

**CYFARWYDDWR SWYDDOGAETH (ADNODDAU)/
DIRECTOR OF FUNCTION (RESOURCES)**

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL
Swyddfa'r Sir
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Gofynnwch am – Please ask for: Mr R M Jones

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Ein Cyf – Our Ref:
Eich Cyf – Your Ref: 2887A2022

13 May 2022

Mr Derwyn Owen,
Engagement Director,
Audit Wales,
24 Cathedral Road,
CARDIFF.
CF11 9LJ.

Dear Derwyn,

Re: Isle of Anglesey County Council – Housing Benefit Subsidy

Thank you for your letter regarding the above, which summarises the position in respect of the subsidy and records the details of a number of discussions I have had with you and your staff on this matter.

I have no disagreement with the factual elements of your letter, but I do feel that I should try and put the letter in some context in order to clarify how we have arrived at this position.

The issues clearly began prior to you taking over the responsibility for auditing the subsidy claim in 2016/17. The Auditors, up until 2016/17, had a good understanding of how to audit the subsidy claim, the Council's working practices and systems, and this allowed them to complete the audit within the required timescale and provided the Council with timely feedback which allowed the Council to address the errors identified and prevent them from becoming on-going issues in subsequent claims. Unfortunately, due to a number of factors, the appointed auditors for the 2016/17 & 2017/18 claims were not able to complete the audit in a timely fashion by applying a pragmatic interpretation of the audit guidance. In addition, they expected the Council staff to provide more information prior to them commencing the audit, which the Council was not resourced to provide. These factors led to the initial delays, which then impacted on the completion of the 2016/17 and 2017/18 audit. The problems we encountered as a Council culminated in Audit Wales having to take over the audit of the 2017/18 and 2018/19 claims. This further delayed the process, as your staff had to virtually begin the audit process again for those 2 years. This increased the workload for the one member of staff who deals with the subsidy for the Council, and led to delays in identifying the errors you refer to and delayed the Council in responding to those errors. Had the initial audits in 2016/17 and 2017/18 been undertaken to the previous standard, we believe that the problems would not have become as significant as they have become.

The audit guidance applies equally to all authorities and the level of testing is not linked to the size of the Authority. This places a significant burden on small authorities, such as Anglesey, with the level of testing not being proportionate to the level of risk. I understand that Audit Wales undertake the audit in line with DWP guidance, but the guidance needs to be updated and we believe that Audit Wales should be trying to influence DWP to revise their guidance in order that the audit undertaken takes account of the associated risk, rather than a one size fits all approach.

You note that the value of errors attributed to Local Authority error is £114,892, but this needs to be considered in context of the total value of the claim for 2018/19, which was £18,544,166, which is an error rate of 0.6%. I accept that this represents a loss which must be funded by the taxpayers of Anglesey and we need to do everything possible to minimise this loss.

**Croeso i chi ddelio gyda'r Cyngor yn Gymraeg neu'n Saesneg. Cewch yr un safon o wasanaeth yn y ddwy iaith./
You are welcome to deal with the Council in Welsh or English. You will receive the same standard of service in both languages**

We have tried to prioritise the completion of the outstanding subsidy claims and will continue to do so, but the past two years have been very difficult, with the additional responsibilities placed on the team by Welsh Government (free school meals payments, self isolation payments, cost of living grants etc.), the retirement of the Revenues and Benefits Services Manager and the secondment of the Benefits Manager to Welsh Government, and the difficulties brought about by staff having to work from home. In addition, we have found it extremely difficult to identify additional agency staff, with the necessary experience, to come and work for Anglesey in the short term. As you point out in your letter, this has placed an excessive burden of work onto one member of staff, who has a number of other duties which must take priority on occasions.

Moving into the new financial year will reduce the workload which arises at the end of the financial year, the Benefits Manager is due to return from his secondment and, hopefully, with the Covid position improving, staff can return to work in the office and there will be less requirement by Welsh Government to implement additional schemes.

Before addressing the longer term recommendations set out in Appendix 1, I would note that we have identified a member of staff to assist the Performance and Development Manager to complete the outstanding information you require and, hopefully, this will allow us to complete the 2 outstanding audits by the end of the summer / early autumn and allow the commencement of the audit of the 2021/22 subsidy shortly afterwards.

In the longer term, we are in the process of implementing a restructure of the Revenues and Benefits Team, which will result in a strengthening of the Performance & Development Team, which will increase the capacity, not only to deal with the audits, but also to undertake more quality assurance work throughout the year, with the aim of reducing the number of processing errors made.

The return of the Benefits Manager from his secondment will also allow us to concentrate on reviewing errors and putting in place a general training programme for staff and targeted training to address the specific errors identified. Although this work will be too late to influence the 2021/22 claim, I hope that we begin to see the benefit in the 2022/23 claim and, to a greater extent, in the 2023/24 claim. If we can significantly reduce the number of errors then this will reduce the audit testing and reduce the workload for both Audit Wales staff and Council staff, with the added benefit that audit fees and the level of lost subsidy will reduce.

May I take this opportunity to thank you and your staff for the professional, pragmatic and practical way they have dealt with the audit of the claims since you have taken over the work and hope that, once we clear the current backlog, then we can have a process that works in a timely way, with a reduction in the level of audit testing required.

I will arrange for your letter and this response to be discussed at the Governance & Audit Committee when it next meets in June 2022.

Yours sincerely,



MARC JONES
DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER