

CITY AND COUNTY OF SWANSEA

NOTICE OF MEETING

You are invited to attend a Special Meeting of the

AUDIT COMMITTEE

At: Council Chamber , Civic Centre, Swansea

On: Wednesday, 17 September 2014

Time: 4.00 pm

AGENDA

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Patrick Arran
Head of Legal, Democratic Services & Procurement
Thursday, 11 September 2014

Contact: Jeremy Parkhouse - 636016

AUDIT COMMITTEE (12)

Lay Member:

Mr Alan M Thomas (Chair)

Councillors:

Labour Councillors: 8

Bob A Clay	Jennifer A Raynor
Phil Downing	Robert V Smith
Robert Francis-Davies	Des W W Thomas
Geraint Owens	Lesley V Walton

Liberal Democrat Councillors: 2

Jeff W Jones (Vice Chair)	Paul M Meara
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Independent Councillor: 1

Lynda James	
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Conservative Councillor: 1

Paxton R Hood-Williams	
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Officers:

Jack Straw	Chief Executive
Dean Taylor	Director of Corporate Services
Mike Hawes	Head of Financial Services
Paul Beynon	Chief Auditor
Tracey Meredith	Directorate Lawyer
Dave Mckenna	Overview & Scrutiny Manager
Richard Rowlands	Business Performance Manager
Patrick Fletcher	Communications
PricewaterhouseCoopers	External Auditors
Archives	
Democratic Services	
Spares	

Total Copies Needed:

32

Disclosures of Interest

To receive Disclosures of Interest from Councillors and Officers

Councillors

Councillors Interests are made in accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea. You must disclose orally to the meeting the existence and nature of that interest.

NOTE: You are requested to identify the Agenda Item / Minute No. / Planning Application No. and Subject Matter to which that interest relates and to enter all declared interests on the sheet provided for that purpose at the meeting.

1. If you have a **Personal Interest** as set out in **Paragraph 10** of the Code, you **MAY STAY, SPEAK AND VOTE** unless it is also a Prejudicial Interest.
2. If you have a Personal Interest which is also a **Prejudicial Interest** as set out in **Paragraph 12** of the Code, then subject to point 3 below, you **MUST WITHDRAW** from the meeting (unless you have obtained a dispensation from the Authority's Standards Committee)
3. Where you have a Prejudicial Interest you may attend the meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, **provided** that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. In such a case, you **must withdraw from the meeting immediately after the period for making representations, answering questions, or giving evidence relating to the business has ended**, and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration (**Paragraph 14** of the Code).
4. Where you have agreement from the Monitoring Officer that the information relating to your Personal Interest is **sensitive information**, as set out in **Paragraph 16** of the Code of Conduct, your obligation to disclose such information is replaced with an obligation to disclose the existence of a personal interest and to confirm that the Monitoring Officer has agreed that the nature of such personal interest is sensitive information.
5. If you are relying on a **grant of a dispensation** by the Standards Committee, you must, before the matter is under consideration:
 - i) Disclose orally both the interest concerned and the existence of the dispensation; and
 - ii) Before or immediately after the close of the meeting give written notification to the Authority containing:

- a) Details of the prejudicial interest;
- b) Details of the business to which the prejudicial interest relates;
- c) Details of, and the date on which, the dispensation was granted; and
- d) Your signature

Officers

Financial Interests

1. If an Officer has a financial interest in any matter which arises for decision at any meeting to which the Officer is reporting or at which the Officer is in attendance involving any member of the Council and /or any third party the Officer shall declare an interest in that matter and take no part in the consideration or determination of the matter and shall withdraw from the meeting while that matter is considered. Any such declaration made in a meeting of a constitutional body shall be recorded in the minutes of that meeting. No Officer shall make a report to a meeting for a decision to be made on any matter in which s/he has a financial interest.
2. A "financial interest" is defined as any interest affecting the financial position of the Officer, either to his/her benefit or to his/her detriment. It also includes an interest on the same basis for any member of the Officers family or a close friend and any company firm or business from which an Officer or a member of his/her family receives any remuneration. There is no financial interest for an Officer where a decision on a report affects all of the Officers of the Council or all of the officers in a Department or Service.

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON
THURSDAY, 7 AUGUST 2014 AT 4.00 P.M.

PRESENT: Mr A M Thomas (Independent Chair) presided

Councillor(s):

R A Clay
P Downing
P R Hood-Williams

Councillor(s):

L James
J W Jones

Councillor(s):

J A Raynor
L V Walton

Officers:

M Hawes - Head of Finance and Delivery
P Beynon - Chief Auditor
D Smith - Directorate Lawyer
J Parkhouse - Democratic Services Officer

ALSO PRESENT:

D Driffield - Chief Social Services Officer
C Prior - Coastal Regional Project Manager
R Nelson - PricewaterhouseCoopers

13. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors R Francis-Davies, P M Meara and R V Smith.

14. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS**

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

15. **MINUTES**

RESOLVED that the Minutes of the meeting of the Audit Committee held on 12 June 2014 be accepted as a correct record.

16. **COASTAL PROJECT - UPDATE REPORT**

The Chief Auditor presented a report which provided further information on the Coastal Project, in particular, the evaluation of the project by Wavehill.

Minutes of the Audit Committee (07.08.2014) Cont'd

It was outlined that Wavehill were commissioned to provide an external evaluation of the Coastal Project and their remit was to provide a formative evaluation with a series of progress reports over the course of the project and a final summary report at project closure. To date, four reports have been produced and an extract of the second Wavehill report was provided at Appendix 2 of the report showing relevant comments and recommendations. Details of the involvement of WEFO were also outlined in the report. It was outlined that the Coastal Regional Project Director had stated that the Corporate Director (Social Services) and Head of Adult Services would have received a copy of the Wavehill report. The Regional Project Director also stated that he personally discussed the risk to funding with the Corporate Director (Social Services) during regular informal meetings which were not minuted. It had also been confirmed that the findings of the Wavehill report were not escalated outside the Social Services Directorate. However, the Regional Project Director had outlined a series of actions in response to the report's findings and these were provided within the report.

It was concluded that the fundamental question arising from the original investigation was whether the risk to funding imposed by WEFO in August 2013 could have been identified sooner. The Wavehill report shows that the risk was identified in October 2011 but that no action was taken to escalate this risk outside of the Social Services Directorate until August 2013, in response to WEFO changing the terms and conditions of the grant.

A detailed and frank discussion followed and Members asked a number of questions of the Chief Social Services Officer and the Coastal Regional Project Director who responded accordingly.

RESOLVED that

- (1) the contents of the report be noted
- (2) a copy of the final Wavehill evaluation report be reported to the Audit Committee when available.

17. **DRAFT STATEMENT OF ACCOUNTS 2013/14**

The Section 151 Officer presented the Draft Statement of Accounts for 2013/14 for information and review. It was outlined that the Draft Accounts had been prepared and signed by the Section 151 Officer on 30 June 2014 and a copy was provided at Appendix A to the report. The Accounts had been formally presented to the Council's Auditors, PricewaterhouseCoopers, who had commenced the audit of the Accounts. As part of the audit process, the Accounts will be made available for inspection by the public for a four week period during August and September 2014.

Minutes of the Audit Committee (07.08.2014) Cont'd

It was outlined that the form and content of the Accounts was largely set out in the CIPFA Code of Practice which forms the basis of best practice in accordance with legislation. Legislation requires that by 30 September 2014 the Accounts must be audited and approved by Council.

The Committee asked a number of questions of the Section 151 Officer who responded accordingly and agreed to provide a written response to a question regarding corporate and democratic core.

The PricewaterhouseCoopers Representative explained that a verbal update regarding the progress of the audit of the accounts will be provided at the next meeting.

RESOLVED that the Draft Statement of Accounts be noted.

18. **DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14**

The Chief Auditor presented a report which provided the Draft Annual Governance Statement 2013/14. It was outlined that the Annual Governance Statement should report publicly on the extent to which the Council had complied with its own Code of Governance on an annual basis, including how it had monitored and evaluated the effectiveness of the governance arrangements in the year and on any planned changes in the coming period. The process of preparing the Annual Governance Statement should itself add value to the effectiveness of the Corporate Governance and Internal Control Framework.

The Draft Annual Governance Statement 2013/14 was provided at Appendix 1 of the report and had been subject to consultation with the Executive Board. The final version of the Annual Governance Statement would be reported to Cabinet in September 2014 for approval before being signed by the Chief Executive and Leader and published with the Audited Statement of Accounts 2013/14.

The Committee asked a number of questions of the Chief Auditor who responded accordingly.

RESOLVED that:

- (1) the Draft Annual Governance Statement 2013/14 be noted;
- (2) the Risk Management Half Yearly Review 2014/15 be reported to the meeting scheduled for 30 October 2014.

19. **INTERNAL AUDIT ANNUAL PLAN 2013/14 - MONITORING REPORT FOR THE PERIOD 1 JANUARY 2014 TO 31 MARCH 2014**

The Chief Auditor presented the report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2014 to 31 March 2014.

It was outlined that a total of 65 days were lost in quarter 4 due to vacancies. A total of 14 audits were finalised during the quarter and these were provided at Appendix 1 which also provided the level of assurance given at the end of the audit and a number of recommendations made and agreed. A summary of the assurance levels for each of audit finalised during quarter 4 was also provided.

A total of 89 audit recommendations were made and management agreed to implement all recommendations made. Details of the significant issues which led to YGG Tirdeunaw audit being considered to be moderate were provided and it was added that there were other less significant findings also included in the Final Audit Report issued to the Headteacher and Chair of the Governing Body. A Management Action Plan had been agreed with the Headteacher which included a series of recommendations to address the issues provided. A follow-up audit would be arranged within 6 months of the Final Report being issued to confirm that the agreed recommendations had been implemented.

It was added that a follow-up of the Social Services Debt Recovery Audit which had received a moderate level of assurance was completed during quarter 4 and it was found that substantial progress had been made in implementing the agreed recommendations.

Members asked questions of the officer who responded accordingly.

RESOLVED that

(1) the contents of the report be noted.

(2) the Chair writes to the Chief Education Officer to express the Committee's concerns regarding the audit of YGG Tirdeunaw.

20. **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan was provided for information.

21. **DATE OF NEXT MEETING**

NOTED that the next meeting be scheduled for 4.00 p.m. on Thursday 4 September 2014.

The meeting ended at 6.20 p.m.

Report of the Head of Finance and Delivery

Audit Committee – 17 September 2014

BENEFITS INVESTIGATION TEAM - END OF YEAR REPORT - 2013/14

Purpose:	To report on the activities and achievements of the Benefits Investigation Team during 2013/14.
Policy Framework:	Anti-Fraud and Corruption Strategy.
Reason for Decision:	No decision is required.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The Report be noted.
Report Author:	Talfryn Davies
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. GLOSSARY

CTB - Council Tax Benefit.

CTR - The Local Council Tax Reduction Scheme which replaced CTB from 01.04.13.

Data Matching – An electronic comparison of Council records to those of other Council's and participating organisations. The aim is to identify and investigate discrepancies and minimise overpayments of benefits. There are two main types of Data Matching:

- **HBDMS** - The Housing Benefit Data Matching Service are part of the DWP. Each month they compare Council Benefit records to those of the other Council's, DWP, Retirement Pension, Royal Mail, and Her Majesty's Revenue and Customs. HBDMS highlights actual discrepancies.
- **NFI** - The National Fraud Initiative is a bi-annual exercise coordinated by the Audit Commission. They compare all Council records both internally and externally to other Councils and participating organisations. Records compared include Payroll, Pensions, Housing Rents, Taxi Licenses, Personal Alcohol Licenses, Student Loans, and Immigration. NFI simply highlights matches rather than actual discrepancies. Further evaluation is required to determine if benefits have been paid correctly or not.

DWP - Department for Work & Pensions.

FES - DWP's Fraud and Error Service (based in Morriston).

FES(O) - DWP's Organised Fraud and Error Service (based in Cardiff).

HB - Housing Benefit.

IUC - Interview Under Caution

An IUC is a taped interview conducted in accordance with the Police & Criminal Evidence Act 1984 (PACE).

An IUC is undertaken where an Investigator considers there is evidence to suspect a person has committed a criminal offence.

LA - Local Authority.

Sanction – After an IUC there are three Sanctions that can be applied / offered to persons who are considered to have committed Benefit fraud. They are:

- **Formal Caution**

A verbal warning. The person must sign a declaration confirming that they accept the warning and that they have committed a criminal offence.

- **Administrative Penalty**

A 'fine' offered to claimants or employers who have caused an overpayment. The person must sign a declaration confirming that they have committed a criminal offence.

- **Prosecution**

Criminal proceedings in the Magistrates or Crown Courts where the defendant has been Summoned or bailed to attend Court and subsequently found guilty of Benefit fraud.

Defendants have the option to refuse to accept the offer a Formal Caution or Administrative Penalty. However, if they do so, or they fail to attend an interview to discuss the offer, the Authority must consider prosecuting them instead. The standard of evidence for Formal Cautions and Administrative Penalties are the same as those for Prosecutions.

SFIS – The DWP's Single Fraud Investigation Service.

2. SUMMARY

2.1 **Headline figures:**

- Referrals = 1,396.
- Investigated / under Investigation = 878.
- Fraud proven / Benefit Saved = 215.
- Interviews Under Caution (IUC's) = 238.
- Overpayments created and/or Sanction action started = 178 cases, overpayments of £748,877.96.
- Sanctions achieved = 180.

2.2 **Joint Working with DWP Investigators:**

- Day to day joint between investigators generally continued to work well.
- However, the following have continued to result in less joint working cases
 - DWP no longer being able to offer Formal Cautions to offenders.
 - DWP focusing on cases with the potential to yield prosecutions.

2.3 **Data Matching:**

- *National Fraud Initiative (NFI)*
The examination & investigation of Matches for NFI 2010 & NFI 2012 continued.
- *Housing Benefit Data Matching Service (HBDMS)*
573 Data Match Referrals received and actioned by the Benefits Section.

2.4 **Fraud Awareness:**

- 'Adverts' screened at the Contact Centre.
- Court cases reported in the local media.
- Achievements 'publicised' to interested parties.
- Internet based training aids utilised.

2.5 **Staff Resources:**

- The following has impacted on current staff resources:
 - Participation in 'Operation Bugs', a significant multi-subject public protection / Benefits investigation.
- The following will impact on future staff resources:
 - The retirement of an Assistant Benefits Officer on 31.03.14.
 - The transfer of functions and staff to the Single Fraud Investigation Service (SFIS) on 01.06.15.

3. INTERVIEWS UNDER CAUTION (IUC)

3.1 This table illustrates the total number of IUC's undertaken and also those carried out jointly with FES.

IUC'S UNDERTAKEN – 2003/4 TO 2013/14																					
2003/4		2004/5		2005/6		2006/7		2007/8		2008/9		2009/10		2010/11		2011/12		2012/13		2013/14	
TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT
159	84 52%	213	111 52%	226	110 49%	225	141 62%	185	125 68%	201	114 57%	152	79 62%	236	134 57%	320	201 63%	223	105 47%	238	84 35%

4. OVERPAYMENTS AND SANCTION ACTION

4.1 This table illustrates overpayment and Sanction cases.

OVERPAYMENTS CREATED AND/OR SANCTION ACTION STARTED, CONCLUDED OR ONGOING			
TYPE	NUMBER OF CASES	JOINT CASES WITH FES	VALUE OF LA & DWP OVERPAYMENTS
BROUGHT FORWARD FROM 2012/13 <i>I.E. CASES NOT CONCLUDED BY 31.03.13</i>	71	58	£916,756.35
NEW CASES FOR 2013/14 <i>I.E. CASES STARTED BETWEEN 01.04.13-31.03.14</i>	178	53	£748,877.96
TOTAL	249	111	£1,665,634.31
CASES CARRIED FORWARD TO 2014/15 <i>I.E. NOT CONCLUDED BY 31.03.14</i>	39	23	£435,047.22

4.2 This table illustrates Sanctions achieved.

SANCTIONS ACHIEVED – 2003/4 TO 2013/14												
Type / Year	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Formal Caution	8	17	26	21	36	53	62	78	91	80	94	566
Admin Penalty	29	21	54	32	17	25	20	15	18	14	17	262
Guilty Verdict	50	41	77	42	50	47	39	43	71	69	69	598
Total	87	79	157	95	103	125	121	136	180	163	180	1426
Sanctions Target						125	130	125	150	180	180	
Sanctions Achieved v Target						100%	93%	109%	120%	91%	100%	

4.3 For 2013/14 the Team achieved it's Sanctions Target of 180.

4.4 For 2014/15 the Target remains unchanged at 180 Sanctions.

5. JOINT WORKING WITH DWP

- 5.1 Day to day joint working with FES generally continued to work well. In addition, joint investigations have been undertaken with FES(O).
- 5.2 84 IUC's were undertaken jointly (35% of total IUC's).
- 5.3 68 Sanctions were achieved from joint working cases (38% of total Sanctions).
- 5.4 However, the following DWP policy changes introduced from 01.04.12 have continued to result in less joint working cases being undertaken:
 - No longer being able to offer Formal Cautions to offenders.
 - Focusing on prosecution cases (i.e. with potential overpayments of at least £2,000).

Over the last 2 years the number of joint working invitations received from FES has fallen by 69%:

- 2011/12 = 177 invitations;
- 2012/13 = 79 invitations = a 55% reduction on the previous year;
- 2013/14 = 54 invitations = a 31% reduction on the previous year.

6. NATIONAL FRAUD INITIATIVE (NFI)

6.1 NFI 2010

- 5 Sanctions achieved in 2013/14.
- Since the Matches were 'published' in January 2011:
 - 21 Sanctions achieved in total.
 - Overpayments of £348,752 identified (£165,828 in LA Benefits & £182,924 in DWP Benefits).
- 1 investigation is ongoing.

6.2 NFI 2012

- January 2012 - Data Matches were 'published' by the Audit Commission.
- The Authority had 3,647 HB/CTB related Matches from 36 different Reports.
- 1346 Matches examined to determine if further investigative action is appropriate.
- 83 Matches were subject to an investigation.
- Overpayments of £62,205 identified (£23,422 in LA Benefits & £38,783 in DWP Benefits).
- 7 Sanctions achieved in total – all in 2013/14 (4% of total Sanctions).
- 16 investigations are ongoing.

7. HOUSING BENEFIT DATA MATCHING SERVICE (HBDMS)

7.1 573 Data Match referrals were received.

7.2 129 Matches were passed directly to Investigators. However, 79 of them were recalled by HBDMS due to issues with data quality.

- 7.3 444 matches were initially passed to Processors. After Processors corrected any discrepancies, 23 of these matches were subsequently considered for investigative action.
- 7.4 13 Sanctions were achieved, (7% of total Sanctions), from the 73 Matches considered by Investigators

8. FRAUD AWARENESS

- 8.1 Five different adverts highlighting benefit fraud and how to report suspicions continue to be shown on screens in the main reception area at the Civic Centre.
- 8.2 An externally produced internet based training aid called '*Focus on Fraud Awareness*' continued to be utilised by staff in Benefits, Council Tax, and District Housing Offices. The aid has also been included in the Corporate Induction Course for all new staff.

However, to save on costs, an in-house developed training aid will be available and replace the externally provided '*Focus on Fraud Awareness*' aid from April 2014 via the Corporate learning Pool.

- 8.3 Throughout the year:
- Specific and detailed training was provided to new starters in the Benefits Section, as necessary.
 - Regular Newsletters and media publicity have been issued and forwarded to relevant LA staff & FES.

9. STAFF RESOURCES

- 9.1 '**Operation Bugs**' was a significant multi-subject public protection/Benefits investigation. Of the six Investigation Officers, one was involved in the Operation almost full-time from June 2011. Further, as and when required, other Team members were also utilised to varying degrees on an as and when needed basis. The operation has involved Trading Standards, Benefits, DWP Fraud (FES(O)) and South Wales Police and has encompassed 25 subjects. Although the results and media interest were significant, participation in 'Operation Bugs' did impact on the availability on staff resources and impair the Team's ability to consistently and effectively maintain a turnover of Fraud Referrals and Fraud Investigations. Appendix A - A summary of Operation Bugs.
- 9.2 **Following on from an Assistant Benefits Officer leaving the Authority** in September 2012, another Assistant Benefits Officer retired on 31.03.14. Due to austerity measures, neither Officer has been replaced. This means that from 01.04.14, only one Assistant Benefits Officer will 'service' the Investigation Team.

- 9.3 ***The Single Fraud Investigation Service*** (SFIS) was introduced nationally on 01.04.14. It is located within the DWP and will be 'rolled-out' gradually from 01.04.14 and 31.03.16.

The relevant investigative functions currently undertaken by the authority are scheduled to be transferred to SFIS on 01.06.15.

This means that from 01.06.15, SFIS will be solely responsible for investigating all welfare benefit fraud in the Swansea area, including HB & CTB.

There are decisions to be made regarding the Authority's post-SFIS requirements (as the authority will still be responsible for investigating CTR fraud).

These post-SFIS requirements will then inform how many posts from the authority's Benefits Investigation Team will transfer to SFIS on 01.06.15, and how many will remain with the authority.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no financial implications to those set out in the report.

11. LEGAL IMPLICATIONS

- 11.1 There are no legal implications to those set out in the report.

12. EQUALITY AND ENGAGEMENT IMPLICATIONS

- 12.1 An EIA Screening Form has been completed with the agreed outcome that a full EIA report is not required.

BACKGROUND PAPERS: None

APPENDICES:

Appendix A – A Summary of Operation Bugs.

Appendix B – Bar Charts & Pie Charts.

Appendix C – A selection of publicity.

APPENDIX A - A SUMMARY OF OPERATION BUGS

Background

Operation Bugs was a significant multi-defendant Public Protection & Benefit Fraud case involving Swansea Council's Trading Standards and Benefits Sections, the DWP & South Wales Police.

Swansea Council's Trading Standards first became aware of the scam after several hundred complaints from customers all over the United Kingdom were received about an illegal call centre business, based in Swansea, trading under a variety of names including Aurora Logistics, Cable Guy and 1st Choice Satellites.

They would 'cold call' consumers and claim to be authorised to sell insurance and service contracts in respect of Sky boxes and Sky equipment ranging in price between £69.99 and £99.99.

In the main the people being conned were elderly and / or vulnerable. The aim of the business was to sell at all costs to get money from the people being called who were given false or misleading information in order to get them to agree to the purchase of the contract. They were led to believe that the caller was calling on behalf of Sky TV, or was authorised by Sky TV to make the call.

Others were misled into believing that they already had a policy with the company on whose behalf the call was being made, and so were led to believe that they were simply renewing an existing policy – whereas in fact no such policy or contract existed.

Some of those called did not wish purchase the product, or having agreed to the purchase, changed their minds and cancelled the policy. The scammers took the money anyway.

Once a person had agreed to purchase a contract, that wasn't the end of the scam – renewals of these 12 month contracts were taken without the knowledge or consent of the customer, or were taken out early, so that some customers were taking out 2, 3 or even 4 policies within a 12 month period, i.e. paying 2, 3 or 4 times for the same product.

There was also a suspicion that some of the employees working at the call centre were not declaring any earnings for benefit purposes.

Investigation

Following a period of DWP surveillance at the business premises in Mansel Street, and the collation of witness statements from some of the consumers that had been defrauded, officers from Trading Standards, the Benefits Section, the DWP and the police executed a number of search, seize, and arrest warrants at the call centre and some residential addresses of the scammers.

Initial evidence suggested that up to 19 of the employees who were making the calls were illegally claiming benefits by failing to declare they were working (receiving 'cash in hand' payments).

What followed was a lengthy, painstaking and detailed investigation that included hours of formal interviews with the defendants, trawling through paper records and call recordings, as well as the forensic examination of computer records, handwriting samples and call recordings.

Arriving at a figure in respect of the money stolen from customers and wages paid to employees proved problematic as following the execution of the search warrant, the company's IT expert remotely dialled into their server and attempted to delete the company's computer records.

However, by piecing together the information contained on paper records, the fragmented data base, and call records, investigators were able to produce figures to demonstrate the minimum extent of the fraud.

Financial loss

- Thousands of consumers, most elderly & vulnerable, were victims and lost just short of £500,000.
- In addition, the call centre employees cheated the Benefits system out of £51,000.

Alleged criminal offences

- Investigations were undertaken in respect of 25 subjects as follows:
 - Persons running or working for the company conspired to miss-sell products they had no right to or had no intention to provide.
 - The management within the company knew full well that they were employing persons on benefit and paid them in cash to facilitate the ongoing illegal benefit claims.
 - 60% of the employees fraudulently claiming Benefits.
- Of the 25 subjects:
 - 9 were subject to Trading Standards offences only.
 - 10 were the subject to Benefit Fraud offences only.
 - 9 were subject to both Trading Standards and Benefit Fraud offences.

Outcomes

- 4 - action discontinued at an early stage.
- 4 - accepted Formal Cautions in respect of Benefits offences (one was subsequently prosecuted for Trading Standards offences).
- 18 Subjects were brought before the criminal courts:
 - 1 - discontinued (one on health grounds as the defendant collapsed in court).
 - 1 - no case to answer.
 - 1 - not guilty.
 - 15 - convicted by the courts of Trading Standards and / or Benefits offences. Sentences ranged from community orders, imprisonment, & fines.
- The Authority / DWP are seeking to recover all overpaid Benefits (£51,221.63).

A full list of the prison sentences (*T = Trading Standards, B = Benefits*)

- Jonathan Stocking: 4 years (T)
- Paul Delamare: 4 years (T)
- Jordan Diment: 3.5 years (T)
- Darren Smith: 3.5 years (T)
- Barbara Swain: 2 years (T)
- Richard Imms: 2 years (T). 8 weeks suspended for 12 months, 100 hours unpaid work, £100 costs (B)
- Michael Stocking: 2 years (T) and 3 months (B) to run concurrently
- Neville Watkins: 21 months (T) and 3 months (B) to run concurrently
- Nicholas Griffiths: 12 weeks imprisonment (T & B)
- Ryan Davey: 20 months suspended for 12 months (T) and 4 months (B) to run concurrently and 240 hours unpaid work (B)
- Jamie Williams: 20 months suspended for 12 months (T)
- Thomas Howlett: 15 months (T) and 3 months (B), both suspended for 12 months, supervision order for 150 hours, to attend a thinking skills course (B)
- Sammy-Jo Matthews: 10 months suspended for 12 months, 200 hours unpaid work (T). Formal Caution (B)
- Sara Nash: 10 months suspended for 12 months & 200 hours unpaid work (T). £170 fine, £100 costs, £20 victim surcharge (B)
- Bridie McGinn: 2 months suspended for 12 months & 200 hours unpaid work (B)

Examples of the scam

- **Mr and Mrs A** - aged 83 and 82 respectively.
They have a Sky dish which receives Freeview – they don't even have a Sky box. In a little over 2 years 6 payments were taken from them totalling £457.59.
- **Mr B** - retired and suffering from ill-health, including memory loss.
He already had insurance for his Sky equipment through Sky Protect, the official Sky insurance scheme, so he didn't need any other insurance. Over a period of 18 months made 3 payments totalling £259.97.
All payments were for policies he didn't need, but that he took out because he was vulnerable. Until he was visited by investigators he was unaware he even had these policies.
- **Mrs C**. Her mother is 84 years old and has suffered from a stroke, which left her with severe health problems. Cable Guy contacted her and she took out a policy. Mrs C contacted Cable Guy and spoke to someone. They agreed that her mother had no need for the policy and that the policy would be cancelled. However, it wasn't cancelled. This only came to light sometime later when Mrs C's daughter opened a letter addressed to her mother from Cable Guy. She checked her mother's bank statements and found that not only had the cancellation sum not

been refunded, but that 4 subsequent payments had been taken totalling £299.86.

- **Mr H** - retired, in poor health and hard of hearing. In a little over 18 months he had 6 payments taken totalling £418.99.

In his summing up Crown Court Judge Paul Thomas said....

“The calls made were chilling.”

“This case vividly demonstrates the harm that is done to the public by unscrupulous businesses based upon cold calling.”

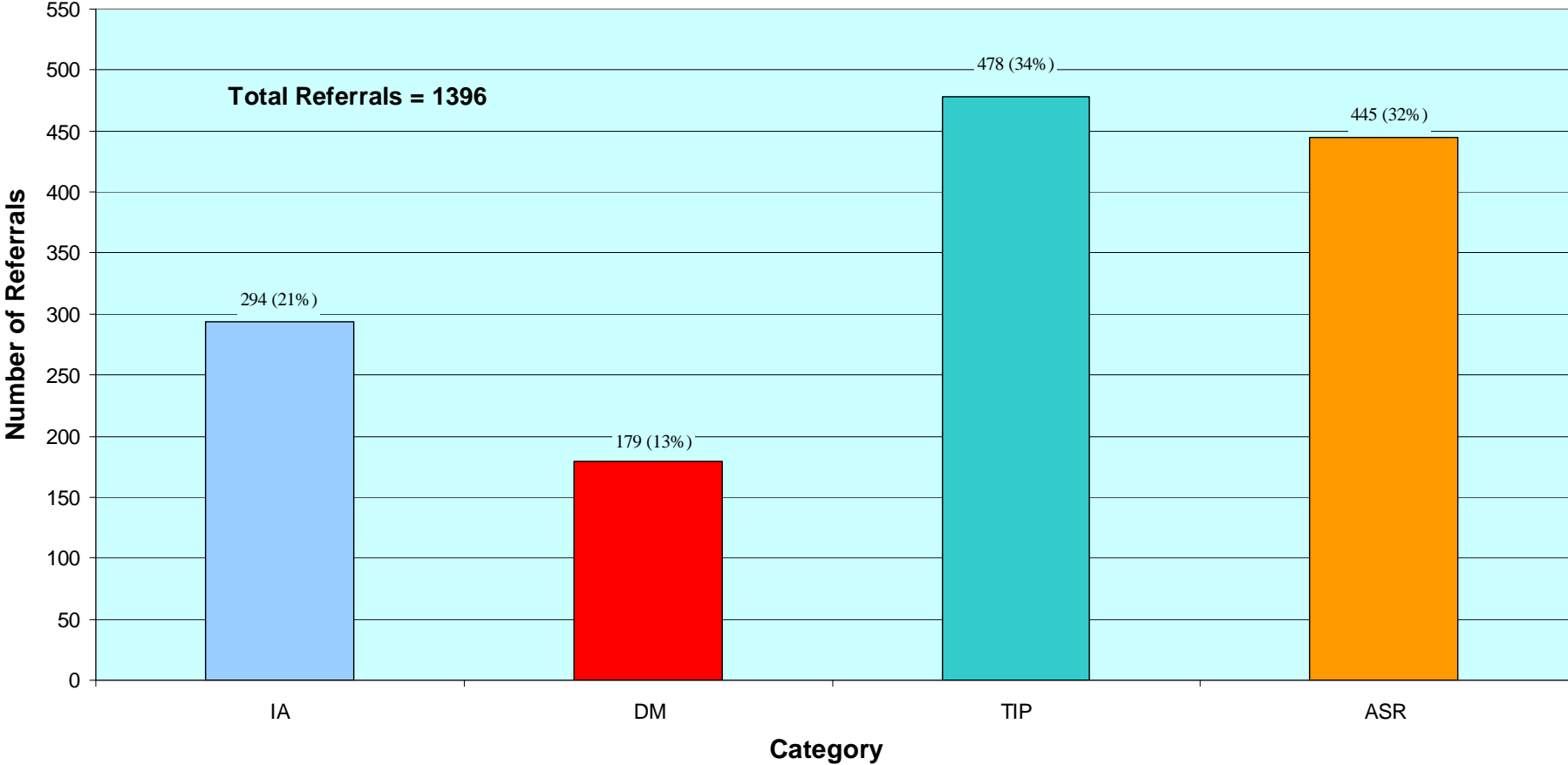
"Having heard this trial I am determined to send a message out to any business which thinks it can use its uninvited access to people in their own homes through telephone contact in order to con them. If you run your business in that way, you can expect substantial prison sentences when you are caught."

Media interest

Operation Bugs has been widely featured in the local and national media, including BBC Wales' 'X-Ray' and BBC1's 'Claimed and Shamed' television programmes.

