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Auditor General for Wales

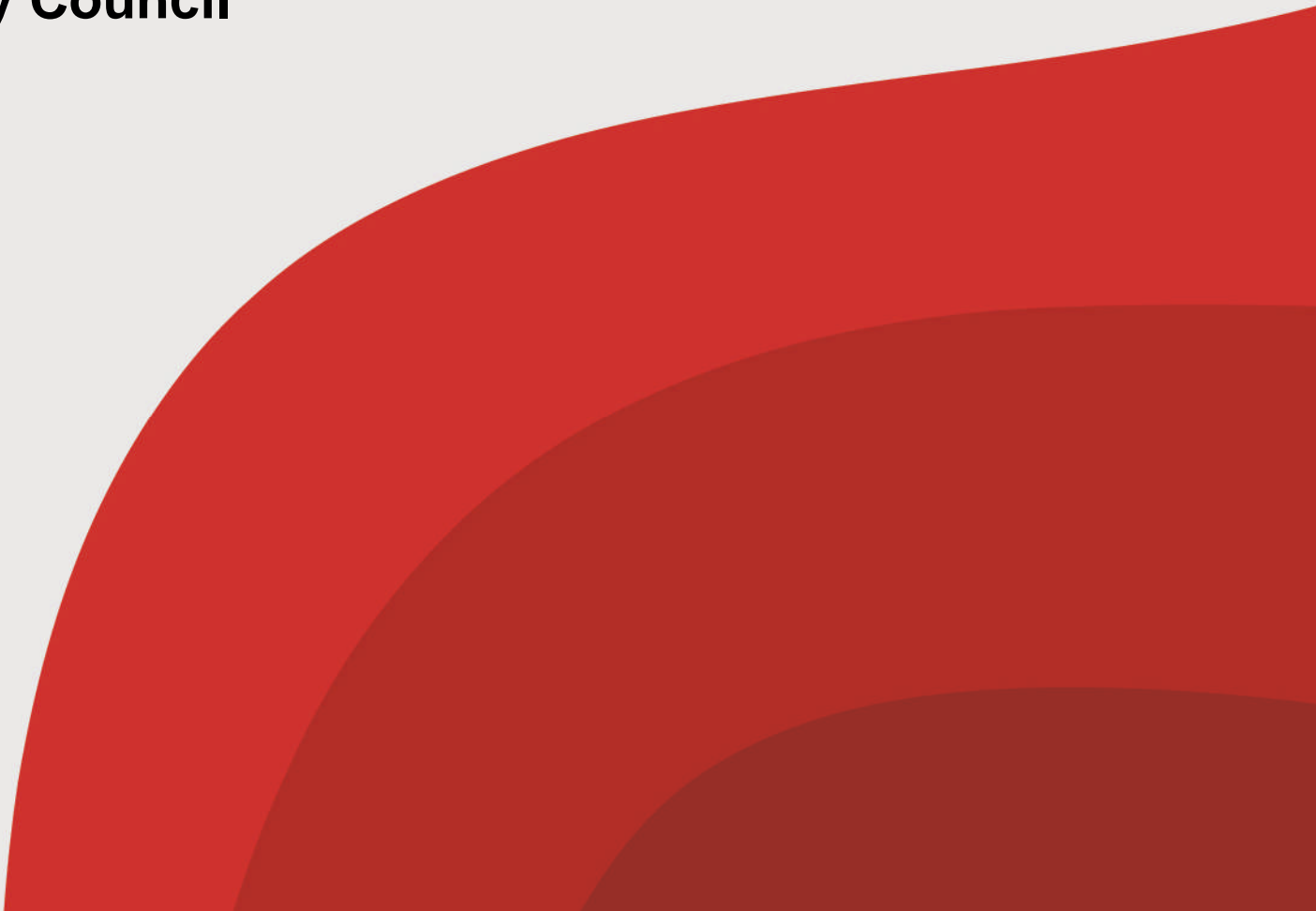
Certification of Grants and Returns 2012-13

Isle of Anglesey County Council

Audit year: 2012-13

Issued: July 2014

Document reference:



