County Council

Audit year: 2020-21

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

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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 2020-21 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2021-22. Our conclusion for 2020-21 is based on the following overall findings:
 - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2020-21 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 2020-21 we certified seven grant claims worth £187,482,878.
- 5 The Authority submitted 43% (three out of seven) of its 2020-21 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of £53,037 (4 claims were certified in 2019-20 at a total audit cost of £32,121).
- 6 One of the seven claims were qualified (1:7); this is a lower qualification rate than the long-term Welsh average of 1:4.

Headlines

Exhibit 1:

Introduction and background	<p>This report summarises the results of work on the certification of the Authority's 2020-21 grant claims and returns</p> <ul style="list-style-type: none">• As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.• For 2020-21, we certified seven grants with a total value of £187,482,878.• We have provided officers with a comprehensive Good Practice Grant Checklist to be included on each grant claim file. The Grant Checklist highlighted the key areas Audit Wales would be reviewing whilst performing grant auditor certification.• 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.
Timely receipt of claims	<p>Our analysis shows that 43% of grants received during the year were received by the deadline set for the Authority in terms and conditions.</p> <ul style="list-style-type: none">• The Housing Benefit Subsidy claim was received five days late, a minimal delay which did not impact on the certification process.• The three pooled budget claims were all received late. This was the first year that each of the three claims had been subject to certification. This required additional work to be undertaken by the Authority to collate and prepare the required documentation to support the certification process. The delay did not impact on the certification.

<p>Certification results</p>	<p>We issued unqualified certificates for six grants and returns but qualifications were necessary in one case (14%) for Housing Benefit Subsidy.</p> <p>The reasons for qualifying the Housing Benefit subsidy is set out below, the issues can be grouped into ongoing issues and those outside the Authority's control.</p> <p>Qualification issues reported in previous financial years</p> <ul style="list-style-type: none"> • Error type 3 – Misclassification of Housing Benefit expenditure. • Error type 4 – Insufficient supporting information.
<p>Audit adjustments</p>	<p>Adjustments were necessary to two of the Authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • The Housing Benefit Subsidy was subject to amendments which totalled £26,120, the net impact of which decreased the subsidy balance owed to the Authority by £15,418. • Two amendments were made to the National Non-Domestic Rates Return. These amendments did not impact on the amount payable to the Welsh Government. • One amendment was to the Social Care Workforce Development Return. This amendment did not impact on the amount of funding received by the Authority.
<p>The Authority's arrangements</p>	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work.</p>
<p>Fees</p>	<p>Our overall fee for certification of grants and returns for 2020-21 is £53,037.</p> <p>This is above our original estimate of £35,000 to £40,000 included in our Annual Audit Plan which did not include certification of the three pooled budget claims.</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 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.
- 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 2020-21

Key information for 2020-21

Overall, we certified seven grants and returns:

- **BEN01 was qualified with amendments**
- **LA01 and SOC07 were unqualified with amendments**
- **PEN05 and the three HLG01 grants were unqualified without amendments**

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	30/04/21	05/05/21	Yes	Yes	£25,657	£463
LA01	Non-Domestic Rates	29/05/21	29/05/21	No	No	£nil	*£nil
PEN05	Teachers Pensions	31/05/21	29/04/21	No	No	£nil	£nil
SOC07	Social Care Workforce Development	30/09/21	28/08/21	No	No	£nil	*£nil
HLG01	Pooled Budgets – Care Home Accommodation North Wales	07/05/21	22/04/22	Yes	No	£nil	£nil
HLG01	Pooled Budgets – Community Equipment Services	07/05/21	22/04/22	Yes	No	£nil	£nil
HLG01	Pooled Budgets – Health & Social Care Support Workers Service	07/05/21	22/04/22	Yes	No	£nil	£nil
	Total				1	£25,657	£463

* 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.

Exhibit 4:

Ref	Summary observations	Amendment
BEN01	<p>Housing Benefit and Authority Tax Subsidy</p> <ul style="list-style-type: none"> • Testing of headline Cell 094 identified one case where a benefit overpayment had incorrectly been classified as Cell 096. The correct classification of this expenditure was Cell 097. The population of Cell 096 comprised of 79 cases all of which were subject to additional testing. The testing identified a further 18 errors in which expenditure had been misclassified. <i>Error type 4: expenditure misclassification [£25,657]</i> • Testing of headline Cell 011 identified one claim where a benefit overpayment had incorrectly been classified as Cell 028 Eligible Overpayments. The correct classification of the overpayment was Cell 026 LA error and administrative delay as the overpayment arose from a system calculation error. <i>Error type 4: expenditure misclassification [£210]</i> • Testing of headline Cell 011 identified one claim where housing benefit expenditure had incorrectly been classified as Cell 013 rather than Cell 012. All 31 remaining cases were subject to additional testing. 6 further errors were identified. <i>Error type 4: expenditure misclassification [£253]</i> • The impact of these amendments was to reduce the total subsidy claimed and owed to the Authority by £15,418. • These matters have been reported to the Department for Work and Pensions. 	£26,120
	Total effect of amendments to the Authority's claims and returns	£26,120

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