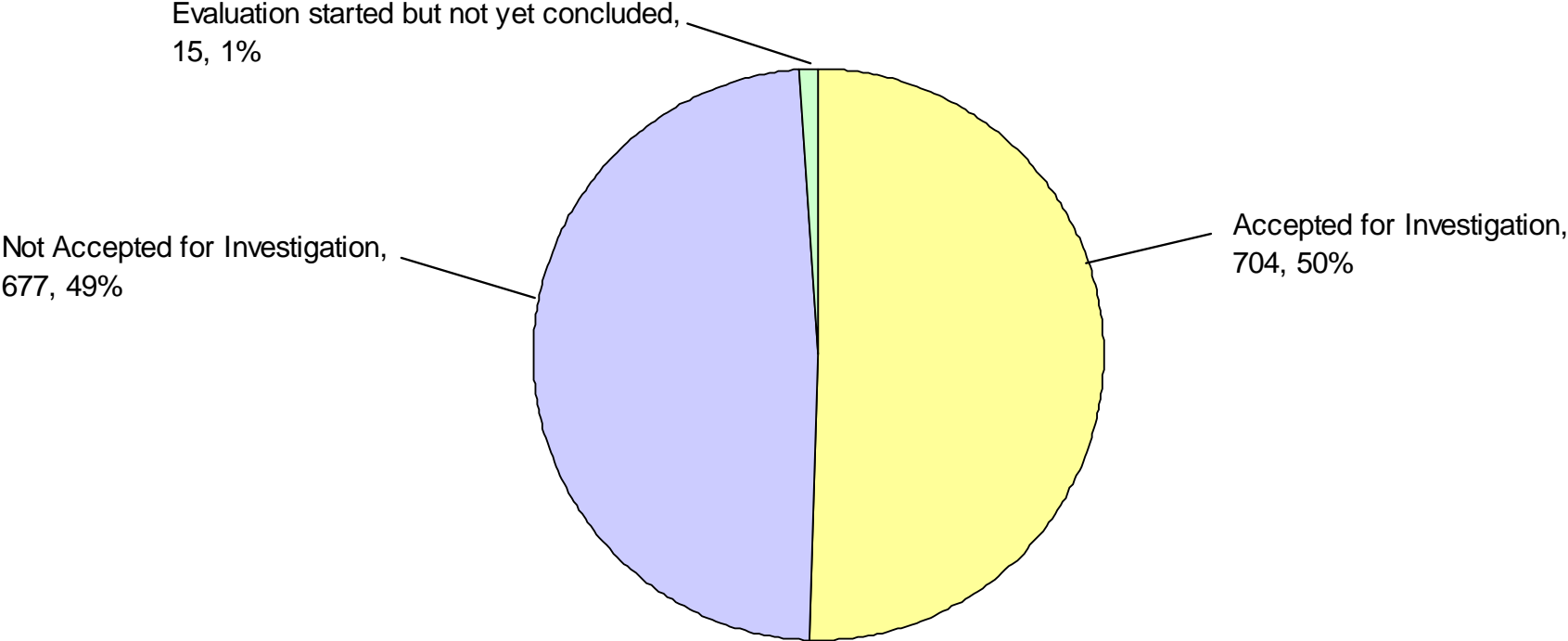
APPENDIX B - BAR CHARTS AND PIE CHARTS

SOURCES OF FRAUD REFERRALS FOR 01.04.13 TO 31.03.14

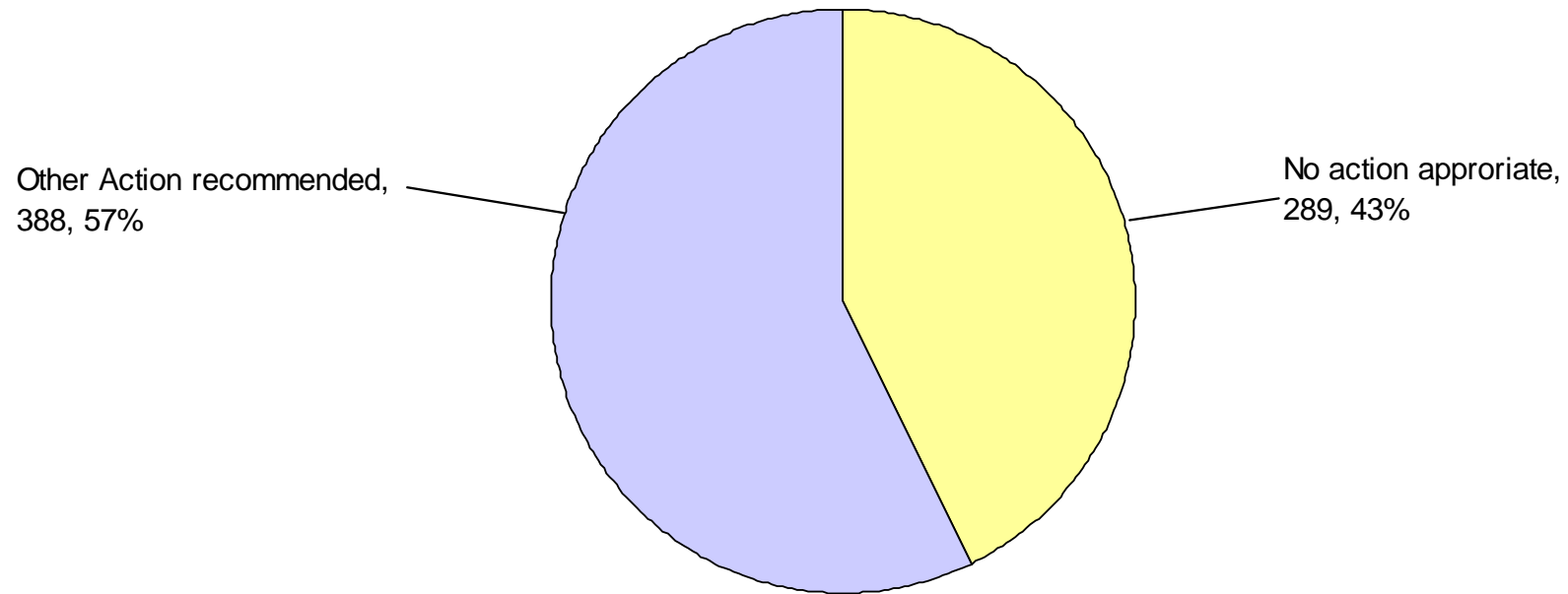


IA	Investigative Activity - DNR Mail / Late Notifications / Joint Working Exercises / HMO's / Returned mail (non DNR) / Other Activity
DM	Data Matching - HBMS / IDEA / NFI
TIP	Tip Offs from the public / joint working invitations from FIS / Council Tax Staff / Fraud hotline / Web-site / Notified by an Official body
ASR	Benefits staff / District Housing Office Staff

FRAUD REFERRALS - STATUS SUMMARY - 1396 CASES



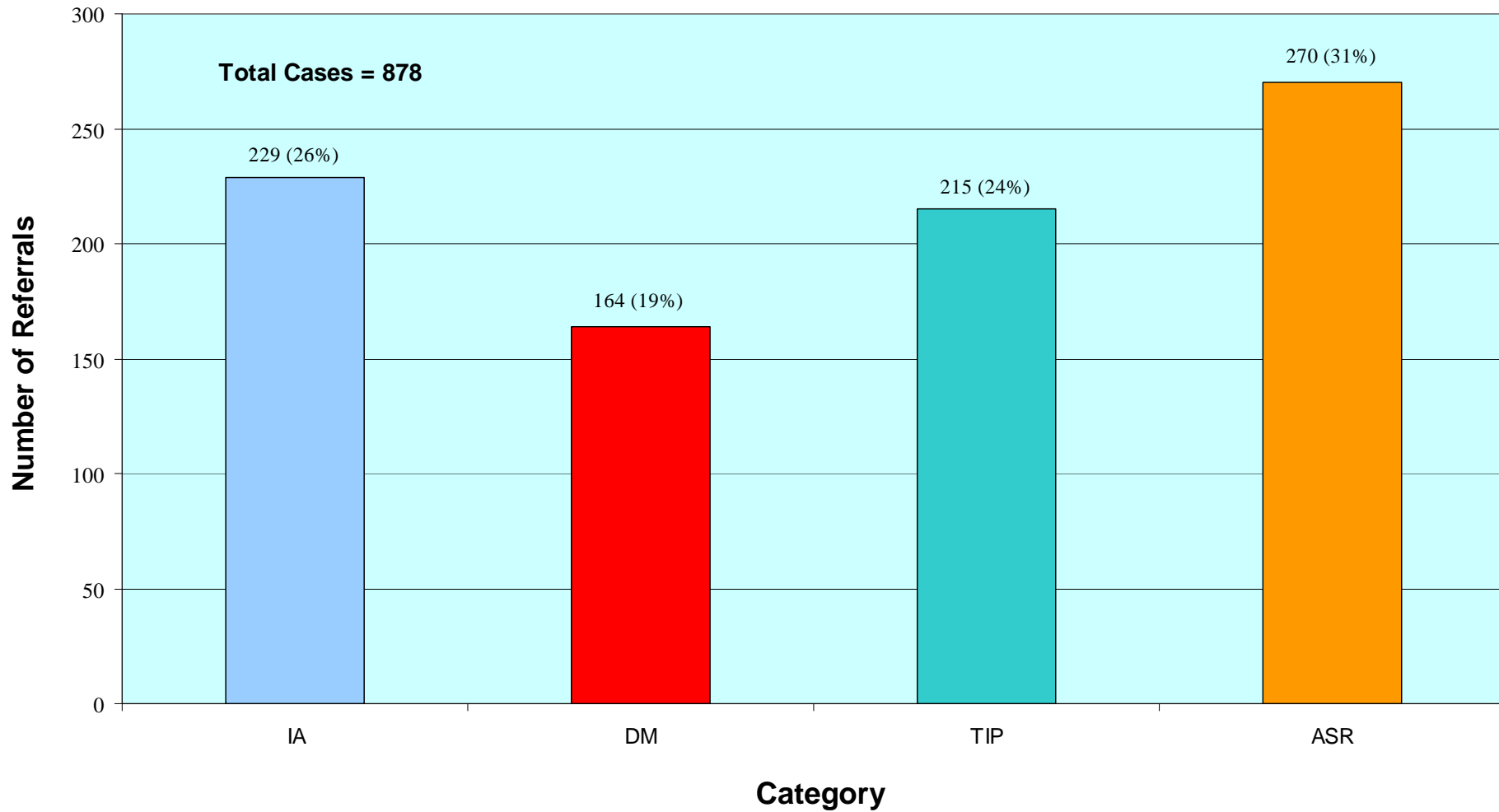
FRAUD REFERRALS - BREAKDOWN OF STATUS TYPE NOT ACCEPTED FOR INVESTIGATION - 677 CASES



'Other Action recommended' includes:

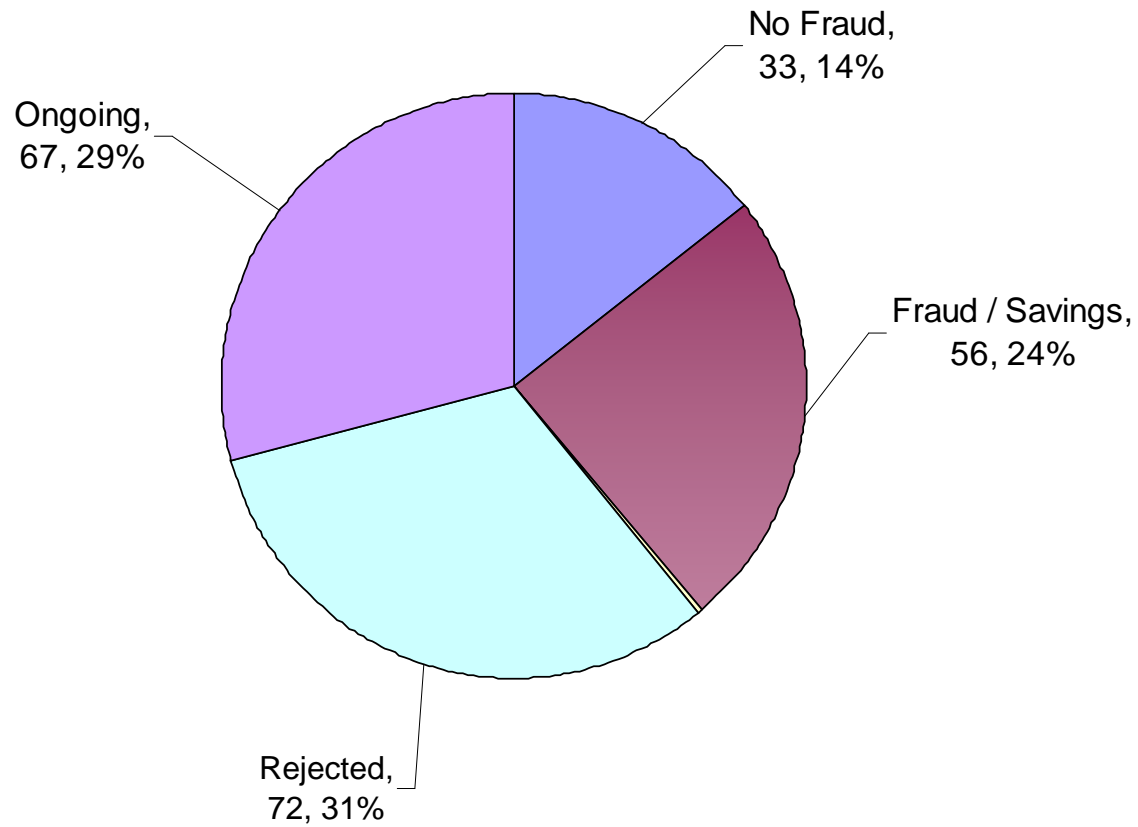
1. Passing the Referral to the DWP;
2. Passing the Referral to an LA Benefits Processing Team or an LA Benefits Visiting Officer;
3. Issuing an LA Benefit Review Form;

SOURCES OF FRAUD CASES INVESTIGATED / UNDER INVESTIGATION - 01.04.13-31.03.14



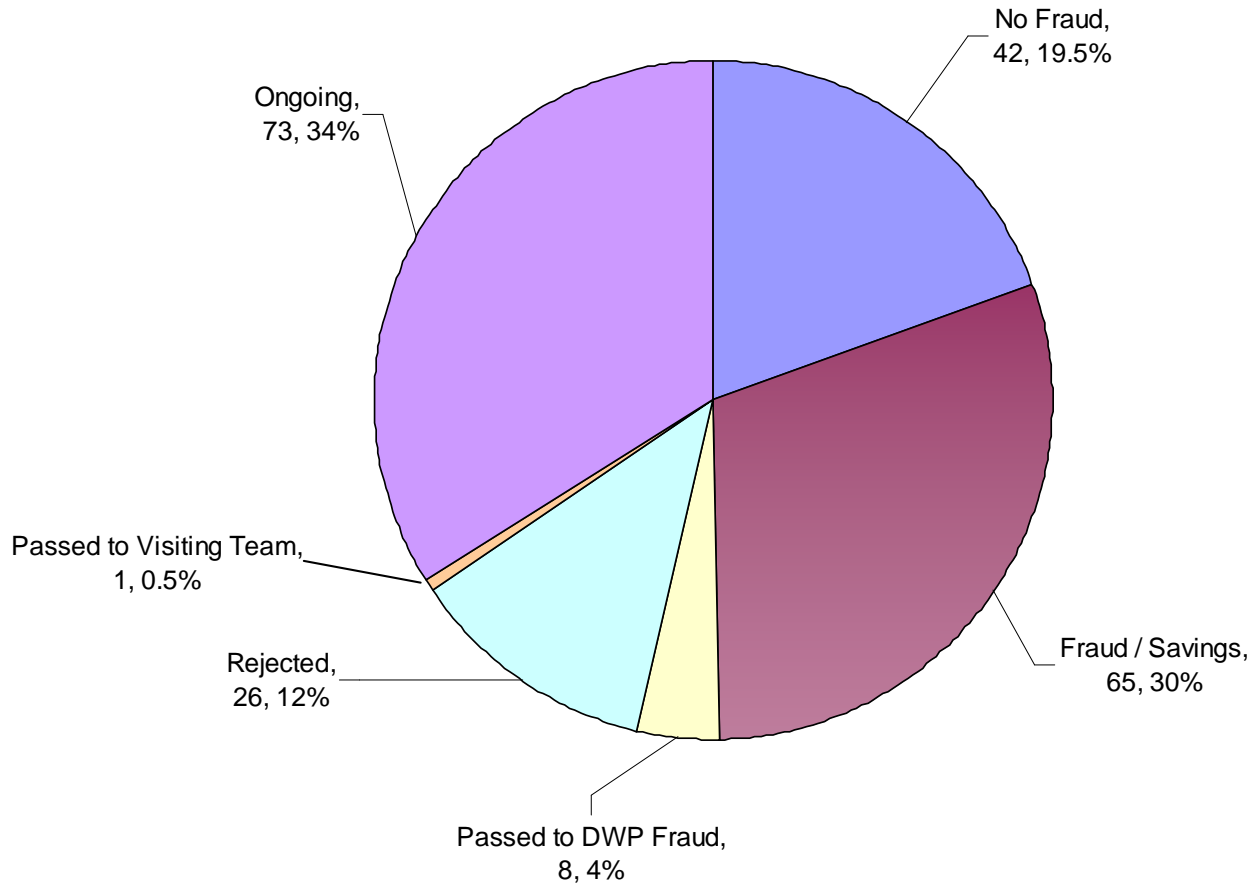
	IA	Investigative Activity - DNR Mail / Late Notifications / Joint Working Exercises / HMO's / Returned mail (non DNR) / Other Activity
	DM	Data Matching - HBMS / IDEA / NFI
	TIP	Tip Offs from the public / joint working invitations from FIS / Council Tax Staff / Fraud hotline / Web-site / Notified by an Official body
	ASR	Benefits staff / District Housing Office Staff