Status of report

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This document was produced by PricewaterhouseCoopers LLP ('PwC') on behalf of the Appointed Auditor

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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 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 Isle of Anglesey 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 2012-13 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2013-14. Our conclusion for 2012-13 is based on the following overall findings:
 - The Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2012-13 grants was in place throughout the year; and
 - There is scope to improve the Authority's arrangements for submitting its grant claims for audit. With the exception of the Housing Benefit and Council Tax Benefit and the School Effectiveness Grant claims, the number of significant findings is low. We have made a number of recommendations for the Authority to further improve performance in managing grant schemes and their associated claims
4. We certified 39 grant claims and financial returns for 2012-13 with a total value of £88,609,446– 10 claims more than 2011-12 with a total value approximately £32,397,299 higher. Of the 39 grant claims certified, 4 claims related to earlier financial years. These had a total value of £27,298,295.
5. The Authority submitted 62 per cent of its 2012-13 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £163k. The audit adjustments identified during the audits reduced the amount claimed by the Authority by £254,258.
6. 1:1.5 of the claims were qualified or adjusted; this is worse than the Welsh average of 1:3 for 2012-13.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2012-13 grant claims and returns

- As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.
For 2012-13, we certified 39 grants and returns with a total value of £88,609,446. Of the 39 grant claims certified, 4 claims related to earlier financial years. These had a total value of £27,298,295.
- The Authority has an appointed grants coordinator who worked closely with us to ensure that an accurate and up-to-date schedule of 2012-13 grants was in place throughout the year.
- A joint working protocol was put in place prior to the start of the work.
- 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 the processes operating.

Pages 7-19

Timely receipt of claims

- Our analysis shows that 62 per cent of grants received during the year were received by the Authority's deadline. Of the claims submitted late for audit, 8 were not received until a fortnight after the Authority's deadline, with the remaining 5 claims having only minimal delays.
- In future, the grant co-ordinator should ensure that all grant claims are submitted by the deadlines and, importantly, that replies to audit queries are provided within no more than two working days. We acknowledge that audit queries that relate to third party expenditure take longer to address. However, it is imperative that queries are answered in a timely manner in order for the auditor certification deadline to be met.

Pages 7-11

Certification results	<p>We issued unqualified certificates for 11 grants and returns but qualifications were necessary in 24 cases (62 per cent)</p> <ul style="list-style-type: none"> • We have made 6 recommendations for the Authority to further improve performance in managing grant schemes and their associated claims. • We will continue to work with the Authority to deliver these improvements for 2013-14. • A detailed table of our recommendations is presented on pages 20 to 26. 	Pages 7-19
Audit adjustments	<p>Adjustments were necessary to 14 of the Authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • There were 5 significant adjustments (i.e., over £10,000) as shown on pages 8 to 11. • The net adjustment of the 14 grants is a reduction of £254,258 in funds payable to the Authority. Excluding the significant adjustments, the net adjustment of the other 9 grants is an increase of £5,051. 	Pages 7-11
The Authority's arrangements	<p>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas</p> <ul style="list-style-type: none"> • Extra procedures should be put in place to ensure that individual grant scheme rules are fully adhered to. • The Authority should put in place systems and controls to ensure that where grant is passed to a third party to spend, that the organisation is complying with grant scheme rules by keeping adequate records of expenditure. 	Pages 20-26
Fees	<p>Our overall fee for certification of grants and returns for 2012-13 is £163,206 which is over our original estimate of £120k to £140k. This is due to the increase in the volume of grants and returns which required certification compared with the prior year.</p>	Pages 27-28

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 2012-13 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.

