

# ISLE OF ANGLESEY COUNTY COUNCIL

<b>COMMITTEE:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>26 MAY 2016</b>
<b>TITLE OF REPORT:</b>	<b>PWC AUDIT OF GRANTS 2013/14 AND 2014/15 - RESPONSE TO RECOMMENDATIONS</b>
<b>PURPOSE OF REPORT:</b>	<b>FOR INFORMATION</b>
<b>REPORT BY:</b>	<b>MARC JONES – HEAD OF FUNCTION (RESOURCES) / SECTION 151 OFFICER</b>
<b>ACTION:</b>	<b>FOR INFORMATION</b>

## 1. INTRODUCTION

- 1.1 The report sets out the details of the response to recommendations identified by PWC in the report 'Certification of Grants and Returns 2013/14 and 2014/15'.

## 2. BACKGROUND

- 2.1 A number of grants which come into the Authority each require an external audit. 22 grants were audited in 2013/14 and 15 in 2014/15. During the audit testing errors can be identified which can either be resolved by making an amendment to the grant claim, resulting in an unqualified certified claim, or errors which can't be resolved, resulting in a qualified claim.
- 2.2 The 2012/13 Certification of Grants and Returns identified 62% of the returns being received by the deadline and that 61% of the claims were qualified. The report for 2013/14 identifies that 86% of the claims were received by the deadline and 36% were qualified. During 2014/15, 67% were received by the deadline and 21% were qualified (work on one claim is ongoing).
- 2.3 Whilst the performance overall has improved with the number of qualifications being reduced there is still some room for improvement.

## 3. PWC RECOMMENDATIONS

- 3.1 PWC have put forward four recommendations to be implemented and the points below outline how this is to be achieved:-
- R1 – In order to confirm that claim forms are completed in full and in accordance with guidance, all completed forms should be independently checked to supporting documentation to minimise the risk that an error will remain undetected.
  - Response – All claims are already compiled and then reviewed independently by an Accountant or Senior Accountant prior to them being certified by the Section 151 or Deputy Section 151 Officers. In order to strengthen and standardise this process, the Grants Claim Checklist which is used by the Reviewer will be amended to reflect a list of tests which should be carried out and a list of documentation such as the Offer Letter, ledger prints etc. which the Reviewee should provide to the Reviewer to assist in the review process.

- R2 - Only eligible expenditure and that incurred within the claim period should be included within the claim. Welsh Government advice should be sought prior to claim completion and if there is any doubt about the eligibility of expenditure.
  - Response – If there is any doubt over the eligibility of expenditure then it should be checked with the grant awarding body prior to any expenditure being incurred by the Authority. Issues have arisen historically with expenditure that has either not been accrued and therefore has been included in the wrong year or where expenditure has been accrued for and not actually incurred the following year. The eligibility of expenditure and accruals will be part of the standard tests included on the Grants Claim Checklist referred to above.
  - R3 Approval from the grant paying body is sought prior to audit for all required changes to action plans/proposals.
  - Response – If approval for changes within grants are required as part of the terms and conditions of the grant then approval should be sought in advance by the Project Managers. Accounts should seek confirmation of approval from Project Managers prior to implementing changes.
  - R4 Claim forms should be submitted on a timely basis to allow claims to be certified within the deadline set.
  - Response - The grant audit timetable will be established in advance with the Auditors and Accountants made aware of submission deadlines. Where there are unavoidable delays WG shall be notified in advance. All claims should be submitted to the Auditors by the Grants Manager directly who can then monitor the overall position, identify where delays may occur and take action to prevent this. Claims should be submitted both electronically and in hard copy to the Auditors. Accountants should, subject to the availability of claim forms from the Welsh Government, compile and review grant claim forms as early as possible to prevent last minute delays.
- 3.2** Whilst some of these recommendations are an ongoing requirement during the year, R1 will be operational by June in time for the quarter 1 claims.