**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
INVESTIGATIVE ACTIVITY - 229 CASES**



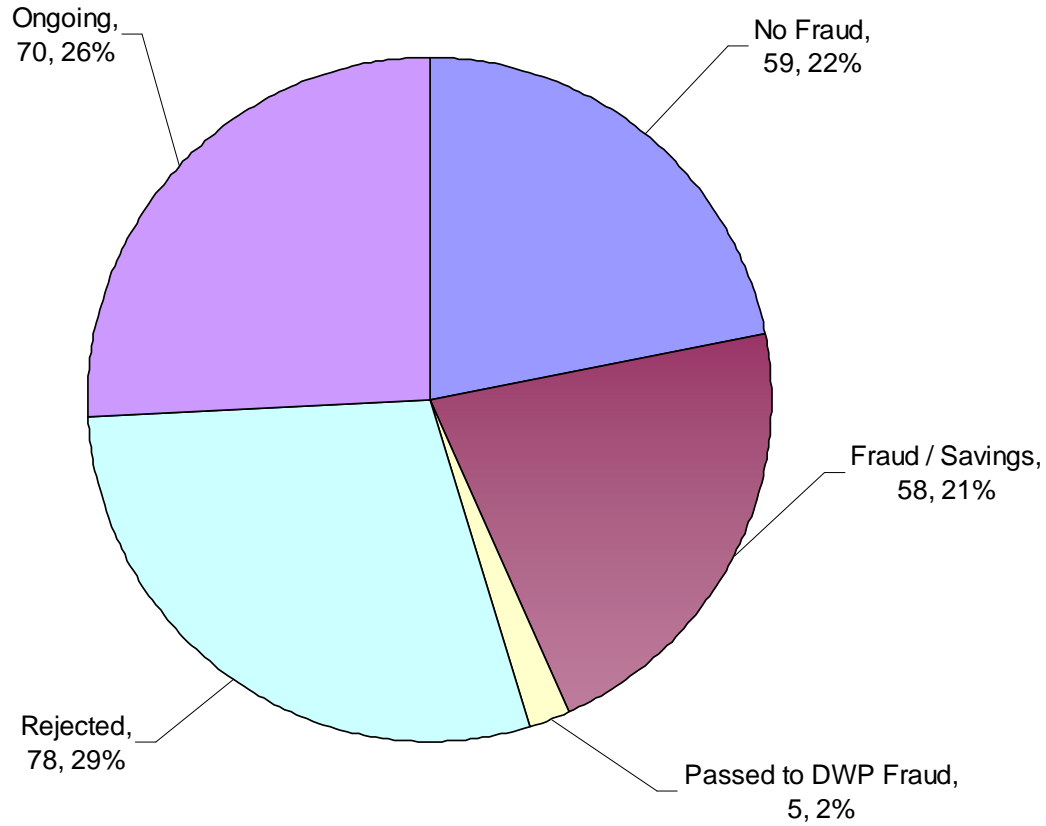
IA	Investigative Activity - DNR Mail / Late Notifications / Joint Working Exercises / HMO's / Returned mail (non DNR) / Other Activity
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**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
TIP OFFS - 215 CASES**



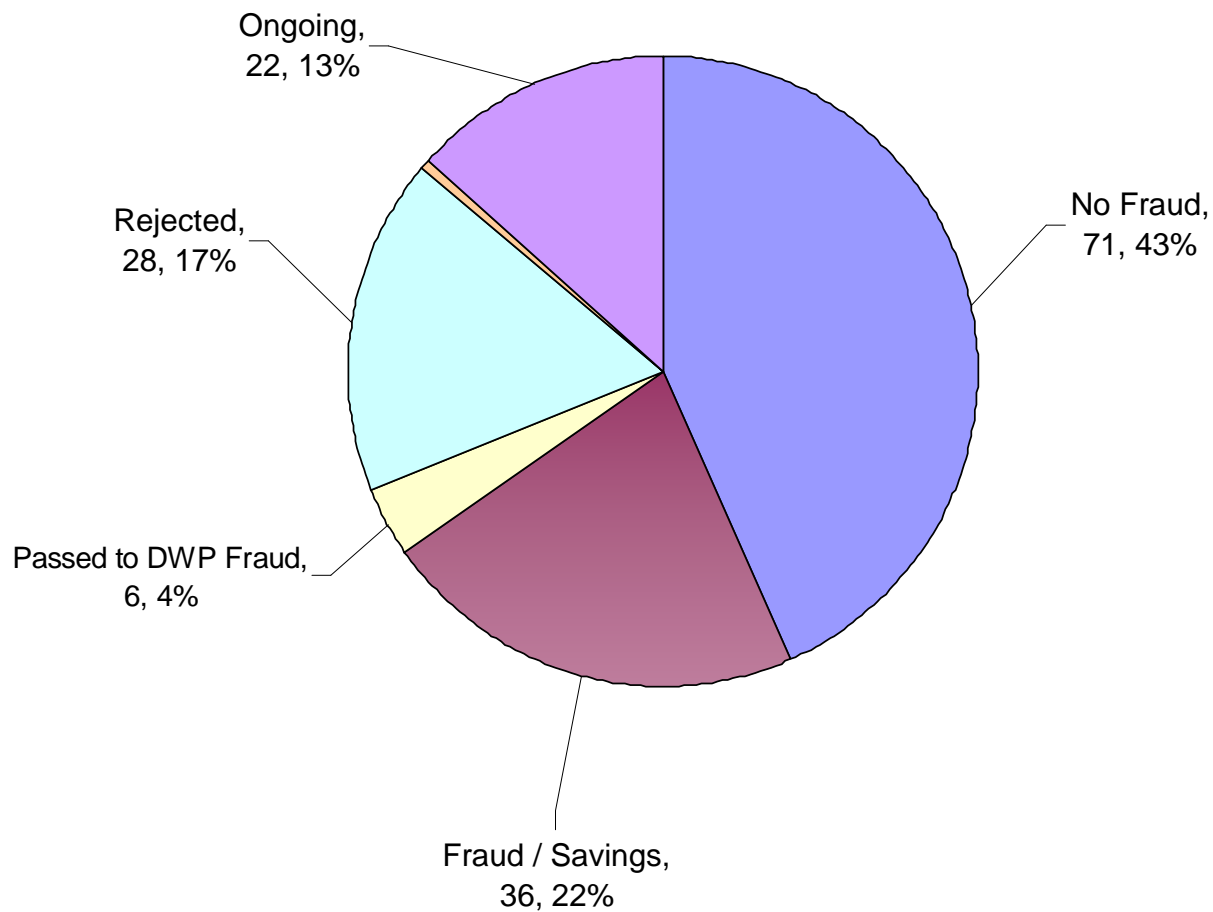
TIP	Tip Offs from the public / joint working invitations from FES / Council Tax Staff / Fraud hotline / Web-site / Notified by an Official body
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**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
BENEFITS & DISTRICT HOUSING OFFICE STAFF - 270 CASES**



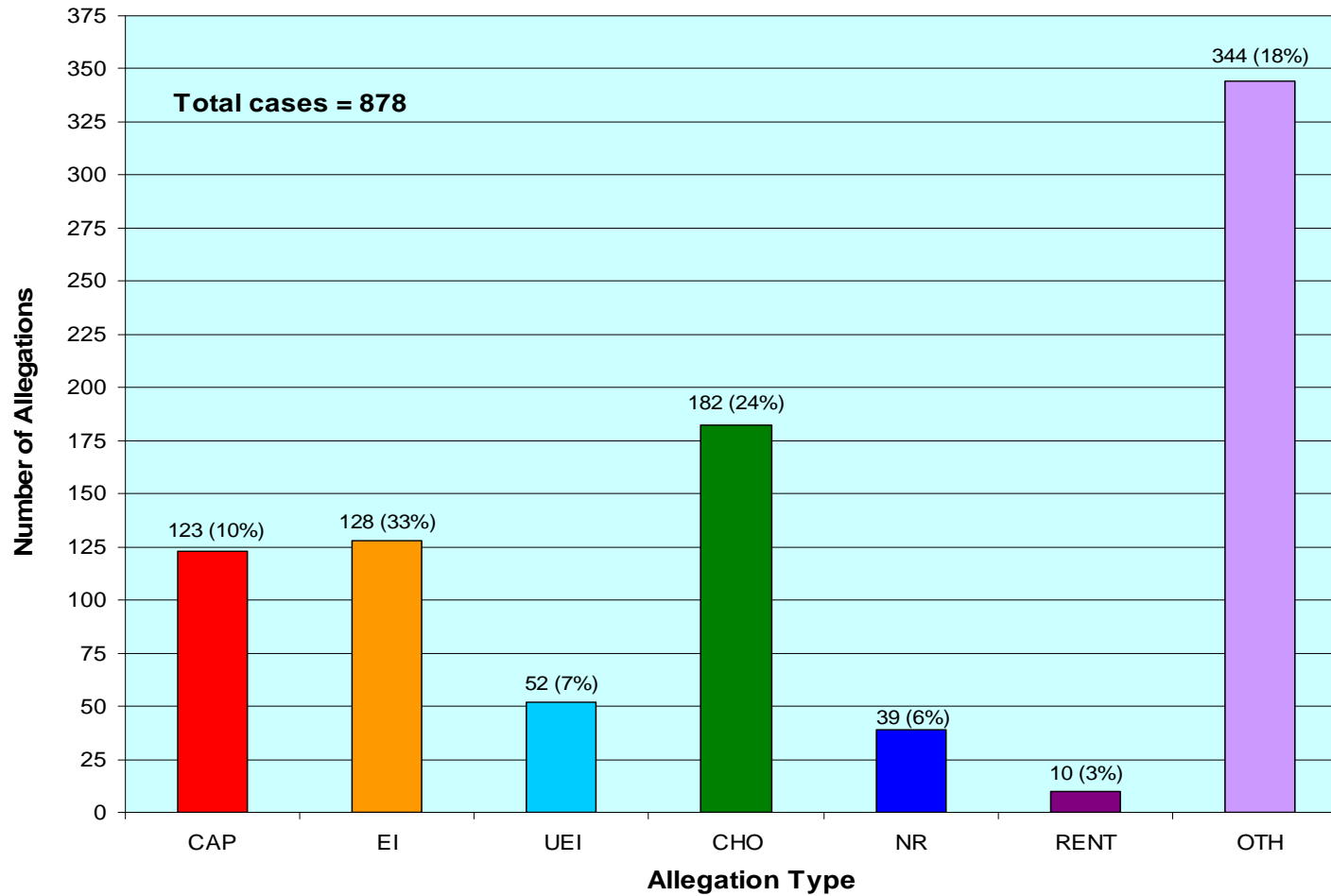
ASR	Benefits staff / District Housing Office staff
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**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
DATA MATCHING - ALL TYPES - 164 CASES**



DM	Data Matching – HBMS / IDEA / NFI
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ALLEGATIONS - FRAUD CASES INVESTIGATED / UNDER INVESTIGATION - 01.04.13-31.03.14



	CAP	Undeclared Capital (land/property/investments/ cash)
	EI	Earned Income (work)
	UEI	Unearned Income (e.g. pension), Other Benefits
	CHO	Composition of Household (e.g. Partner / Non dependant / Dependant)
	NR	Not resident / Failure to notify a change of address
	RENT	Amount of eligible rent / Collusion between landlord & tenant / Fraud solely by Landlord / No tenancy / Contrived tenancy
	OTH	Other (expired reviews / internal fraud / incorrectly treated as IS, JSA, PCGC / Other)

SOUTH WALES EVENING POST - 03.04.13

SOUTH WALES EVENING POST - 09.04.13

£15,000 benefit con to pay rent

By Ruth Mosalski

[@ruthmosalski](#)
ruth.mosalski@swvmedia.co.uk
 01792 514618

A HEAVILY pregnant Sketty mum-of-three said she claimed an extra £15,000 in benefits because she was struggling to pay the rent at the time.

Gemma Stock, 23, was eight months pregnant as she appeared at Swansea Magistrates' Court.

City magistrates were told that in 2009 she told the Department of Work and Pensions she was a single parent and had separated from her partner, but in reality they were still living together as husband and wife.

In her first interview with officers, she denied a claim from officers she was living together with her husband, but after evidence from their bank accounts was put to her, she admitted the charge.

Prosecutor Laura Carthew told the court: "She then admitted she had not separated from him and admitted her dishonesty."

The total overpayment to Stock was more than £15,000.

Dan Heard, representing Stock, said that when she made the false statement she was expecting her third child and was in "financial difficulties".

"She was in real financial difficulties and her and her husband didn't feel they were able to make the rent payments. They didn't realise they were entitled to other financial support but she panicked and was stupid," he said.

He added: "At that particular time she didn't see another other way out from the difficulties she was in."

He said his client was currently expecting her fourth child and had suffered complications with all her previous pregnancies which had led to prolonged periods in hospital.

Mr Heard said she would struggle if magistrates imposed a community order because she could not complete unpaid work or a curfew order if she had to spend prolonged amounts of time in hospital if there were similar problems with her fourth child.

He urged them to consider an alternative sentence.

"She is somebody who has not had any involvement in the criminal justice system before and I doubt very much she will again," he said.

Mr Heard said Stock, of Tycoc Road, Sketty, was already paying the money back.

She had admitted a charge of falsely making a statement to obtain benefits and a second charge of failing to notify Swansea City Council of a change in circumstances between August 2010 and 2012.

That charge alleges she did not notify them of a change in circumstances which affected her entitlement to housing and council tax benefits.

After ordering a pre-sentence report to be prepared about Stock, magistrates sentenced her to a three month term, suspended for 12 months.

Benefits cheat's £45k in payouts

A BENEFIT cheat who claimed an extra £45,800 in payouts has avoided jail.

By Ruth Mosalski

[@ruthmosalski](#)
ruth.mosalski@swvmedia.co.uk
 01792 514618

Paul Lapping, aged 53, who is wheelchair-bound and paraplegic after a motorcycle accident when he was 17, failed to tell authorities he had been received £125,000 in 2006 after his mother's death.

He continued to claim income support, council tax and housing benefits over five years, prosecutor Stuart McLeese told Swansea Crown Court.

Lapping had used that money to buy a house in Ontario in Canada, but told the court he had lost all but £17,000 when he sold the house five years later.

Mr McLeese told the court the claim had not been false from the outset, but had become so.

Lapping, aged 53, from Alderway, West Cross, admitted three charges of benefit fraud.

Judge Paul Thomas said he had been motivated by "pure greed" and that Lapping's previous convictions showed he was a dishonest man.

"Your decision not to disclose the money was motivated by pure greed. You're a man who's shown you're a dishonest one and that appears to be continuing into middle age," he said.

"The net result is that the

country, which can ill afford it, has lost out to the sum of £45,000 which you had and weren't entitled to," added the judge.

The judge expressed dismay at the information given to him that Lapping was repaying the amount at a rate of £14.20 a fortnight.

Ian Wright, for Lapping, said money was being "clawed" back by the agencies at a rate of £120 per month.

But the judge said he would have to live to be 100 to be close to repaying the full amount he falsely claimed.

Mr Wright said: "This case has provided him with a very sharp wake-up call and he acknowledges he comes perilously close to losing his liberty, but I invite the court to drawback from that."

Judge Thomas said he had to balance Lapping's "greed" with his guilty plea and his ill-health. He then agreed to suspend the 20 month sentence for two years and told Lapping to complete 300 hours of unpaid work.

"You have taken away from society and in my view it is fit and proper you should make a contribution back to society and the only way I can seek to do that is by giving you unpaid work," he added.

Wife admits claiming an extra £38k in benefits

A WIFE claimed an extra £38,000 in benefits by not telling authorities her husband was living with her, a court heard.

Donna Glover, aged 51, of Heol Iscoed, Fforestfach, admitted two counts of fraud. She accepted that between March 2008 and September 2012 she didn't tell the Department of Work and Pensions and Swansea City Council she was no longer living as a single person.

Prosecutor Ieuan Rees said the original charge amount of £44,000 had now been reduced to £38,000.

Swansea Crown Court heard her husband was occasionally staying at the house but was using her money to buy alcohol or gamble.

Judge Paul Thomas said she was "no better off" despite the fraudulent money.

Ben Blakemore, for Glover, said

By Ruth Mosalski

court reporter

🐦 @ruthmosalski

📧 ruth.mosalski@swwmedia.co.uk

☎ 01792 514618

the claim was not fraudulent from the outset and that his client was suffering from a series of health problems.

Sentencing her, Judge Paul Thomas, said: "People who claim benefits that they are not entitled to are stealing from all the rest of us because it's public money. This however is an unusual case because your husband did return to live with you from time to time and you should have declared that. However, he didn't give you money and spent yours on gambling or his drinking."

The judge imposed a 16 week term suspended for 12 months and 12 months' supervision.

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— see page 34

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STAR TREK FAN ADMITS BENEFITS KLINGON



A WOMAN who had a Star Trek-themed civil partnership ceremony has admitted a £16,000 benefit fraud.

Magistrates handed Anita Wood a 12-week prison sentence suspended for a year after she failed to declare a change in her circumstances following the event.

She said the fraud was not intentional. She

BY HELEN KEATES

said: "We had declared her as a non-dependent but not a partner. I was devastated.

"My whole family has been affected by it. I've never done anything wrong in my life, or anyone in my family."

SPOCK CHECK? Star Trek-themed civil partnership couple Anita Bayliss (left) and Margaret Wood. Anita Bayliss has admitted claiming £16,000 in false benefits.

Double joy for Kayleigh

A FAMILY who wanted an expensive item of medical equipment to help change a young girl's life are raising so much they might end up buying two so they can help someone else.