Key information for 2012-13

Overall, we certified 39 grants and returns:

- 11 were unqualified with no amendment
- 4 were unqualified but required some amendment to the final figures
- 14 required a qualification to our audit certificate
- 10 were qualified and required some amendment to the final figures

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
RG02	Communities first - Amlwch Core	31/07/2013	22/02/2013	No				
RG02	Communities first - Amlwch Non-Core	31/07/2013	22/02/2013	No				
RG02	Communities first - Amlwch Exit Strategy	31/07/2013	25/07/2013	No		£12,754		
RG02	Communities first - Central office	31/07/2013	17/04/2013	No			£0	
RG02	Communities first Morawelon & London Road Core	31/07/2013	27/09/2013	Yes				
RG02	Communities first Morawelon & London Road Non-Core	31/07/2013	05/09/2013	Yes				
RG02	Communities first - Porthyfelin	31/07/2013	23/07/2013	No				
RG02	Communities first - Tudur Ward	31/07/2013	15/07/2013	No			£0	
RG01	Communities First - Amlwch Outcomes	31/07/2013	02/07/2013	No				
RG01	Communities First - Porthyfelin Outcomes	31/07/2013	22/10/2013	Yes				
BEN01	Housing benefit and council tax benefit 12-13	30/04/2013	29/04/2013	No		£29,355		
LA01	NNDR	31/05/2013	06/06/2013	Yes		(214,995)		

PEN05	Teachers' pensions returns	30/06/2013	24/05/2013	No			£0	
EDU15	School Effectiveness Grant 12-13	30/09/2013	08/10/2013	Yes				
EDU18	Transitional SBIG	30/09/2013	15/10/2013	Yes		(30,305)		
EDU44	Welsh in Education	30/09/2013	06/11/2013	Yes				
EYC01	Flying start	30/09/2013	30/09/2013	No			£0	
EYC14	Families First (Cymorth)	30/09/2013	19/07/2013	No			(£3,255)	
HC02	Substance Misuse Action Fund: Revenue	30/09/2013	03/07/2013	No			£0	
HC03	Learning Disabilities Resettlement	31/08/2013	08/01/2014	Yes				
RG19	Strategic Regeneration Areas (SRAs) Improving Energy Efficiency Anglesey Business Centre	30/09/2013	05/09/2013	No				
RG19	Strategic Regeneration Areas (SRAs) Amlwch & Holyhead Leisure Centres Energy Efficiency Scheme	30/09/2013	27/09/2013	No				
RG19	Strategic Regeneration Areas PEG Property & Environment Grant	30/09/2013	01/10/2013	Yes				
RG19	Strategic Regeneration Areas	30/09/2013	27/09/2013	No				

	Beaumaris, Treaddur Bay and Amlwch Streetscapes and Environmental Works								
RG19	Strategic Regeneration Areas Improving Energy Efficiency & Performance at Llangefni & Holyhead Leisure Centres	30/09/2013	03/09/2013	No					
TRA16	Regional Transport Consortia Grant	30/09/2013	02/07/2013	No					
TRA23	Free Concessionary Travel	30/09/2013	16/10/2013	Yes					
TRA26	Maes Awyr Mon - Anglesey Airport	31/10/2013	23/07/2013	No					
LA12	Sustainable Waste Management	31/10/2013	29/10/2013	No					
HOU03	HRA subsidy	30/09/2013	29/04/2013	No			£8,306		
EDU43	Learning pathways	31/10/2013	02/10/2013	No			£0		
SOC07	Social Care Workforce Development Programme	28/09/2013	27/09/2013	No			£0		
EUR01	The Development of Anglesey's coastal environment	21/10/2013	02/12/2013	Yes					
EUR01	North West Wales local investment fund 12-13	21/01/2014	27/01/2014	Yes					
EUR01	Strategic Infrastructure on Anglesey Sites and Premises 12 - 13	21/01/2014	28/01/2014	Yes					

BEN01	Housing benefit and council tax benefit 11-12	30/04/2012	30/04/2012	No		(£56,118)		
EDU15	School effectiveness grant 11-12	30/09/2012	26/09/2012	No				
EUR01	North West Wales local investment fund 11-12	03/04/2013	10/04/2013	Yes				
EUR01	Strategic Infrastructure on Anglesey Sites and Premises 11-12	21/01/2013	26/03/2013	Yes				
Total					24	(£259,309)	£5,051	11

9. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 7 to 11.

