

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

Audit year: 2019-20

Date issued: February 2021

Document reference: 2286A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

# Contents

Summary of certification work outcomes	4
Recommendations	9
Fees	11

# Certification of Grants and Returns 2019-20

## Summary of certification work outcomes

- 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 Caerphilly County Borough 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. 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 six grant claims, five fewer than in 2018-19, due to the updated certification arrangements.
- 5 The Authority submitted all 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 £33,719.
- 6 1:6 of the claims were qualified; this compares well with the Welsh average of 1:4 for 2018-19.

<p><b>Introduction and background</b></p>	<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 contractors to the Wales Audit Office, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.</li> <li>• For 2019-20, we certified 6 grants with a total value of £135,534,621.</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>
<p><b>Timely receipt of claims</b></p>	<p><b>Our analysis shows that all grants received during the year were received by the Authority's deadline.</b></p>
<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for five grants and returns but a qualification was necessary in one case. Details are included in Table 9 on page 8 of this report.</b></p>
<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. Details are included in Table 9 on page 8 of this report.</b></p>
<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 but improvements are required in some areas, as detailed in the body of this report.</b></p>
<p><b>Fees</b></p>	<p><b>Our overall fee for certification of grants and returns for 2019-20 is £33,719. (£32,535 in 2018-19 for the equivalent grant claims.)</b></p>

- 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.

#### Key information for 2019-20

---

Overall, we certified 6 grants and returns:

- **3 were unqualified with no amendment**
- **2 were unqualified but required some amendment to the final figures**
- **1 required a qualification to our audit certificate**

Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing Benefit and Authority Tax Subsidy (BEN01)	30/4/2020	29/4/2020	No				
2	Teachers' Pension (PEN05)	30/6/2020	30/6/2020	No			432.60	
3	Gwent Frailty Partnership (HLG01)	8/5/2020	21/4/2020	No				
4	Section 28a Annual Voucher – Wanless (HLG03)	30/9/2020	3/7/2020	No				
5	Section 28a Annual Voucher – Learning and Disability (HLG03)	30/9/2020	3/7/2020	No			Disclosure only	
6	Non-Domestic Rate (LA01)	29/5/2020	29/5/2020	No				
Total					1	£0	£432.60	3

9 This table summarises the key issues behind each of the adjustments or qualifications that were identified on **pages 4 to 7**.

Ref	Summary observations	Amendment
1	<p><b><u>Housing Benefit and Authority Tax Subsidy</u></b>            Two issues were identified from testing:</p> <ul style="list-style-type: none"> <li>• Rent Rebates – Total Expenditure (Benefit Granted) – this is an error that has also been identified in prior years, where the average weekly income was calculated incorrectly. This did not impact on the benefit paid.</li> <li>• Rent Rebates – Total Expenditure (Benefit Granted) – a lower LHA cap had been incorrectly applied to a case resulting in an underpayment of benefit. The cap was incorrectly applied disregarding the need for a live-in carer at the property. As this would always result in an underpayment of benefit this did not impact on the subsidy received.</li> </ul>	£0
2	<p><b><u>Teachers' Pension Return</u></b>            The 2019/20 certificate was overstated by £432.60 as it was accounted for in the 2018/19 form, but not paid until 2019/20. The Authority confirmed with Teachers' Pension that the amount of £432.60 was to be removed from the Additional contributions paid figure.</p>	£432.60
3	<p><b><u>Section 28a Annual Voucher – Learning and Disability</u></b>            A figure was omitted from the original submission. This error was disclosure only and did not impact on the funding received by the Authority.</p>	£0 (disclosure only)
	<b>Total effect of amendments to the Council's claims and returns</b>	<b>£432.60</b>



## 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	Priority 2	Priority 3
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.	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.	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
Unapproved / <ul style="list-style-type: none"> <li>• ineligible expenditure included – Housing Benefit</li> </ul>	The Authority's subsidy claim may be qualified. This will lead to a partial loss of subsidy if the total error made exceeds a permitted threshold set by the Department for Work and Pensions. If overpayments are not classified correctly, the Authority will not realise the level of its total error. Some claimants will be overpaid, and the Authority may have to request a repayment.	One issue identified within the qualification letter has been recurring for a number of years.  We recommend that the council implement training to address the following issues prior to the next certification process: <ul style="list-style-type: none"> <li>• correctly calculate the weekly income of a claimant with a focus on what pay elements are included and excluded.</li> </ul>	1	We will deliver awareness and refresher training to the assessment staff to address this issue. Unfortunately, human error is difficult to completely eliminate but we will reiterate and stress the fundamental importance of accuracy. We will also continue to carry out Quality Control checks to target this issue and to mitigate the possibility of this reoccurring.	Amanda Main  31 March 2021

## Fees

11 Our overall fee for the certification of grants and returns has been outlined below:

Breakdown of fee by grant/return	2018-19	2019-20
Housing Benefit and Authority Tax Subsidy (BEN01)	£18,724	£18,886
Teachers' Pension (PEN05)	£3,045	£3,013
Gwent Frailty Partnership (HLG01)	£2,004	£2,969
Section 28a Annual Voucher – Wanless (HLG03)	£1,449	£1,700
Section 28a Annual Voucher – Learning and Disability (HLG03)	£1,449	£1,700
Non-Domestic Rate (LA01)	£2,563	£2,564
Planning, admin & reporting	£3,301	£2,887
<b>Total fee</b>	<b>£32,535</b>	<b>£33,719</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)

We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