Friends, family and supporters of Kayleigh Williams helped raise the £11,000 needed for the machine for the 13-year-old through a series of fundraising events.

Full story — page 7

LAUDRUP & JENKINS:



Showdown talks at the Liberty — back page

Bells ring out

THE bells of a Swansea church will be ringing out in celebration this weekend as a specially commissioned three-hour peal is sounded to mark its centenary.

Full story — page 3

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Sci-fi ceremony woman claimed £16k benefits unlawfully

Star Trek bride's fraud



TREKKIES Anita and Margaret Wood's Star Trek-themed wedding.

A WOMAN who made headlines with a sci-fi themed wedding has been handed a suspended prison sentence after admitting a £16,000 benefit fraud.

Anita Wood and her partner Margaret



By Helen Keates

@HelenKeates
helen.keates@swwmedia.co.uk
01792 514417

Wood took the world by storm following their Star Trek civil partnership ceremony.

But Anita Wood, of Gendros Avenue East, Gendros, failed to declare her changed circumstances and claimed more than £16,000 in benefits to which she was not entitled.

Following the prosecution Anita Wood said it had been an oversight and she never intended to make fraudulent benefit claims.

She said the outcome had been very "hurtful", adding: "It wasn't intentional. We had declared her as a non-dependent but not a partner. I was devastated. My whole

family has been affected by it. I've never done anything wrong in my life, or anyone in my family."

Anita Wood, a full-time carer, said Margaret Wood had not been paying half the bills, only her keep.

Swansea magistrates were told that following the Star Trek event at the Liberty Stadium in September 2011, Anita Wood should have declared that she and Margaret Wood were in a civil partnership because it would have reduced the amount of benefits she was entitled to claim as Margaret Wood was in full-time employment.

A member of the council's benefits team reported concerns and a joint investigation was conducted by council investigators and the Department for Work and Pensions (DWP).

In court, Anita Wood admitted six offences of benefit fraud. She was sentenced to 12 weeks jail, suspended for a year for the first offence and the same sentence for the remaining five

offences to run concurrently. She will also have to pay back the money she claimed as well as £150 court costs and a £60 victim surcharge.

Tal Davies, Swansea Council's investigations manager, added: "We are pleased our work is getting results and will continue to find all those who steal benefits."

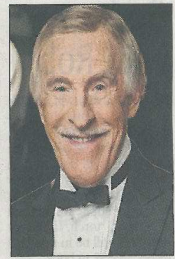
"We're working with the DWP fraud team to make that happen."

"Benefits fraud is not a victimless crime and last year 163 people were punished for benefit fraud with prison sentences, community service orders, formal cautions or fines and also had to repay their illegally-obtained benefits."

Would you tell?

Would you tell the authorities if you thought someone you knew was wrongly claiming benefits?

www.southwales-eveningpost.co.uk



CRITICISM Entertainer Sir Bruce Forsyth.

Brucie's criticism of kids on BGT

SIR Bruce Forsyth has continued to criticise Britain's Got Talent for featuring children.

The TV show's boss, Simon Cowell, recently hit back at Brucie after he said being on the show was an "ordeal" for kids and often led to tears.

Now, in a pre-recorded interview, the 85-year-old has told BBC Radio 5 Live: "The thing I object to is, I don't think they should put young children through such an emotional thing."

When host Richard Bacon pointed out Brucie began in showbiz at 14, the entertainer said: "Yeah, but not on television in front of millions. That is the difference."

He added: "Have a children's Britain's Got Talent and let all children be in it. But to put them on at that time of the evening with millions watching and the emotion, that could be maybe a bit disastrous for a child."

Simon recently called the Strictly Come Dancing host "Mr Grumpy".

● Don't miss page 20 for pictures of Pre-Skool preparing for their Britain's Got Talent performance tonight.

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Holidays for son caught out fraudster

A MOTHER who falsely claimed more than £16,000 in benefits said she had taken annual holidays abroad to help her son.

Samantha Brenda Thomas said her annual holidays to Rhodes, Tunisia, Orlando and Gran Canaria were necessary for her son, who has ADHD.

She said some of the trips were "cheap" and others were paid for through a charity.


Thomas, aged 43, of Portmead Avenue, Portmead, admitted five charges of falsely making a statement to obtain benefits after failing to declare she was living with Dennis Coffey on five occasions since 2006.


In total she received an extra £16,191.85.


Felicity Lewis, prosecuting for Swansea City Council at the city's magistrates court, said they had investigated Thomas with the Department of Work and Pensions and found Thomas and Mr Coffey had made transactions at the same times.

They had also been on shopping

By Ruth Mosalski

 @ruthmosalski

 ruth.mosalski@swwmedia.co.uk

 01792 514618

trips together and travel insurance policies taken out by Thomas had named Mr Coffey in them.

Nick Stallard, for Thomas, said his client had admitted the five offences on a basis that Mr Coffey had stayed at the house, sometimes for long periods, but that she should have notified the authorities.

Thomas said Mr Coffey was living at the address, but it was to help with the care of their son aged 15, who has severe behavioural disorder and had previously been violent towards her.

She said the pair had separate rooms on their holidays.

"It's unlikely you'll ever see her before the court again," he added.

Magistrates imposed a 12 week sentence which they said they will suspend for 12 months. She was also ordered to complete unpaid work and pay £125 in costs as well as a £80 victim surcharge.

WALES'S BIGGEST-SELLING NEWSPAPER

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VORM WARNING

Swans keeper remembers his last 'hostile' trip to Napoli

back page



PLUS: Win Swans v Palace tickets – see page 6



DON'T LET MY LOSS BE IN VAIN

pages 6&7

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10 BONUS TOKENS INSIDE
— see page 18

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A PENSIONER who travelled the world and bought works of art while fraudulently claiming more than £36,500 in benefits has escaped jail.

Susan Mary Robinson visited a host of far-flung destinations including Hawaii, Bali and New York.

● Full story page 5

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COURT

Benefit cheat's art spree



Susan Robinson has been convicted for fraudulently claiming £36,000 in benefits while travelling and collecting art.

JASON EVANS

Police & crime reporter
 @evansthetime • 01792 545549
 jason.evans@swmedia.co.uk

A PENSIONER travelled the world and bought works of art while fraudulently claiming more than £36,500 in benefits.

Susan Mary Robinson, from Llangennith, Gower, visited a host of far-flung destinations including Hawaii, Bali and New York and spent "a large amount of money", on art — all while failing to tell the authorities about the substantial inheritance she had in a building society.

Swansea Magistrates Court heard 68-year-old Robinson dishonestly claimed housing and council tax benefits and pension credits for almost six years — investigators found she had £20,000 in a Principality account she had not declared.

Julie Sullivan, for the prosecution, said Robinson had inherited the cash from her mother, and had told investigators it was not for her benefit but for the grandchildren.

But inquiries showed she had used it for trips to New York, Hawaii, Bali, Canada and Antibes, as well as to places in Britain, and had spent "a large amount of money on art works and various other purchases."

Robinson, of Burrows Lane, pleaded guilty to two counts of dishonestly failing to notify the authorities of circumstances affecting



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her claims for benefits and pension credits between 2007 and 2013 — the court heard the total overpayment she received during that period was £36,573.42.

The court heard from probation officer Fred Matthews, who had interviewed Robinson about the background to the claims.

He said: "Miss Robinson tells me there was a misunderstanding not a deliberate attempt to defraud the public purse."

He added that she had always worked and was "not au fait with how the system worked" and felt a degree of shame about what had happened.

Nick Devonald, in mitigation, said the ordeal of being arrested, charged and taken to court was a punishment in itself, as was the upset his client had caused her own family.

He urged magistrates to suspend any custodial sentence.

The court heard Robinson — who has no previous convictions — has already paid back £11,000 of the wrongfully claimed money.

Magistrates imposed a four month jail sentence for each of the two offences to run consecutively, and suspended them both for 18 months.

She was also told to pay £85 in prosecution costs and an £80 victim surcharge.

COUNCIL

No deal on new budget

COUNTY councillors covering the Upper Swansea Valley have failed to agree on a budget.

Two controversial proposals in a £20million package of savings in Powys were thrown out by councillors this week.

Plans to cut special education services and to raise day care centre charges were shelved during a full council meeting in Llandrindod Wells disrupted by protesters.

After failure to agree a budget the meeting was adjourned to March 5.

MCK

Leaders of the different groups on the council will now meet cabinet members to thrash out new proposals.

The authority was considering closing pre-school assessment centres for special and additional learning needs in four schools and closing 18 specialist support units across 16 schools. But councillors decided to shelve the plan for a year and find from reserves the £87,500 it would have saved.

Plans for a six-fold increase in elderly day care centre charges were also dropped.

Independent Members of Misconduct Panels

The Police and Crime Commissioners for Dyfed-Powys, Gwent and South Wales would like to appoint a number of positions for the Independent Members of Misconduct Panels (IMMP).

The Role:

Misconduct Panels are held by police forces to hear a complaint or conduct matter, which is investigated internally by the force — or where a member of the public has been adversely affected.

These Panels will comprise of two police officers and an independent member of the public. One of the key roles is to provide assurance to the community that police misconduct proceedings are properly investigated and adjudicated transparently.

To apply you must be over 18 years of age and live or work in the relevant Police areas. Members will receive an allowance of £211.50 per day or £104.50 per half day and travelling expenses.

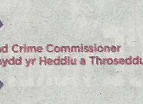
For further information in regards to your commitment, skills required and conditions of involvement please visit:

www.dyfed-powys.pcc.police.uk

www.gwent.pcc.police.uk

www.southwalescommissioner.org.uk

The closing date for applications is 14 March 2014



£17k benefits falsely claimed

A WOMAN has admitted falsely claiming more than £17,000 in benefits.

Ffion Phillips, from Heol Dyfan in Morriston, had failed to tell the authorities she was living with her now husband Luke Evans.

Phillips pleaded guilty during a hearing at Swansea Crown Court to two charges.

One was that she dishonestly failed to notify a change in circumstances to the Department for Work and Pensions. The other was that she also failed to notify Swansea City Council.

The offences were committed between December 2008 and December 2012.

She pleaded guilty to the charges on a basis to the facts.

In total she claimed £17,104.

Judge Paul Thomas told her: "You have been convicted of what is a serious matter and I want to have reports on you before I decide on your sentence".

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8 PAGES INSIDE

PLUS: WIN LEGOLAND FAMILY TICKETS PAGE 18 AND 'WIN A PROM' BONUS TOKENS PAGE 30

BACK THE JACKS!

IN THEIR PREMIER LEAGUE SURVIVAL SCRAP

Lee leading call to support Swans

PAGE 45

DON'T MISS FREE POSTER

PULLOUT IN MIDDLE OF TODAY'S PAPER

PLUS

Rival fans' wedding day love match

PAGE 3



IT'S THE BAD MAN IN THE MASK

Meet Mr & Mrs Jones, the £100,000 benefit cheats. He didn't want to show his face...and his wife wasn't too fussed either

A SWANSEA couple who claimed to have split up at their own wedding reception have been warned they face jail over a £100,000 benefit fraud.

Lesley Isobel Jones and her husband Thomas Adrian Jones told the authorities they didn't live together and she claimed benefits as a lone parent.

But they are now facing prison sentences after a jury found them guilty of fraud.

Full story – pages 889



Swansea v Norwich

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NEWS

Police issues on agenda

WAUNARLWYDD residents get their chance to share policing concerns with officers on Monday. A fact meeting takes place at the Community Centre from 7pm. Current priorities include parking issues on Britlwen Road. A fact meeting will also be held on the same day at the Pontarddulais Institute for town residents. Priorities include parking, speeding, and youth annoyance. That meeting also begins at 7pm.

NEWS

Pub hoping to reopen

A POPULAR Llansamlet pub which suddenly closed should be open by the end of next month. A spokesman for Marston's, the owners of the Plough and Harrow, Church Road, said: "The Plough and Harrow is closed due to unforeseen circumstances, but we endeavour to have the pub up and running again by the end of April." He said concerned customers who have paid a deposit on bookings should phone 0845 605 4545.

PEOPLE



PORT Talbot's Britain's Got Talent winner Paul Potts has been enjoying this year's Echo Awards held in Germany, although he tweeted: "Berlin is one big building site."

ENVIRONMENT

£1m tidy pledge

ALUN Davies, Minister for Natural Resources, has promised £1,090,000 for Keep Wales Tidy to help improve the quality of people's local environment and to make Wales a better place to live. The funding will support the Tidy Towns project that helps communities improve their local area and tackle problems such as fly tipping, vandalism and littering.

COURT

£100k benefit cheat mum's luxury hols, a BMW and a £27k caravan

BOB ARTHUR

@SWEveningPost • 01792 545533 postnews@swwmedia.co.uk

A MOTHER of five fiddled more than £100,000 in benefits while driving around in a BMW with a personalised number plate.

Lesley Isobel Jones, 50, took her family on an all-inclusive holiday to Turkey and enjoyed breaks in Sharm el Sheikh and Spain while claiming income support, employment support, tax credits and council tax relief.

She also bought a £27,000 luxury caravan berthed in a seaside holiday park.

Jones and her husband Thomas Adrian Jones, 52, were told yesterday they would go to jail, after a jury convicted them of fraud.

Thomas Jones had claimed that the relationship had ended when the couple split up during their wedding reception.

The fraudsters both tried to protect their identities by hiding their faces after their court appearance. Thomas Jones donned a mask as he left court, in an effort to hide from Evening Post cameras, while his wife pulled her hood across her face.

Swansea Crown Court heard that the couple told the authorities they had never lived together and Lesley Jones claimed benefits as a lone parent.

She received a total of £108,225 over a 10-year period, before she was caught.

The jury heard the couple



Lesley Jones hides her face outside Swansea Crown Court.



Thomas Jones leaving Swansea Crown Court.

managed to have twins — even though they claimed the marriage had never got off the ground.

And Thomas Jones had his Royal Mail wages sent to her address in Landore, Swansea.

The TV licence was in his name, they had a joint bank account and he paid the household bills.

The jury heard that Lesley Jones may have got away with more, but Department for Work and Pensions records went back only to 2002. She

had been claiming since 1996.

Thomas Jones told the jury he realised their marriage was a mistake on their wedding day in 2000. He said he walked out of the wedding reception and did not see his wife again for two weeks. He said he did not move in with her until 2011.

But, said Paul Hobson, prosecuting, there was ample evidence the couple had lived together as man and wife throughout their marriage. And they only



Lesley Jones enjoyed breaks in Sharm el Sheikh, a £27,000 luxury caravan berthed in a seaside holiday park and drove around in a BMW while falsely claiming benefits.

confessed to being man and wife when they knew an investigation was underway.

The jury heard that during one period examined by a financial expert Lesley Jones received £79,308 in benefits, which she claimed was her sole source of income.

But during the same period she managed to spend £190,721.

And knowing she was being investigated by fraud officers she sold her house to a relative and then claimed housing benefit to pay the rent. But she was turned down.

After unanimous verdicts of guilty were returned the jury were told that Thomas Jones had lost his job for stealing mail and was already under a suspended prison sentence.

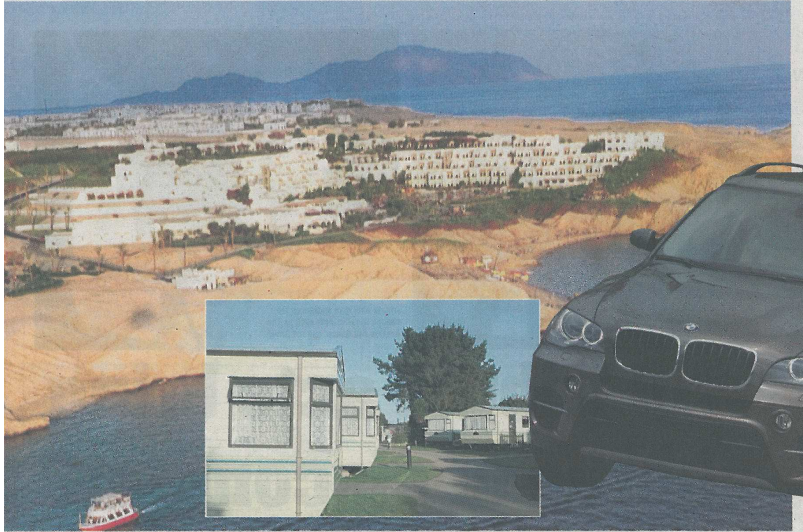
Lesley Thomas had previous convictions for theft and shoplifting. Judge Keith Thomas said he would sentence the pair after probation officers had prepared reports into their backgrounds.

But he told them: "These are offences that warrant sentences of immediate imprisonment."

"I will take some persuading that that would not be the proper outcome of the case."

He granted them bail meanwhile, but warned them "to be under no illusion. You must prepare for imprisonment."

He granted Thomas instigated a Proceeds of Crime investigation to try and recover some of the money.



Annual £1m fraud total is revealed

LAST October Swansea Council revealed that benefit claimants in Swansea had fraudulently collected more than £1 million in a year.