Ref	Summary observations	Amendment
1	<p>Communities first - Amlwch Exit Strategy</p> <ul style="list-style-type: none"> Redundancy payments of £12,753.26 made were approved by the Welsh Government, and were defrayed in September 2013, outside the period being certified. Additional funding of £12,754.00 was received from the Welsh Government in October 2013. 	£12,754

Ref	Summary observations	Amendment
2	<p>Communities first - Central office</p> <ul style="list-style-type: none"> • Removal of expenditure included twice in error £12,512.06 • Amendment of £349.68 in respect of correcting the allocation of the total expenditure across each category. 	<p>N/A –This expenditure does not impact the grant entitlement because the total expenditure incurred by the Authority was above the approved grant expenditure.</p>
3	<p>Communities first Morawelon & London Road Core</p> <ul style="list-style-type: none"> • The partnership was unable to provide an invoice for one item totalling £110.23 selected as part of our substantive testing. 	<p>N/A – Claim qualified.</p>
4	<p>Communities first Morawelon & London Road Non-Core</p> <ul style="list-style-type: none"> • One item of expenditure totalling £160.00 selected as part of our substantive testing was ineligible. • Additionally, we noted an overstatement of £567.00 in the detailed listing of Youth Worker costs provided to us by the partnership. 	<p>N/A – Claim qualified. This ineligible expenditure does not impact the grant entitlement because the total expenditure incurred by the Authority was above the approved grant expenditure.</p>

Ref	Summary observations	Amendment
5	<p>Communities first - Tudur Ward</p> <ul style="list-style-type: none"> • It was identified that one item of expenditure of £250 was incurred as a contribution towards a Christmas lunch for the volunteers of the partnership. This is not eligible in line the guidance issued in the certification instructions. • The allocation of the total expenditure across each category was amended by £187.20. 	<p>N/A – Claim qualified for the first observation. The Authority did not amend the claim for the first observation. The second observation did not impact the amount claimed as it is a reclassification of expenditure.</p>
6	<p>NNDR</p> <ul style="list-style-type: none"> • A Rateable Value (RV) decrease notified by the Valuations Office Agency (VOA) had not been processed. It was noted that management are in the process of reconciling the total RV per the VOA listings to the total RV for properties included in the Authority's Northgate system. • Errors noted with implementation of the following reliefs; <ul style="list-style-type: none"> - Mandatory charitable relief. - Discretionary top-up relief – Lines 17 and 18 • It was also noted that applications for deferred payment had been received and approved but that Line 1 of the claim had not been amended to reflect this. • An amendment was made to the claim relating to a manual adjustment posted relating to mandatory Community Amateur Sports Club relief. 	<p>(£214,995)</p>

Ref	Summary observations	Amendment
7	<p>School Effectiveness Grant 2012-13</p> <ul style="list-style-type: none"> We identified that an underspend from secondary schools of £634.77 in respect of PDG expenditure against allocation had not been included in the computation to arrive at the under spend amount due to the Welsh Government. Expenditure incurred should be reduced by this amount from £637,286.11 to £636,651.34, and the underspend due to WG should be increased to £6,398.66 from £5,763.89. The Council has not been able to provide us with evidence to validate that expenditure of £2,613.60 incurred by schools relating to the purchase of two programmes has been defrayed. The amount of grant funding directly delegated to schools is £417,775 (56% of total funding), which is less than the 75% minimum threshold required by the Welsh Government. The Council has not been able to provide us with evidence that the spending plan prepared and submitted to the Welsh Government for the grant has been reviewed and approved by the Welsh Government. Our certification is not qualified in this respect. 	N/A – Claim Qualified
8	<p>Teachers Pensions Return</p> <ul style="list-style-type: none"> The contributory salary figure has been calculated by grossing up the employer contributions as the payroll system used by the Authority is not capable of providing a contributory salary report to support the claim form. It was identified that the contributions relating to two of the twenty teachers that we tested had been calculated using the incorrect tiered rate. Both instances relate to supply teachers whose full-time equivalent salaries were based on time recorded on their timesheets. 	No impact on the amount of contributions paid.
9	<p>Transitional School Buildings Improvement Grant</p> <ul style="list-style-type: none"> Amended to remove ineligible expenditure incurred in 2011/12 	(£30,305)
10	<p>Welsh in Education</p> <ul style="list-style-type: none"> Paragraph 20 of the Certification Instructions states that grant funding from the Welsh in Education Grant is not to be used to support the procurement of ICT equipment or connectivity costs. From our testing of prime documents we have identified £2,937 of expenditure which relates to ICT equipment. This expenditure relates to Additional Outcome 2 projects, for which the Authority has £17,000 allocated grant and incurred expenditure of £18,949. The claim form has not been amended in respect of this finding. 	N/A – The Authority did not amend the claim.

Ref	Summary observations	Amendment
11	<p>Flying Start</p> <p>Amendment of £1,234 in respect of correcting the allocation of the total expenditure across each category.</p>	Reclassification of expenditure, therefore nil impact.
12	<p>Families First</p> <ul style="list-style-type: none"> • Absence of adequate third party monitoring procedures. • Amendment of £3,255 to remove ineligible expenditure incurred in 2013/14 	(£3,255)
13	<p>Substance Misuse Action Fund</p> <ul style="list-style-type: none"> • Amendment of £553 in respect of correcting the allocation of the total expenditure across each category. 	Reclassification of expenditure, therefore nil impact.
14	<p>Learning Disabilities Resettlement</p> <ul style="list-style-type: none"> • The Council was not able to provide us with a signed copy of a Service Level Agreement (SLA) in place with a third party. • The Council has apportioned staff costs for four members of staff to eligible expenditure under grant funded activities. Staff costs are allocated based on an estimation of time and not on a specific time allocation through the use of time sheets. The Council could not, therefore, provide evidence support the percentage of staff time apportioned. 	N/A – Claim Qualified.
15	<p>Strategic Regeneration Areas: Property & Environment Grant (PEG)</p> <ul style="list-style-type: none"> • Three of the six projects led by the Isle of Anglesey County Council that received funding from the PEG grant scheme in 2011/12 could not be identified on the asset register. This is because the projects have been included as part of larger schemes. However, there is no audit trail to identify which schemes they have been included within. The Authority has since changed its procedure for recording fixed assets and all projects funded in 2012/13 could be traced to the asset register. 	N/A – Claim Qualified.

Ref	Summary observations	Amendment
16	<p>Regional Transport Consortia Grant</p> <ul style="list-style-type: none"> The Authority was able to provide evidence of the approved amount of grant funding provided to the consortium as a whole with respect of the Road Safety Capital and Revenue schemes. However, the Authority was unable to provide evidence to support the allocation of these amounts to each Authority within the consortium. As a result we were unable to agree the total allocation figure on the outturn statement. 	N/A – Claim Qualified.
17	<p>Sustainable Waste Management</p> <ul style="list-style-type: none"> During testing of prime documents we identified an item of ineligible expenditure with a value of £27,944 relating to waste disposal. In addition, further ineligible expenditure was identified during testing of in-house charges relating to fleet vehicles totalling £2,244.21. This ineligible expenditure does not impact the grant entitlement because the total expenditure incurred by the Authority on the above programme during the claim period was £2,286,265.43, representing an overspend of £422,471.43 compared to the approved grant expenditure of £1,863.794.00. 	N/A – Claim Qualified. This ineligible expenditure does not impact the grant entitlement because the total expenditure incurred by the Authority was above the approved grant expenditure.
18	<p>HRA Subsidy</p> <ul style="list-style-type: none"> We note that the amount paid by the authority on the claim form is £1,885,950. The authority's underlying records indicate this amount should be £1,885,975, a difference of £25. The Authority has not amended the 2012/13 return in respect of this difference. The opening capital funding requirement should be used as basis to calculate cell 0385 rather than the opening subsidy capital financing requirement. Various amendments were made due to incorrect values extracted from working papers and from the prior year claim. 	£8,306

