



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Certification of Grants and Returns 2015-16 – **Carmarthenshire County Council**

Audit year: 2015-16

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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.

This document is also available in Welsh.

The team who delivered the work comprised Richard Harries, Jason Garcia, Julie Owens, Ian Griffiths, Rhian Phipps and Mandy Williams.

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# Summary report

- 1 Carmarthenshire County Council (the Council) is responsible for submitting the claims and returns to which it is entitled and for ensuring that they are:
  - completed accurately and in accordance with schemes' terms and conditions;
  - completed in a timely fashion so that deadlines are met;
  - supported by systems of internal control, including systems of internal financial control and internal audit;
  - supported by adequate working papers; and
  - subject to proper supervision and review.
- 2 For the 2015-16 financial year, we certified 13 grant claims and returns with an aggregate value of £141 million. In auditing these grant claims we have reached one of the following conclusions:
  - provided an unqualified certificate;
  - provided an unqualified certificate following agreed amendments to the claim;
  - provided a certificate which is accompanied by a qualification letter; or
  - provided a certificate following agreed adjustments to the claim which is accompanied by a qualification letter.
- 3 We have completed our work and conclude that there have been improvements in the Council's arrangements for the production and submission of grant claims in 2015-16 compared to previous years, although there are some areas where further improvements can be made.
- 4 Our conclusion is based on the following overall findings:
  - all of the claims were submitted to us on time;
  - there were no significant amendments made to any of the claims;
  - there has been a reduction in the proportion of claims requiring qualification in 2015-16 (31% this year compared with 50% qualified last year); and

- given these improvements, our fee for certification of returns comparing comparable returns (ie, excluding those for which certification was required in 2014-15 but not in 2015-16) has decreased from £75,388 in 2014-15 to £72,397 in 2015-16.
- 5 The Council has taken a number of steps to improve grants management over recent years and these actions are now delivering improvements. Those areas where the Council needs to continue to improve its grant certification arrangements are shown in [Exhibit 1](#) below.
- 6 These issues were not encountered on every grant claim audited but have been seen on some grant claim audits in previous years. Where we have encountered these issues we have a duty to report the facts to the relevant paying department.
- 7 These letters highlight any identified issue concerning the Council's compliance with a scheme's requirements. In these circumstances, it is possible that the relevant grant-paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. There is a risk that a grant-paying body could reclaim funding from the Council.
- 8 The issues we have encountered that have either resulted in an amendment or have been reported in some qualification letters during 2015-16, are detailed on an individual scheme basis in [Appendix 1](#) but can be summarised as follows:

[Exhibit 1: issues that required qualification letters](#)

**Issues that required qualification letters to be issued on individual grant claims**

- Non-compliance with the Council's own procurement rules (one claim).
- Supporting evidence to confirm eligible expenditure items in the claim (one claim).
- Processes not following scheme regulations (one claim).
- Claim form did not agree to original approval letter/memorandum of agreement (one claim).

- 9 These matters have been discussed and agreed with management and we will follow up action taken as part of our 2016-17 audit of grant claims and returns.
- 10 Detailed below is a summary of the key outcomes from our certification work on the Council's 2015-16 grants and returns.

**Exhibit 2: key outcomes**

**Summary Certification work outcomes**

Overall we certified 13 grants and returns:

- four were unqualified with no amendment;
- five were amended for minor issues; and
- four required a qualification to our audit certificate which referred to some of the issues referred to in **Exhibit 1** and **Appendix 1**.

- 11 **Appendix 1** also outlines the fees charged for these grant claims in 2015-16. This appendix also shows the cost for each comparable claim for 2014-15.

# Appendix 1

## Detailed issues and audit fees

### Exhibit 3: audit fees and issues

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
BEN01 – Housing and Council Tax Benefits Scheme	50,348,646	14,599	11,543	Sample testing of rent allowances cases highlighted one case where a rent officer referral eligible amount had been incorrectly entered onto the system. We extended our testing to ensure this was a one-off error and no further issues were identified.
EDU18 – Transitional School Building Improvements Grant (two claims)	13,119,086	5,359	5,270	Minor amendment to the claim form to remove brackets from the amount payable figure.
EYC01 – Flying Start Revenue	3,754,709	4,417	6,158	No issues identified.
EYC02 – Flying Start Capital	1,309,897	2,877	2,734	Minor amendment to the claim form to correct a transposition error.
EYC14 – Families First	2,200,799	2,778	4,463	The claim was qualified because Council procedures had not been followed for the procurement of an education contract. The contract was awarded using a single tender action, but without the required S.151 officer approval.
HLG01 – Section 33 NHS (Wales) Act 2006 Pooled Budgets	515,919	1,295	3,457	The return was amended to increase the amount payable to the scheme for previously unidentified expenditure of £690.

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
HLG03 – Section 34/194 NHS (Wales) Act 2006 Money Transfers	700,000	2,755	2,356	The return was qualified as a number of issues reported in the previous year had not been addressed. In addition, the amount awarded by the paying body - £700,000 did not agree to the original signed memorandum of agreement, which stated £800,000. An updated and signed agreement was not in place to evidence this subsequent amendment.
LA01 – NNDR Final Contribution	47,147,969	7,205	5,847	The claim was amended to correct a misclassification between the organisations granting relief. This did not have any effect on the amount payable.
PEN05 – Teachers Pensions	15,536,507	2,937	1,976	The claim was qualified as our sample testing of contributions identified one case where a variable employee's contribution rate had been incorrectly applied during the year. In addition, we found one case where an employee who had not formally opted out of the scheme had not made any pensions contributions.
RG03 – Communities First	580,087	5,951	4,928	No issues identified.
SOC07 – Social Care Workforce Development Programme	416,965	2,320	2,810	No issues identified.
TRA15 – Transport Grant	3,209,473	2,812	3,530	The claim was qualified as we identified one transaction of £125,000, which had not been defrayed during the period, and we could not confirm eligibility in accordance with scheme guidelines and our certification instruction. We accept that the Council had received informal correspondence from a Welsh Government official agreeing to the funding for this transaction but, in line with our agreed certification instruction, we needed to report this formally to Welsh Government.

Scheme	Amount of return / grant claimed (£)	Audit fee 2015-16 (£)	Audit fee 2014-15 (£)	Issues identified
TRA23 – Free Concessionary Travel	2,047,991	3,287	2,687	No issues identified.
Grants supervision, control and reporting	0	13,805	17,629	
<b>Total</b>	<b>140,888,048</b>	<b>72,397</b>	<b>75,388</b>	

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