The council's benefits investigation team, in conjunction with Department for Work and Pensions (DWP) colleagues uncovered overpayments of £1,117,976 between April 2012 and March 2013.

The Post has reported a number of high profile benefit fraud cases recently, including:

● In February Swansea Magistrates' Court heard that a pensioner from Llansamlet travelled the world and bought works of art while fraudulently claiming more than £36,500 in benefits, over six years, Susan Mary Robinson (pictured), from

Llansamlet, Gower, visited a host of far-flung destinations including Hawaii, Bali and New York and spent "a large amount of money" on art — all while failing to tell the authorities about the inheritance she had.

Robinson, of Burrows Lane, pleaded guilty to two counts of dishonestly failing to notify the authorities of the circumstances affecting her claims for benefits and pension credits — the court heard the total overpayment she received during that period was £26,724.2.

● Last month Ffion Phillips admitted falsely claiming more than £17,000 in benefits, from Heol Dylan in Morriston, had failed to tell the authorities she was living with her now husband Luke Evans. She admitted two charges.

One was that she dishonestly failed to notify a change in circumstances to the Department for Work and Pensions. The other

was that she also failed to notify Swansea City Council. In total she claimed £17,104.

Anita Wood (above, left) and her partner Margaret Wood took the world by storm following their Star Trek civil partnership ceremony.

But Anita Wood, of Gendros Avenue East, failed to declare her changed circumstances and fraudulently claimed more than £16,000.

For more information Call: 01792 791981



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12-page guide to your Weekend inside

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Audit of Financial Statements Progress Report

City and County Of Swansea

Audit year: 2013-14

Issued: 17 September 2014

Document reference: C14212

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Status of report

This document was produced by PricewaterhouseCoopers LLP on behalf of Anthony Barrett, the Appointed Auditor. The team who delivered the work comprised Kevin Williams, Engagement Leader and Rebecca Nelson, Engagement Manager.

Contents

There are some areas of audit work that remain outstanding that are detailed within this report. This audit work will be completed prior to financial statements being approved and an audit report being issued by Anthony Barrett, as Appointed Auditor.

Summary report

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Introduction

1. Anthony Barrett, as Appointed Auditor, is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the City and County of Swansea (“the Authority”) at 31 March 2014 and its income and expenditure for the year then ended.
2. This report has been prepared and presented by PricewaterhouseCoopers LLP (“PwC”), who undertake the audit work on behalf of the Auditor General for Wales.
3. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
4. The quantitative level at which we judge such misstatements to be material to the Authority is £8.54m for income and expenditure items and working capital balances. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
5. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
6. This report sets out for consideration the matters arising from the audit of the financial statements of the Authority, for 2013-14, that require reporting under ISA 260.

Status of the audit

7. We received the draft financial statements for the year ended 31 March 2014 on 8th July 2014; this was in line with our agreed timescales. At the date of our presentation of this report there was audit work outstanding in the following areas:
 - Testing the revaluation of investment property
 - Testing the revaluation of property, plant and equipment
 - Testing the application of capital grants
 - Obtaining bank confirmation for school bank balances
 - Detailed review and testing of employment provisions
 - Review of landfill provisions
 - Review of post year end supplier invoices
 - Testing of deferred income
 - Review of the cash flow statement
 - Review of group accounts
 - Testing of reserves
 - Review of senior officer emoluments
 - Review of the amounts reported for resource allocation decisions note
 - Testing of grants credited to services
 - Testing of termination benefits
 - Detailed testing of the Whole of Government Account return

8. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Head of Finance and Delivery.
9. We are unable at this time to provide the Proposed Audit Report of the Appointed Auditor or the Proposed Letter of Representation. This is due to the outstanding items listed above. We aim to provide these documents and an updated report to Cabinet on 23 September 2014.

Significant issues arising from the audit

Uncorrected misstatements

10. We set out below the misstatements we have identified in the financial statements as at 01 September 2014, which have been discussed with management but remain uncorrected. Management has decided not to correct these misstatements as they are not considered to be material to the users of the financial statements either individually or in aggregate.
11. We have reported all proposed audit adjustments which management has not elected to change with a value greater than £100k.

Nature of Correction	Comprehensive Income and Expenditure		Balance Sheet		Movement in Reserves	
	Debit (£'000)	Credit (£'000)	Debit (£'000)	Credit (£'000)	Debit (£'000)	Credit (£'000)
<p>Our work on impairment identified that £73,960 was inappropriately debited to the Revaluation Reserve rather than the Comprehensive Income and Expenditure Statement. Investigation by management identified further instances where it was inappropriate to debit such a movement to the revaluation reserve, giving a total adjustment of £441,437.07</p> <p>Impairment Revaluation Reserve Capital Adjustment Account Movement in Reserves</p>	441					441
<p>Our work on impairment identified that £221,266 of capital expenditure on Swiss Cottage, and its subsequent impairment, had been recorded within the "Other Land and Buildings" movement schedule rather than the Heritage Assets note. Our work as to the appropriateness of the associated impairment is ongoing.</p> <p>Heritage Assets (Impairment) Property Plant and Equipment (Impairment) Heritage Assets (Additions) Property, Plant and Equipment (Additions)</p>			221	221		
<p>Our work on the valuation of Council Houses identified a variance between the valuation calculated by the Internal Valuer and the value included in the fixed asset register.</p> <p>Council Dwellings Revaluation Reserve</p>			805			805
<p>Our review of the discounted cash flow model used to value council dwellings identified that borrowing costs had been included. It is noted that this approach is unusual. An adjustment has been proposed to remove these costs.</p> <p>Revaluation Reserve Council Dwellings</p>				1,102	1,102	

Nature of Correction	Comprehensive Income and Expenditure		Balance Sheet		Movement in Reserves	
	Debit (£'000)	Credit (£'000)	Debit (£'000)	Credit (£'000)	Debit (£'000)	Credit (£'000)
Our work on the landfill provision identified that all of the provision relating to the capping and remediation work to be carried out at the Tir John site has been recognised as a long term provision.						
Management estimate that £3,408k of the provision is to be spent during 2014-15, therefore it is appropriate to classify this element of the provision as short term						
Long Term Provisions			3,408			
Short Term Provisions				3,408		

Corrected misstatements

12. There are no misstatements that have been corrected by management, which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.
13. It is noted that management have made a number of narrative adjustments to the accounts.

Matters on which management have consulted with us upon

14. The Council Tax Reduction Scheme was introduced in April 2013, replacing Council Tax Benefit. Following this change, the Authority discussed with us the various potential accounting treatments that could be applied.
15. Previously a credit to Taxation and Non-Specific Grant Income was recorded in order to recognise the income from the Council Tax Reduction Scheme. A debit to services was also recorded to recognise notional Council Tax Benefit expenditure. Gross Council Tax income was also recorded within Taxation and Non-Specific Grant Income.
16. Following discussions with us, management have proposed the following adjusting entry in order to remove the grossing up effect caused by recording Council Tax income gross along with notional Council Tax Benefit expenditure:
 - Debit Taxation and Non-Specific Grant Income - £19,159k
 - Credit Central Services to the Public - £19,159k

This correction has no impact upon the Total Comprehensive Income and Expenditure for the year.

Significant and elevated audit risks

17. In our Financial Audit Strategy, we set out information regarding the significant and elevated audit risks that were identified during the audit planning process. The table below sets out the outcome of our audit procedures in respect of those risks.

Significant Risk	Audit Outcome
<p>Management override of controls The risk of management override of controls is present in all entities.</p>	<p>We have understood and evaluated internal control processes and procedures as part of our planning work.</p> <p>Testing of a sample of journals is currently ongoing. Our sample is based on risk and seeks to ascertain if journals were processed appropriately and related to genuine business transactions.</p> <p>We have considered significant management estimates in order to identify any evidence of management bias. Our work with regard to employee provisions and property valuations is currently ongoing.</p> <p>We designed and performed procedures in order to confirm our understanding of the business rationale for significant transactions.</p> <p>Our audit procedures also include an unpredictable element that varies year on year. Based on the work completed to date, we have not identified any matters to report to you.</p>
<p>Revenue and expenditure recognition There is a risk that the Authority could adopt accounting policies or treat income and expenditure transactions in such a way as to lead to material misstatement in the Comprehensive Income & Expenditure Statement.</p>	<p>We undertook the following procedures in response to this risk:</p> <ul style="list-style-type: none"> • tested the appropriateness of a sample of journals processed to income and non-pay expenditure ledger codes during the year; • reviewed the relevant accounting policies to ensure that they are in compliance with accounting standards; and • performed substantive procedures on a sample basis to ensure that income and non-pay expenditure has been appropriately accounted for in accordance with the stated accounting policy and in the correct period. <p>We have not identified any matters to report to you.</p>

Elevated Risk	Audit Outcome
<p>Valuation of property, plant and equipment (PPE) and investment property</p> <p>The Authority is required to ensure that PPE and Investment Property assets held on the Balance Sheet are valued sufficiently regularly to ensure that the carrying amount is not materially different from the fair value of these assets at the year end.</p>	<p>We have considered the Authority's proposed approach to the valuation of PPE and Investment Properties.</p> <p>We note that the Authority values its land and buildings on a five year rolling programme. The Authority is yet to finalise its assessment, which involves a consideration of the likelihood that there has been material changes in value during the year for assets that have not been revalued in the sample of assets that have been formally valued.</p>
<p>Equal pay and job evaluation</p> <p>The Single Status Agreement committed authorities to undertake equal pay reviews and to introduce non-discriminatory pay structures, addressing the fact that local government employees were often employed on differing terms and conditions.</p> <p>The Authority has settled a number of equal pay claims to date and has undertaken a significant amount of work to develop a model to support the calculation of its provision for Equal Pay and Job Evaluation. The valuation of this provision is subject to a number of judgements.</p>	<p>We have reviewed the status of the equal pay and job evaluation exercise with officers and considered whether the associated the accounting treatment as appropriate. We are currently completing our assessment of the continued appropriateness of the methodology used to derive the overall estimate and the reasonableness of the assumptions therein. This will be facilitated through sample testing of individual cases.</p> <p>We will also consider the extent to which the provision has been utilised after the year end, compare the payments made to the amounts provided for in the accounts.</p> <p>We have not identified any matters to report to you to date.</p>
<p>Group accounts</p> <p>During 2013-14 the trading operations of Swansea City Waste Disposal Company Limited (SCWDC) were transferred to the Council. The Council fully owned SCWDC as at 31 March 2013. Therefore, the presentation and disclosure of this transaction in the accounts of the Authority will need to be assessed and the requirement to produce group accounts considered.</p>	<p>Work is currently ongoing in order to review the substance and accounting treatment of the transaction. We are also considering the adequacy of disclosures in the accounts and group accounts of the Authority.</p>

Significant estimates

18. During the course of our audit we undertook specific procedures in respect of areas subject to estimation risk as follows.

Fixed asset valuation methodology and assumptions

19. The Authority formally valued a proportion of its land and buildings as at 31 March 2014. We have selected a sample of the revalued assets to evaluate the methodology and assumptions used by the Authority's internal valuer.

20. We have performed testing of a sample of 20 assets to agree the base data (floor area etc) used in the valuation to supporting documentation. Testing of such assets is being finalised.
21. We confirmed the upload of the revaluation data from the information provided by the valuer to ensure that it has been accurately reflected in the Council's asset register.
22. The Authority values its land and buildings on a five year rolling programme. The Code of Practice on Local Authority Accounting states that revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.
23. The Authority has yet to finalise an assessment as to the sufficiency of the regularity of their revaluation programme.

Council Dwellings

24. The Authority uses a discounted cash flow model to value its Council Dwellings. We have reviewed the assumptions made by the Authority in this model and have noted that the Authority has included the effect of borrowings.
25. This treatment is considered to be unusual. Including borrowings has the effect of increasing the value of Council Dwellings by £1,102k. The impact of this has been included within the list of uncorrected misstatements listed above.
26. It is also noted that a transposition error occurred between the discounted cash flow model and the fixed asset register. This has the effect of decreasing the value of Council Dwellings by £805k.

Investment property

27. The Code of Practice on Local Authority Accounting requires that the Authority's investment properties are held at their fair value at each balance sheet date. The Authority's approach to doing this was to re-value all investment property assets as at 31 March 2014.
28. We have reviewed the methodology and assumptions used by the Authority's internal valuer, in conjunction with our own in-house valuer, and have not noted any material issues or matters to report to you.

Employment provisions

Equal pay

29. The Authority is in the latter stages of agreeing, and paying out, equal pay and backpay settlements with employees. The accounts include a provision in respect of this liability.
30. In 1997, local government employers and the trade unions signed the "Single Status Agreement". Enshrined in equal pay legislation, the Single Status Agreement committed authorities to undertake equal pay reviews and to introduce non-discriminatory pay structures, addressing the fact that local government employees were employed on differing terms and conditions. This review identified some elements of pay discrimination and resulted in the recognition of back pay liabilities to compensate for this, at most local authorities.
31. Following the receipt of claims from employees, and having assessed its position, the Authority has offered relevant employees a settlement in respect of the equal pay

back-pay liability. The Authority has also paid out, and therefore fully settled, a significant amount of the claims. However, there may be some claims which are not fully settled and may progress to an employment tribunal.

32. The Authority has undertaken an extensive modelling exercise to provide an estimate of the potential liability arising in respect of these claims for both financial and management accounting purposes.
33. Our audit is currently considering whether the provision included in the Authority's financial statements is a reasonable estimate of the expected total liability in respect of equal pay claims.

Job Evaluation

34. The Authority has also undertaken a review of its pay and grading structure. New pay structures have been implemented and any additional payments due have been backdated to 1 April 2010.
35. The Authority has included a provision to recognise potential costs of implementing the new structure from 1 April 2010. This provision includes those claimants who had previously settled equal pay claims but have subsequently lodged a new claim with the Employment Tribunal. We consider that this treatment is appropriate on the basis that the agreements to settle previous claims expired on 31 March 2010.
36. The Authority has used an external consultant to model the impact of the new pay regime. We are currently in the process of completing out testing of this model to assess the reasonableness of the provision.

Landfill provisions

37. At a Cabinet meeting in January 2013 a decision was taken to transfer the operations of Swansea City Waste Disposal Company into the Authority and close it using a solvent liquidation. The transfer of assets and liabilities occurred in July 2013.
38. As part of its responsibilities, the Authority will be required to undertake future capping and aftercare on the Tir John landfill site. As such a provision of £7.25m has been recognised in the 2013-14 accounts.
39. The Authority has taken the decision to enter into a procurement process for the future management of the site. This, combined with the Authority's own internal assessment of the likely future costs connected with the site, has informed the value of the provision for capping and aftercare.
40. Our work in this area is yet to be finalised. However, we have noted that the Authority has classified the entire provision as long term. The Authority estimates that £3.4m of the provision will be utilised in 2014-15 and as such we have proposed that this element of the provision is classified as short term.

Other significant issues arising from the audit

41. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no significant issues arising in these areas this year:
 - **In our view the qualitative aspects of your accounting practices and financial reporting continues to improve.** Generally, we found the information provided to be relevant, reliable, comparable, material and easy to understand.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.

- **Other than matters previously reported, there are no additional matters discussed and corresponded upon with management which we need to report to you.**
- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any significant or material weaknesses in your internal controls to report to you.** We will report to you, all weaknesses in internal control that we have identified, and proposals for improvement, following completion of our audit.
- **There are no other matters specifically required by auditing standards to be communicated to those charged with governance.**

Risk of Fraud

42. International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

Your responsibility as part of your governance role is:

- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
 - to investigate any alleged or suspected instances of fraud brought to your attention.
43. In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation in relation to fraud will be included in the letter of representation.

Independence and objectivity

44. As part of the finalisation process, we are required to provide you with representations concerning our independence.
45. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office or PricewaterhouseCoopers LLP and the City and County of Swansea that we consider to bear on our objectivity and independence.

Fee update

46. The requirements of the Public Audit (Wales) Act 2013 introduced a slightly revised fee-setting requirement on the new Wales Audit Office for all audit work once its provisions came into effect from 1 April 2014. Accordingly, the Wales Audit Office have reviewed its cost allocation and apportionment processes to ensure that, going forward, our fee setting fully complies with these new statutory requirements. Our fees charged are:

	2013/14 fee
City and County of Swansea Financial Audit	£262,000
City and County of Swansea Performance Programme	£107,550

- 47.** Our fee for certification of grants and claims is yet to be finalised for 2013/14 and will be reported to those charged with governance in due course.

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



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2012-13

City & County of Swansea

Audit year: 2012-13

Issued: August 2014

Document reference: C14194 - FINAL

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Purpose of this document

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Status of report

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Contents

We certified 44 grant claims and financial returns for 2012-13 with a total value of £257.2 million – two more claims than 2011-12 with a total value approximately £2million higher. 5

Our total fee for the certification of grants and returns was £143,980 – £3,441 higher than 2011-12. 6

Of the 44 claims received, we certified 16 claims without any qualifications or amendments. 15 claims were amended following our audit, 7 claims were certified with a qualification (total net value £6,872), and 6 claims were amended and qualified (total net value £10,287). 7

30% of total claims received a qualification. 8

48% of total claims were amended and the net effect of all amendments was a decrease of £8K in the amounts claimed. 9

There was no financial impact on 27% of the claims amended. 10

The Authority had generally reasonable arrangements in place for the production and submission of its 2012-13 grant claims. There is some room for further improvement. 11

86%% of claims were submitted for audit on time. 11

We recommend that the Authority reviews the areas subject to qualification and amendment to identify potential improvements. 12

Appendices

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We certified 44 grant claims and financial returns for 2012-13 with a total value of £257.2 million – two more claims than 2011-12 with a total value approximately £2 million higher.

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 hereafter as grant claims).
2. The aim of our work was to certify individual claims and to answer the question:
'Does the City & County of Swansea (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
3. The following table summarises the value of the different claims and returns we certified:

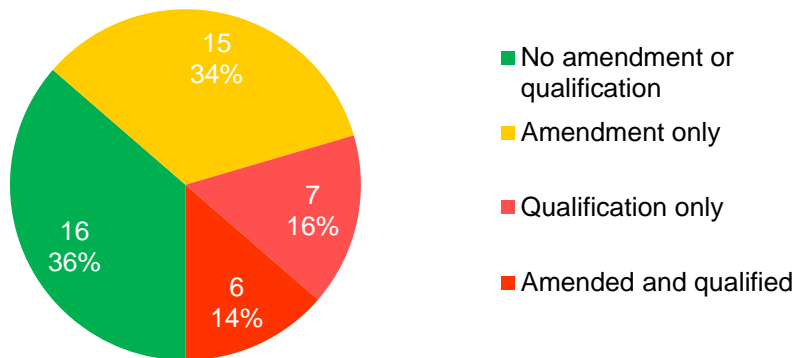
Description	Grant Funding Claimed	Value of Return	
Welsh Government grants	£54.6 million	-	
European grant claims via WEFO	£17.5 million	-	
National Non Domestic Rates – Contribution to the Pool	-	£70.2 million	
Housing and Council Tax Benefit – Total Subsidy Claimed	-	£107.5 million	
Housing Revenue Account Subsidy	-	£5.7 million	
Community Equipment – Pooled Budget	-	£1.7 million	
Total:	£72.1 million	£185.1 million	£257.2 million

Our total fee for the certification of grants and returns was £143,980 – £3,441 higher than 2011-12.

4. During our programme of work in 2012-13, we certified claims worth 0.8% more than our work in 2011-12 and the total fee charged for our 2012-13 programme of work was 2% higher.
5. Appendix 1 shows an analysis of the fees we charged for each of the claims we certified.

Of the total 44 claims received, we certified 16 claims without any qualifications or amendments. 15 claims were amended following our audit, 7 claims were certified with a qualification (total net value £6,872), and 6 claims were amended and qualified (total net value £10,287).

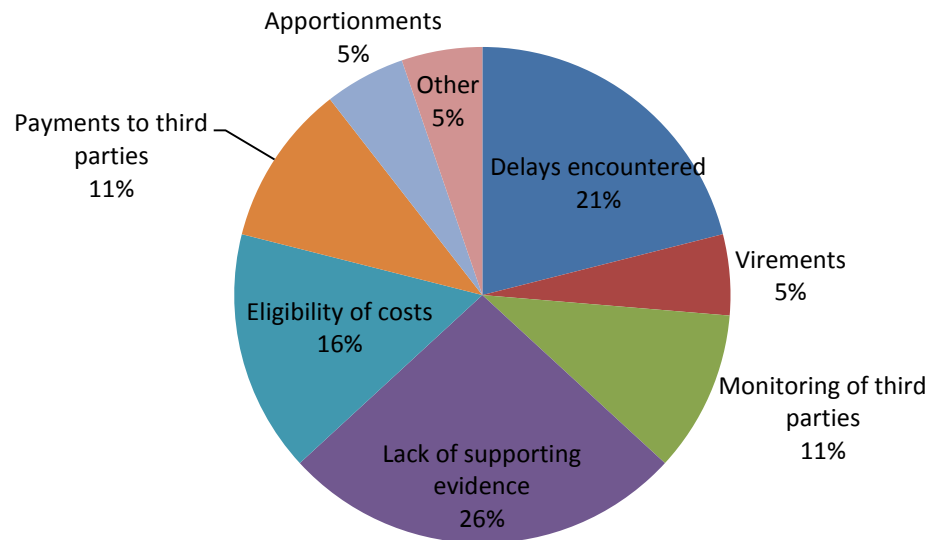
6. The chart below summarises the results of our audit:



7. A detailed list of the claims we certified and the results of our audit work is provided in Appendix 1.

30% of total claims received a qualification.

8. The charts below summarise the reasons why we issued qualifications:



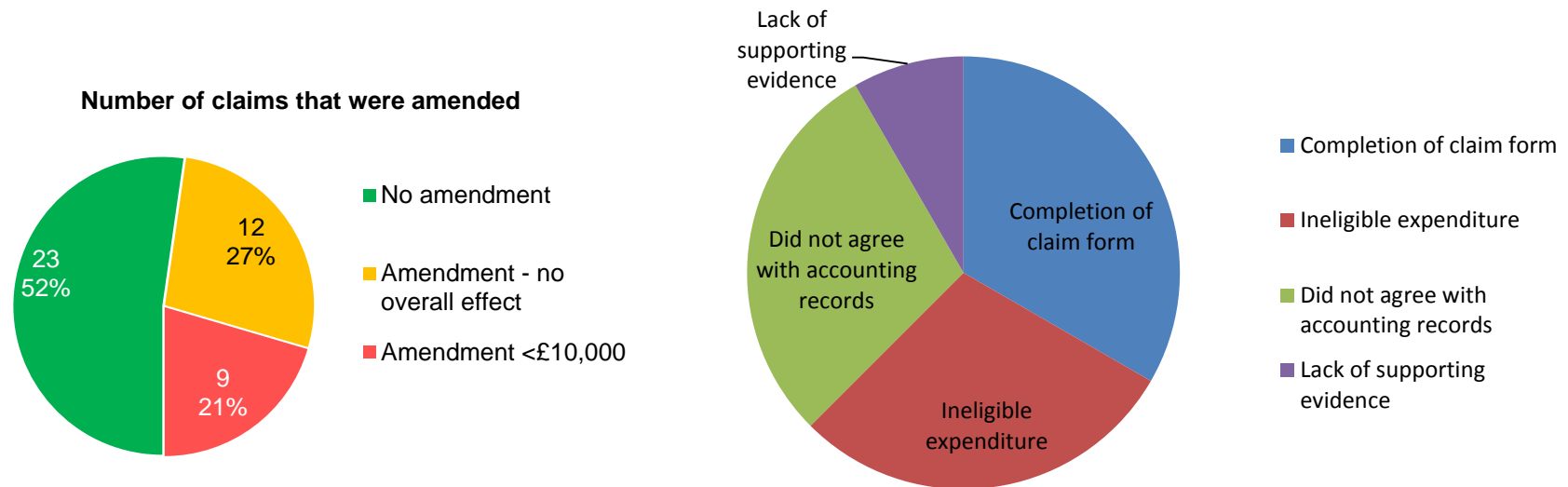
9. The 'other' category relates to the qualification points that were raised in relation to the certification of the Housing Benefit & Council Tax Benefit return. The matters giving rise to a qualification included:

- Non HRA rent rebates technical error overpayments as a percentage of total expenditure – a clear conclusion of the movements could not be provided by the Authority; however, monitoring of the level of overpayments is being undertaken on a monthly basis and consultations are ongoing to implement counteractive measures to reduce the level of overpayments reported

-
- Update of benefit parameters and allowances on the Northgate system to reflect the annual uprating of benefit entitlement and subsidy claimed - some of the rates included within the parameters had not been included by the Authority however, a reasonable explanation for this non-inclusion was obtained from the Authority
 - Uncashed cheques – a processor error was identified regarding a misunderstanding of the instructions issued where cheques less than £10 had not been investigated. All cheques are to be investigated.
 - Incorrect classification of overpayments – firstly, overpayments due to the entry of incorrect dates on the Northgate system and secondly, correct payments had been made to the claimant but the incorrect subsidy recorded on the return hence recording an overpayment.
 - Back dated rent rebate recorded on the subsidy claim but not a back date at all – this arose due to processor error in not activating the ‘first week indicator’ on the Northgate system for the claim that this error related to.
 - Pensions - overpayment of benefit due to the incorrect rate for private pensions entered onto Northgate
 - Change of circumstances - underpayment of benefit due to incorrect earnings being applied to the claimant as the change of circumstances attributable to the claimant had not been processed by the Authority.
10. Where errors resulted in an impact on subsidy, the Authority elected to make the amendment in the 2013/14 return. We will review these amendments as part of our audit work on the 2013/14 return.
11. A more detailed analysis of the qualifications raised on each claim is provided in Appendix 2.

48% of total claims were amended and the net effect of the amendments was a decrease of £8K in the amounts claimed. There was no financial impact on 27% of the claims amended.

12. The charts below summarise the reasons why we amended claims:



13. The most common reasons for amendment were due to the claims being incorrectly prepared, the inclusion of ineligible expenditure in the claim form and the amounts claimed not reconciling to the Authority's accounting records.

14. A more detailed analysis of the amendments made to each claim is provided in Appendix 2.

The Authority had generally reasonable arrangements in place for the production and submission of its 2012-13 grant claims. There is some room for further improvement.

15. The Authority had two part-time grants coordinators on site 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 audit.
16. Greater focus is required on the submission of the EC Structural Funds claim reports for audit, and the subsequent provision of the key supporting documentation, to ensure that audit work can be performed within the required timeframe for issue of the Accountant's Report to the Welsh European Funding Office (WEFO).

86% of claims were submitted for audit on time.

17. For those claims that were submitted on time, the majority were certified in advance of the submission date as per the certification instruction. For the remaining claims, delays were encountered with the receipt of the required supporting documentation for which, in some instances, further clarification was required to assist in the completion of the audit work. This prevented achievement of the completion of the audits by the certification deadline. Those claims not submitted for audit on time were five Strategic Regeneration Area claims and one EC Structural Funds claim. The delays for the former were due to finalisation of financial information by the project officers. The delay for the latter was due to the Project Officer not being aware of the protocol for submission of the claim report to the auditors.

We recommend that the Authority reviews the areas where qualifications and amendments were made this year.

18. The Authority's performance in the preparation and management of grant claims and returns is reasonable and the number of significant findings is low. However, some additional work is required relating to the collation of the required supporting documentation to assist in the completion of an efficient audit.
19. We have made four recommendations for the Authority to further improve its performance in managing grant schemes and their associated claims.
20. The recommendations address the areas where we qualified or amended claims in 2012-13
 - R1. Submission of EC Structural Funds claim reports in accordance with WEFO guidelines.
 - R2. Ineligible expenditure included.
 - R3. Inadequate monitoring of third parties.
 - R4. Inadequate documentation to support expenditure claimed.

We will continue to work with the Authority to make these improvements for the certification of the 2013-14 grant claims.

21. A detailed table of our recommendations is presented in Appendix 3.
22. A follow up of our recommendations included in the 2011-12 grants report is detailed in Appendix 4.

Appendix 1

List of the grants we certified

2012-13 claims and returns

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
1	Housing Benefit and Council Tax Benefit Subsidy	£107,503,810	+4%	On time	Qualified and amended	Qualified and amended	£37,233.50	+47.1% This increase is attributed to the additional testing required for errors noted.
2	Communities First Programme: BKPI	£63,083.71	-10%	On time	Qualified and amended	No amendment or qualification	£1,455.50	-15.9%
3	Communities First Programme: Bonymaen	£107,662.33	-16%	On time	Qualified and amended	No amendment or qualification	£1,391.00	+1.5%
4	Communities First Programme: Castle	£60,354.60	-47%	On time	No amendment or qualification	Amended	£1,455.50	-43.4%
5	Communities First Programme: Clase / Caemawr	£134,584.50	-25%	On time	Amended	No amendment of qualification	£1,093.00	-45.7%

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
6	Communities First Programme: Morriston	£89,198.06	-43%	On time	No amendment or qualification	Amended	£1,240.50	-51.2%
7	Communities First Programme: Penlan	£117,901.91	-32%	On time	Amended	No amendment or qualification	£1,391.00	-45.9%
8	Communities First Programme: Sketty	£72,956.86	-77%	On time	Amended	Amended	£1,305.00	-49.3%
9	Communities First Programme: Swansea Central Support Team	£114,042.18	-30%	On time	Amended	Amended	£1,904.00	-26.0%
10	Communities First Programme: Townhill TOPIC	£27,349.12	-52%	On time	No amendment or qualification	No amendment or qualification	£1,541.50	+100%
11	National Non Domestic Rates	£70,150,021	+3%	On time	No amendment or qualification	Amended	£3,876.00	-12.1%
12	Communities First Programme: CVS Supporting Families	£14,082.77	-16%	On time	Amended	Amended	£1,369.50	+100%
13	Communities First Programme: St Thomas	£78,549.61	-30%	On time	No amendment or qualification	No amendment or qualification	£1,114.50	-56.7%

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
14	Communities First Programme: Swansea Family Centres	£135,295.83	-17%	On time	Amended	No amendment or qualification	£2,377.00	-7.64%
15	Communities First Programme: Townhill	£137,172.21	-20%	On time	Qualified and amended	Amended	£1,283.50	-57.3%
16	Community Equipment: Pooled Budget	£1,729,000	+100%	On time	No amendment or qualification	No amendment or qualification	£2,168.00	-5.6%
17	Communities First Programme: Youth Outcomes	£192,487.54	-18%	On time	Amended	No amendment or qualification	£2,957.50	-5.6%
18	Social Care Workforce Development Programme	£618,658	-20%	On time	Amended	No amendment or qualification	£3,175.50	+39.5%
19	Teachers' Pension Contributions	£16,019,767	+7%	On time	Amended	Amended	£2,438.50	+31.0%
20	Learning Disabilities Resettlement Strategy	£1,765,571	+0.9%	On time	No amendment or qualification	No amendment or qualification	£2,917.50	+37.5%
21	Sustainable Waste Management	£5,076,225	-0.9%	On time	No amendment or qualification	No amendment or qualification	£3,089.50	+1.4%

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
22	Schools Effectiveness Grant	£2,368,385	1.9%	On time	Amended	No amendment or qualification	£4,656.00	+73.9%
23	Welsh in Education	£482,209	N/A	On time	No amendment or qualification	N/A – new claim in 2012-13	£3,283.00	N/A
24	Regional Transport Consortia Grant	£2,561,802	+69%	On time	Amended	Amended	£3,519.50	+22.4%
25	Housing Revenue Account Subsidy	£5,718,551	-4.6%	On time	No amendment or qualification	Amended	£2,764.00	+0.4%
26	Families First (formerly Cymorth)	£3,342,521	8.8%	On time	Qualified	No amendment or qualification	£2,229.50	-36.7%
27	School Buildings Improvement Grant:	£4,450,000	+100%	On time	Amended	No amendment or qualification	£2,466.00	-49.4%
28	Flying Start	£3,084,838	+9.5%	On time	No amendment or qualification	Qualified	£3,046.50	+55.9%
29	Strategic Regeneration Area: Waterfront Public Realm	£910,000	N/A	50 days late	Amended	Audit work suspended – project not financially and physically	£1,953.00	N/A

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
						complete		
30	Strategic Regeneration Area: Reconfiguration to River Tawe Bridges	£500,000	N/A	50 days late	No amendment or qualification	Audit work suspended – project not financially and physically complete	£1,953.00	N/A
31	Strategic Regeneration Area: ARBED energy efficiency scheme	£398,000	N/A	50 days late	No amendment or qualification	Audit work suspended – project not financially and physically complete	£1,695.00	N/A
32	Strategic Regeneration Area: Oldway House	£2,080,000	N/A	50 days late	No amendment or qualification	Audit work suspended – project not financially and physically complete	£632.50	N/A
33	Strategic Regeneration Area: Hafod & Morfa Copperworks	£339,985	N/A	50 days late	Amended	N/A	£2,143.50	N/A

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
34	Strategic Regeneration Area: E-Portal Pilot	£101,160	N/A	On time	Amended	N/A	£2,444.50	N/A
35	Learning Pathways 14-19	£960,723	-14%	On time	Qualified	Qualified	£3,642.50	-12.5%
36	Free Concessionary Travel	£5,280,885	-11%	On time	No amendment or qualification	No amendment or qualification	£2,168.00	-42.8%
37	Substance Misuse Action Fund	£1,672,959	-3%	On time	Qualified and amended	Amended	£5,368.50	+28.9%
38	Joint Venture Accounts	£71,526	+4%	On time	Qualified and amended	Qualified	£2,358.50	-40.5%
39	EC Structural Funds: COASTAL to 30 September 2013	£9,866,020	-31%	On time	Qualified	Qualified	£4,625.00	-42.4%
40	EC Structural Funds: The Waterfront City to 30 June 2013	£3,044,412	-45%	6 weeks late	Qualified	Qualified and amended	£3,470.00	-10.5%
41	EC Structural Funds: Quadrant Transport Interchange to 30 March 2013	£6,789	-100%	2 weeks late	Qualified	Qualified and amended	£2,816.00	-4.1%

Ref	Name of grant or return	Value of claim or return	Change in value from 2011-12	Submitted on time	Audit result for 2012-13	Comparison with audit result from 2011-12	Audit fee 2012-13	Change in fee from 2011-12
42	EC Structural Funds: Regional Essential Skills to 30 September 2012	£2,219,784	+100%	1 week late	Qualified	Qualified	£3,814.00	+19.6%
43	EC Structural Funds: Felindre Strategic Business Park to 31 July 2013	£2,315,504	+100%	On time	Qualified	Qualified	£2,911.00	+16.2%
44	Derelict Land Grant: Unifloc	£598,287	N/A	N/A – not stipulated	No amendment or qualification	N/A – claim not certified in 2011-12	£3,243.00	N/A

Appendix 2

Schedule of amendments and qualifications

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
1	Housing Benefit and Council Tax Benefit Subsidy	The HRAS 13-03(W) form had not been certified at the date of the certification of the HBEN claim. However, it was noted that the entry in cell 2860 of the HRAS form is blank corresponding to the Authority claiming 100% of the subsidy, as per cell 075. For further qualification points, refer to paragraph 9 of this report.	-	A difference was noted with the in year reconciliation cells: cell 094 and cell 130 had a variance of £1 and this was due to rounding differences. The claim was amended accordingly. For further amendment points, refer to paragraph 9 of this report.	(£2,219) B
2	Communities First Programme: BKPI	Payments to partners were not made within the required 15 day timeframe.	-	An incorrect claim for payroll costs had been included.	(£234.17) A
3	Communities First Programme: Bonymaen	A virement included in the claim had not been approved by the Welsh Government.	-	Incorrect date on claim form – 31 March 2012 instead of 31 March 2013. This had no overall effect on grant entitlement.	-
5	Communities First Programme: Clase/Caemawr	-	-	Amendment required to reflect approved virement into the correct category. This had no overall effect on grant entitlement.	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
7	Communities First Programme: Penlan	-	-	Amendment required for the claim to reconcile to the Authority's accounting records. This had no overall effect on grant entitlement.	-
8	Communities First Programme: Sketty	-	-	Incorrect inclusion of VAT in the claim.	(£1.04) A
9	Communities First Programme: Swansea Central Support Team	-	-	Inclusion of ineligible costs	(£58.00) A
12	Communities First Programme: CVS Supporting Families	-	-	Incorrect completion of Project Manager costs. This had no overall effect on grant entitlement.	-
14	Communities First Programme: Swansea Family Centres	-	-	Match spend incorrectly recorded for four staff roles. This had no overall effect on grant entitlement.	-
15	Communities First Programme: Townhill	Payments to partners were not made within the required 15 day timeframe.	-	Inclusion of ineligible costs	£82.00 A
17	Communities First Programme: Youth Outcomes	-	-	Unsupported Programme Costs	(£978.04) A

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
18	Social Care Workforce Development Programme	-	-	Ineligible costs: inclusion of prepayment	(£6,850) A
19	Teachers' Pension Contribution	-	-	Omission of 'Contributory Salary' in section 1 and section 2h (iv) had not been completed correctly. This had no overall effect on grant entitlement.	-
22	Schools Effectiveness Grant	-	-	Incorrect completion of the breakdown of classification on 'Poverty Expenditure'. This had no overall effect on grant entitlement.	-
24	Regional Transport Consortia Grant	-	-	Income not recorded correctly for Road Safety (Revenue).	(£30) A
26	Families First (formerly Cymorth)	Insufficient monitoring of partners involved in the running of the scheme	-	-	-
27	School Buildings Improvement Grant	-	-	Expenditure had been capped to the amount allocated rather than actual; as required by the grant instructions. This had no overall effect on grant entitlement.	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
29	Strategic Regeneration Area: Waterfront Public Realm	-	-	Amendment of the claim form to the approved expenditure, as per the offer letter. This had no overall impact on grant entitlement.	-
33	Strategic Regeneration Area: Hafod & Morfa Copperworks	-	-	Expenditure incurred: amount disclosed did not reconcile with the entries recorded on the ledger. Income: amount disclosed did not reconcile to the receipts as per the remittance advice notes. This had no overall impact on grant entitlement.	-
34	Strategic Regeneration Area: E-Portal Pilot	-	-	Incorrect date of project completion had been recorded. This had no overall impact on grant entitlement.	-
35	Learning Pathways 14-19	Expenditure recorded on the claim form could not be reconciled to the ledger. A conclusion could not be reached on the eligibility of three items of expenditure included in the prime documents testing. Insufficient monitoring of partners.	-	-	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
37	Substance Misuse Action Fund	No formal authorised documentation to support the percentage allocation of salary relating to the Substance Misuse Commissioner.	-	Actual expenditure had not been recorded for the 'Generic Funding' as is required by the completion notes. This had no overall impact on grant entitlement.	-
38	Joint Venture Accounts	Land registry fees could not be agreed to supporting documentation. Internal hours charged to the schemes could not be reconciled to timesheets.	-	Swansea Vale scheme: rounding error noted on the income declared.	£1 A

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
39	EC Structural Funds: COASTAL to 30 September 2013	<p>Incorrect apportionment of expenditure (£23.82)</p> <p>Inclusion of expenditure for furniture which is an ineligible cost (£74.99).</p> <p>Inclusion of VAT (£10.83)</p> <p>Internal recharge included in the claim relating to the hosting of the website; however, no supporting documentation was available to support the cost charged to the project. (£300)</p> <p>Local Authority internal charges identified in the claim to 30 September 2012 have been made ineligible in the current period whilst the basis and eligibility is confirmed. The failure to provide details for such items is outside of the control of the project team, which has endeavoured to provide all supporting documentation required for the audit. There is potentially unclaimed eligible expenditure to be processed once the issue of the level of documentation acceptable to WEFO is confirmed.</p>	<p>(£409.64)</p> <p>A</p>	-	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
40	EC Structural Funds: The Waterfront City to 30 June 2013	<p>Incorrect completion of timesheet - the hours recorded as worked was actually the end time of the work undertaken when using the 24 hour clock. Overstatement of claim £9,433.26.</p> <p>Overheads are calculated on the basis of expenditure incurred multiplied by the overhead rate of 2.06%. An incorrect figure of expenditure has been used in this claim period and overheads are understated by £4,688.63.</p> <p>The audit due date was 11 August 2013 and the claim was received for audit on 9 August 2013, two days before the certification deadline.</p>	(£4,744.63) A	-	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
41	EC Structural Funds: Quadrant Transport Interchange to 30 March 2013	<p>Incomplete supporting documentation: Land Registry charges of £3,669 were included in the claim. We were able to reconcile the three entries that make this payment to account activity received direct from the Land Registry. However, we were unable to vouch the amount to a bank statement.</p> <p>The claim due date was 21 April 2013 with the audit due date was 12 May 2013. The claim was not received until 3 May 2013.</p>	-	-	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
42	EC Structural Funds: Regional Essential Skills to 30 September 2013	<p>Timeliness of claiming of staff costs: expenditure included in the claim had been defrayed in April 2012 which is outside the audited period of the claim but within the timescale of the project as a whole.</p> <p>Match funding: apportioned overheads from WEA. The overheads are split on a timesheet basis for employees working on the project and a flat rate amount is applied to the hours. The applicable rate has been confirmed to WEFO correspondence but the total expenditure cannot be reconciled to bank statements / BACS payments due to the nature of the cost.</p> <p>Match funding: Supporting timesheets from Pembrokeshire County Council indicate that the incorrect cost has been attributed to the project – an over claim of £1,717.35</p>	(£1,717.35)	-	-

Ref	Name of grant or return	Reason for qualification	Potential value of qualification	Reason for amendment	Value of amendment
43	EC Structural Funds: Felindre Strategic Business Park to 31 July 2013.	<p>Timeliness of claiming of professional fees: landscaping charges incurred in June 2012 which is outside the audited period of the claim but within the timescale of the project as a whole.</p> <p>Inclusion of costs relating to planning application: the Authority was only able to provide an email from the Strategy Development Manager (Economic Regeneration & Planning) setting out confirmation that the amount of £42,828 should be charged to the Felindre project. Whilst it is clear that there is a charge for the services provided, there was no documentation supporting the basis and calculation of the amount.</p>	-	-	-
		A: Total value of qualification on grant claims:	(6,871.62)	A: Total value of amendment on grant claims	(£8,068.25)
		B: Total value of qualification on returns	-	B: Total value of amendment on returns	(£2,219)

Appendix 3

Table of current year recommendations

We have given each of our recommendations a rating from the following scale:

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.

Recommendations:

Ref	Issue	Implication	Recommendation	Priority Level	Management Comments	Responsible officer and target date
R1	Submission of European Structural Funds claims reports in accordance with WEFO guidelines.	Delay in the receipt of grant monies	<p>All staff involved in the compilation and submission of such claim reports should be reminded of the time frames for completion and subsequent audit issue of the Accountant's Report. In accordance with the guidance issued by WEFO, the Accountant's Report is required to be submitted to WEFO within six weeks of the end of the claim period. We continue to recommend that the Authority should take no more than four weeks to prepare the claim allowing two weeks for the audit work to be completed.</p> <p>In addition, in instances where the submission of the claim for audit is past the expected due date, the Authority should seek approval of / acceptance for the delay direct from WEFO.</p>	2	<p><i>The Authority accepts the recommendation to take four weeks to compile the claim and will remind budget officers of the importance of completing the claims on time. However, as last year, we would point out that the European Structural Funds are the largest and most complicated of our grant returns and that they have the shortest submission times and there will be occasions when the deadline will be missed.</i></p>	<p><i>Budget officers and Grant Coordinators</i></p> <p><i>September 2014</i></p>

Ref	Issue	Implication	Recommendation	Priority Level	Management Comments	Responsible officer and target date
R2	Ineligible expenditure included	<ul style="list-style-type: none"> Activity outside the claim period. Items of expenditure not related to the intended purpose of the grant. 	Controls should be implemented to ensure that only eligible expenditure incurred within the claim period is included within the claim.	2	<p><i>The Authority accepts that the claim compilers need to correctly complete claims according to the guidance issued and the budget officers will be reminded of that.</i></p> <p><i>However, except in the case of very large or complex schemes it is not cost effective, given the minor nature of the errors, to have all grant claims throughout the year and at the year-end independently verified. Accountants do subject the claim forms to checks but it is not possible for them to spend time checking each claim back to its original documentation.</i></p> <p><i>The AI16 was issued in September 2013 by the Grant Coordinators for all grant officers to use.</i></p>	<p><i>Grant coordinators and budget officers.</i></p> <p><i>September 2014</i></p>

Ref	Issue	Implication	Recommendation	Priority Level	Management Comments	Responsible officer and target date
R3	Inadequate monitoring of third parties	<ul style="list-style-type: none"> Monitoring arrangements not in place or inconsistent. 	Robust monitoring arrangements should be put in place to ensure that all funding passed to / claimed by third parties is in accordance with the terms and conditions of the grant. This includes written evidence of spot checks undertaken during the course of the financial year to confirm that appropriate supporting documentation is provided, by the third parties, to ensure that the eligibility of expenditure incurred can be confirmed on a timely basis.	2	<p><i>Agreed.</i></p> <p><i>The Authority has some excellent practice in this regard but it is not universal. It is the responsibility of the department running the grant scheme to ensure its monitoring arrangements are robust.</i></p> <p><i>A reminder will be issued via Directors and Heads of Service, and directly to the relevant budget managers themselves, making this point together with a minimum standard of information that should be required from a third party.</i></p>	<p><i>Grant Coordinators</i></p> <p><i>December 2014</i></p>

Ref	Issue	Implication	Recommendation	Priority Level	Management Comments	Responsible officer and target date
R4	Inadequate documentation to support expenditure claimed.	<ul style="list-style-type: none"> • Mislaidd invoices • Internal recharges without adequate supporting evidence / justifications. 	The Authority should ensure that all invoices are appropriately filed to ensure adequate security whilst also ensuring that they are readily available for future reference. All internal recharges should be supported by appropriate calculations.	3	<p><i>Agreed.</i></p> <p><i>There are a vast number of invoices and internal recharge amounts which are required for audit each year. In most instances, information is available as requested. However, the coordinators will re-issue the guidance as to the use of internal recharges and the importance of following of the Authority's Financial Procedure Rules.</i></p>	<p><i>Grant Coordinators</i></p> <p><i>December 2014</i></p>

Appendix 4

Follow up of 2011-12 recommendations

Ref	Issue	Implication	Recommendation	Priority Level	Current Status
R1	Submission of EC Structural Funds claims reports in accordance with WEFO guidelines.	Delay in the receipt of grant monies	<p>All staff involved in the compilation and submission of such claim reports should be reminded of the time frames for audit and subsequent issue of the Accountant's Report. In accordance with the guidance issued by WEFO, the Accountant's Report is required to be submitted to WEFO six weeks following the end of the claim period and hence we recommend that the Authority should take four weeks to prepare the claim allowing two weeks for the audit work to be completed.</p> <p>In addition, in instances where the submission of the claim for audit is past the expected due date, the Authority should seek approval / acceptance of this delay direct from WEFO.</p>	2	Refer to current year recommendations (R1)
R2	Claim not prepared correctly	<ul style="list-style-type: none"> • Arithmetic errors • Claim completion guidance not adhered to • Incorrect classification 	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.	2	Addressed – no further action required. A significant improvement in the accuracy of completion of grant claims submitted for audit was evident.

Ref	Issue	Implication	Recommendation	Priority Level	Current Status
R3	Ineligible expenditure included	<ul style="list-style-type: none"> Activity outside the claim period. Items of expenditure not related to the intended purpose of the grant. 	Controls should be implemented to ensure that only eligible expenditure incurred within the claim period is included within the claim.	2	Refer to current year recommendations (R2)
R4	Inadequate monitoring of third parties	<ul style="list-style-type: none"> Monitoring arrangements not in place or inconsistent. 	Robust monitoring arrangements should be put in place to ensure that all funding passed to / claimed by third parties is in accordance with the terms and conditions of the grant. This includes written evidence of spot checks undertaken during the course of the financial year in addition to the provision of appropriate supporting documentation, by the third parties, to ensure that the eligibility of expenditure incurred can be confirmed.	2	Refer to current year recommendations (R3)
R5	Virements of grant funding are not approved or confirmed by the grant funder in writing.	Virements made may contravene the terms of conditions of the grant.	Written approval, as per the grant terms and conditions, should be sought in all instances. In instances of uncertainty, the Authority should seek clarity from the grant funder to ensure the correct approval requirements have been adhered to, where appropriate.	2	Addressed. Only one qualification letter included a point regarding the virement process.

Ref	Issue	Implication	Recommendation	Priority Level	Current Status
R6	Inadequate documentation to support expenditure claimed.	<ul style="list-style-type: none">• Mislaidd invoices• Internal recharges without adequate supporting evidence / justifications.	The Authority should ensure that all invoices are appropriately filed to ensure adequate security whilst also ensuring that they are readily available for future reference. All internal recharges should be supported by appropriate calculations.	3	Refer to current year recommendations (R4)



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

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

Report of the Head of Finance & Delivery

Special Audit Committee – 17 September 2014

AUDIT COMMITTEE – WORKPLAN

Purpose:	This report details the Audit Committee Workplan to May 2015.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

FOR INFORMATION

1. Introduction

- 1.1 The Audit Committee's Workplan to May 2015 is attached in Appendix 1 for information

2. Equality and Engagement Implications

- 2.1 There are no equality and engagement implications associated with this report.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 There are no legal implications associated with this report

Background Papers: None

Appendix 1 – Audit Committee Workplan 2014/15

AUDIT COMMITTEE WORKPLAN 2014/15

Date of Meeting	Reports
4 th September 2014	Meeting Cancelled
17 th September 2014	Education Briefing – Schools Delegation Audit of Statement of Accounts 2013/14 – PwC Progress Report Housing Benefit Investigation Team Annual Report 2013/14
2 nd October 2014	Audited Statement of Accounts 2013/14 PwC ISA 260 Report 2013/14 Internal Audit Annual Report 2013/14 Annual Report of School Audits 2013/14 Wales Audit Office Performance Audit – Mid Term Report
30 th October 2014	Internal Audit Monitoring Report Q1 2014/15 Risk Management Half Yearly Review 2014/15
27 th November 2014	Internal Audit Monitoring Report Q2 2014/15 Recommendations Tracker Report 2013/14 PwC Controls Report 2013/14 PwC Annual Audit Letter 2013/14
15 th January 2015	Audit Committee Review of Performance 2014/15
12 th February 2015	Internal Audit Monitoring Report Q3 2014/15
12 th March 2015	Internal Audit Annual Plan 2015/16 Risk Management Annual Review 2014/15
9 th April 2015	PwC Annual Financial Audit Outline 2014/15