Ref	Summary observations	Amendment
19	<p>Learning Pathways</p> <ul style="list-style-type: none"> The work performed over this year's claim included confirmation that signed Service Level Agreements (SLAs) were in place for all three partner organisations. However, it was noted that expenditure had been incurred before the SLA had been signed for one partner. Amendment in respect of capping the eligible expenditure amount to reflect the grant allocation. This has no impact on the grant entitlement. 	N/A – Claim Qualified.
20	<p>Social Care Workforce Development Programme</p> <ul style="list-style-type: none"> During testing of prime documents we identified where a difference of £3 between the invoice balance of £1,947 and the amount recorded on the general ledger of £1,950. The total expenditure incurred by the Authority on the above programme during the claim period was £313,752.53 above the approved grant expenditure of £309,710. 	N/A – Claim Qualified. This ineligible expenditure does not impact the grant entitlement because the total expenditure incurred by the Authority was above the approved grant expenditure.
21	<p>The Development of Anglesey's coastal environment</p> <ul style="list-style-type: none"> Items of expenditure not defrayed until after the end of the claim period were included in the amount claimed. 	N/A – Claim Qualified.

Ref	Summary observations	Amendment
22	<p>School Effectiveness Grant 2011-12</p> <ul style="list-style-type: none"> We noted that the Looked After Children (LAC) minimum expenditure incurred by the Authority of £16,348 is below the amount required by the Welsh Government of £19,351. We identified that the percentages of expenditure incurred in relation to priority areas of Literacy, Numeracy and Poverty are simply estimates of the proportion of each cost code that relates to each priority. We have, therefore, been unable to determine whether the amounts shown as expenditure for each priority area per the claim form are accurate. The Authority has not been able to evidence that the funding delegated to schools has been defrayed for the purposes for which it was given. The Authority has not been able to evidence that the funding devolved to collaboration partners has been defrayed for the purposes for which it was given. The Authority has delegated 70% of funding to schools rather than 75%. The Authority has not provided the Welsh Government with a specific rationale for this, but has advised the audit team that the outcome achieved by using the grant funding centrally rather than in a delegated fashion was the same and that the activities delivered were in accordance with the original plan. We were advised that the reduced delegation is a function of the Authority paying centrally for a number of the activities. We were unable to determine the eligibility of 10 from 25 items of testing (totalling £121,658.22 out of £184,312.16) due to a lack of information to confirm the nature of this expenditure. Due to the problems encountered and noted above, we have been unable to determine the correct classification for 22 out of 25 test items. We have been unable to determine whether apportionments to the claim for 10 out of 25 items tested (totalling £103,810.33 out of £184,312.16) are fair as the Authority has not provided an adequate rationale for the method of apportionment adopted. 	N/A – Claim qualified.

Ref	Summary observations	Amendment
23	<p>North West Wales local investment fund 11-12</p> <ul style="list-style-type: none"> For two invoices sampled, we were unable to trace the original invoices for expenditure of £838 and £20 although the authority was able to provide us with uncertified copies. For two of items sampled within the staff costs sub-category, we identified salary expenses that were defrayed in 2011 and which have been claimed in 2012. The amount involved was £10,759.12. We tested the procurement of two capital expenditure contracts for compliance with the relevant grant guidance and the authority's own guidelines. We noted that whilst contracts were procured in accordance with NWW LIF Grant Processing Protocol, the process for procurement of one of the contracts did not comply with the authority's internal procurement rules, which require that it is subject to full tendering procedures. The authority did not do this, but did obtain three quotes for the contract. We note that the grant claim was not provided by the Council to the auditors until 15th April 2013, which exceeds both the two weeks preparation time suggested in the certification instructions and the Accountants Report completion date of six weeks following the end of the claim period. 	N/A – Claim Qualified.
24	<p>Strategic Infrastructure on Anglesey Sites and Premises 11-12</p> <ul style="list-style-type: none"> An advance payment of £74,379 was made for a service which has not been delivered with no indication of when it will, or whether it may be outside of the life of the project. We note that the grant claim was not provided by the Council to the auditors until 15th April 2013, which exceeds the two weeks preparation time suggested in the certification instructions. 	N/A – Claim qualified
25	<p>Housing Benefit and Authority Tax Subsidy 11-12 and 12-13</p> <p>A number of issues were identified during the course of our certification of this claim. We have identified these issues in detail in the letter accompanying the certified claim.</p> <p>The issues highlighted during the 2011-12 and 2012-13 audits are being discussed separately with the Authority's Housing Benefits staff.</p>	(£26,763)
	Total effect of amendments to the Authority	(£254,258)

Recommendations

10. 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

Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.

Priority 2

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. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

Priority 3

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. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Claim not prepared correctly</p> <p>Eg:</p> <ul style="list-style-type: none"> • Arithmetic • Apportionment/estimated/% rates used • Accruals/cash basis • Payments on account • Incorrect classification 	<ul style="list-style-type: none"> • Claims may be qualified • Grant may be reclaimed by the Welsh Government • If qualified any over claim will need to be recovered by the Welsh Government • The Authority may not have claimed its full entitlement • The Authority has not complied with the terms and conditions of grant 	<p>R1 In order to confirm that claim forms are completed in full and in accordance with the completion guidance all completed forms should be independently checked to supporting documentation to minimise the risk that an error will go undetected.</p>	<p>2</p>	<p>There is a procedure that requires that all final claims submitted for audit are independently reviewed. This existing procedure will be updated for issues raised and reissued to the team with a particular emphasis on accruals. There is an expectation that audit working papers have to be compiled at this point to ensure that supporting documentation is checked and reconciled to claim and to the grant conditions and certification instructions. This will be highlighted in the revised procedure document.</p>	<p>Grants Coordinator</p> <p>31 December 2014</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Lack of supporting evidence to support the claim for funding</p> <p>Eg:</p> <ul style="list-style-type: none"> No evidence provided No invoices available No working papers to support apportionment 	<ul style="list-style-type: none"> Claims may be qualified If qualified any over claim will need to be recovered by the Welsh Government The Authority has not complied with the terms and conditions of grant Lack of audit trail to confirm the appropriate use of public monies 	<p>R2 The Authority should put in place systems and controls to ensure that the claim is fully supported by appropriate documentation such as ledger prints/invoices/calculation of apportionments.</p>	<p>2</p>	<p>For 2013-14 onwards all invoices are now scanned onto the Civica system and so are easily retrievable where expenditure is being directly incurred by the Authority. Where expenditure is being incurred by 3rd Party Organisations evidence of their expenditure should be submitted as part of the monitoring process referred to in R4.</p> <p>Apportionment of costs should be supported by working papers and this will be included in revised grant instructions.</p>	<p>Project Managers and Grant Accountants</p> <p>Ongoing</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Unapproved/ ineligible expenditure included</p> <p>Eg:</p> <ul style="list-style-type: none"> • Activity not in agreed plan • Value of activity exceeds that in agreed plan • Activity outside the claim period 	<ul style="list-style-type: none"> • Claims may be qualified • Grant may be reclaimed by the Welsh Government • If qualified any over claim will need to be recovered by the Welsh Government • The Authority may be claiming grant for instalments already received • The Authority has not complied with the terms and conditions of grant • Suspended payment • Suspension or reduction in future years' grant 	<p>R3 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 if there is any doubt about the eligibility of expenditure.</p> <p>The Authority should ensure that the terms and conditions of the grant funding are carefully reviewed to identify any additional/specific requirements which must be complied with. Systems and processes should be implemented as appropriate to minimise the risk that these requirements are not satisfied.</p>	<p>1</p>	<p>Grant Accountants to ensure that terms and conditions for all grants are held on file and referred to in completion of the claims. Advice to be sought by Grants Co-ordinator from the relevant funding body around eligibility of expenditure included in the year end statement if there is any doubt over eligibility. Grant instructions will also be revised to limit the expenditure for testing to the grant transactions rather than entire cost centres to minimise the risk of inclusion of ineligible expenditure.</p>	<p>Grants Coordinator</p> <p>31 December 2014</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Lack of monitoring of third parties Eg:</p> <ul style="list-style-type: none"> No systems in place between the Authority and the third party to ensure grant has been used for the purposes intended Monitoring arrangements not in place or inconsistent. 	<ul style="list-style-type: none"> Claims may be qualified The Authority has not complied with the terms and conditions of grant Lack of audit trail to confirm the appropriate use of public monies 	<p>R4 The Authority must have adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim. Such procedures may include obtaining independently certified statements from third parties; signed SLA's in place with all partners; quarterly monitoring reports to be provided by the partner to the Authority; periodic visits to partners and spot checking of eligibility on a sample basis; and agreement of targets and key performance indicators with partners to monitor outcomes.</p>	<p>1</p>	<p>Where there are failures in monitoring systems it will be raised with the Project Managers individually and monitoring systems put in place by the Grants Co-ordinator. 3rd Party Monitoring is also covered within the Audit Workshop and the Grants Protocol. Project Managers to ensure compliance.</p>	<p>Project Managers and Grant Accountants</p> <p>Ongoing</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Non compliance with standing orders for awarding contracts. Eg:</p> <ul style="list-style-type: none"> Authority procurement procedures not followed. 	<ul style="list-style-type: none"> Claims may be qualified The Authority has not complied with the terms and conditions of grant 	<p>R5 All contracts to be funded by grant funding should be awarded in accordance with the Authority's standing order. A full contracts listing should be maintained for each grant claim together with copies of tender awarding documentation.</p>	<p>1</p>	<p>Audit Workshop to be delivered on an annual basis to provide advice to Project Managers and reinforce the compliance issues including procurement. Guidance is also available to Project Managers through Monitor. Heads of Service to ensure compliance. The contract issue was one isolated case.</p>	<p>Project Managers and Grant Accountants</p> <p>Ongoing</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Claim does not reconcile to the general ledger. Eg:</p> <ul style="list-style-type: none"> • Use of estimated figures. • Manual adjustments made to claim forms but not reflected in the general ledger. 	<ul style="list-style-type: none"> • Claims may be qualified • Grant may be reclaimed by the Welsh Government • If qualified any over claim will need to be recovered by the Welsh Government • The Authority may not have claimed its full entitlement • The Authority may be claiming grant for instalments already received • The Authority has not complied with the terms and conditions of grant • Lack of audit trail to confirm the appropriate use of public monies 	<p>R6 A reconciliation should be performed prior to every audit to confirm that the figures in the claim reconcile to the general ledger and a copy of the reconciliation should be held on file.</p>	<p>1</p>	<p>A reconciliation was provided with the majority of claims for 2012-13. The Grants Accountants will ensure that reconciliations are prepared for all grant claims for 2013-14. This will be reflected in revised Grant Instructions.</p>	<p>Grant Accountants</p> <p>Ongoing</p>

Fees

11. Our overall fee for certification of grants and returns for 2012-13 is £163,206 which is over our original estimate of £120k to £140k. This is due to the increase in the volume of grants and returns which required certification compared to the prior year.

Breakdown of fee by grant/return	2012-13	2011-12
Communities first: 2012/13: 10 claims (2011/12: 7 claims)	£16,360	£11,353
Housing benefit and council tax benefit	£42,746	£54,354
NNDR	£9,583	£9,631
Teachers' pensions returns	£3,238	£3,317
School effectiveness grant	£8,937	£9,089
Transitional SBIG	£3,048	n/a
Welsh in Education	£4,040	n/a
Flying start	£3,065	£3,157
Families First (Cymorth)	£4,573	£3,997
Substance Misuse Action Fund: Revenue	£3,372	£3,397
Learning Disabilities Resettlement	£3,226	£3,313
Strategic Regeneration Areas (SRAs): 2012/13: 5 claims (2011/12: 1 claim)	£19,257	£3,963
Regional Transport Consortia Grant	£1,978	£2,076

Breakdown of fee by grant/return	2012-13	2011-12
Free Concessionary Travel	£2,394	£2,428
Maes Awyr Mon - Anglesey Airport	£1,032	£1,051
Sustainable Waste Management	£3,224	£2,631
HRA subsidy	£6,053	£4,442
Learning pathways	£2,691	£2,395
Social Care Workforce Development Programme	£2,356	£2,350
The Development of Anglesey's coastal environment	£5,880	£5,536
North West Wales local investment fund	£7,533	£8,194
Strategic Infrastructure on Anglesey Sites and Premises	£7,373	£7,540
Transport Grant	n/a	3,220
Land Drainage	n/a	3,611
Data Return	£400	n/a
Annual Grants Report	£852	n/a
Total fee	£163,206	£151,045

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk