



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Certification of Grants and Returns 2012-13

City & County of Swansea

Audit year: 2012-13

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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:

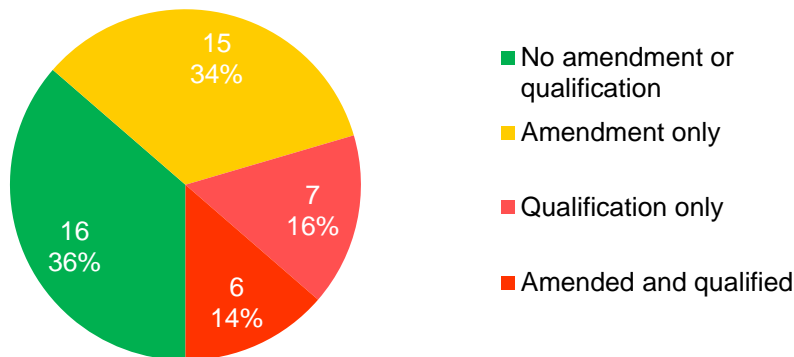
| Description | Grant Funding Claimed | Value of Return | |
|---|-----------------------|-----------------------|-----------------------|
| Welsh Government grants | £54.6 million | - | |
| European grant claims via WEFO | £17.5 million | - | |
| National Non Domestic Rates – Contribution to the Pool | - | £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).

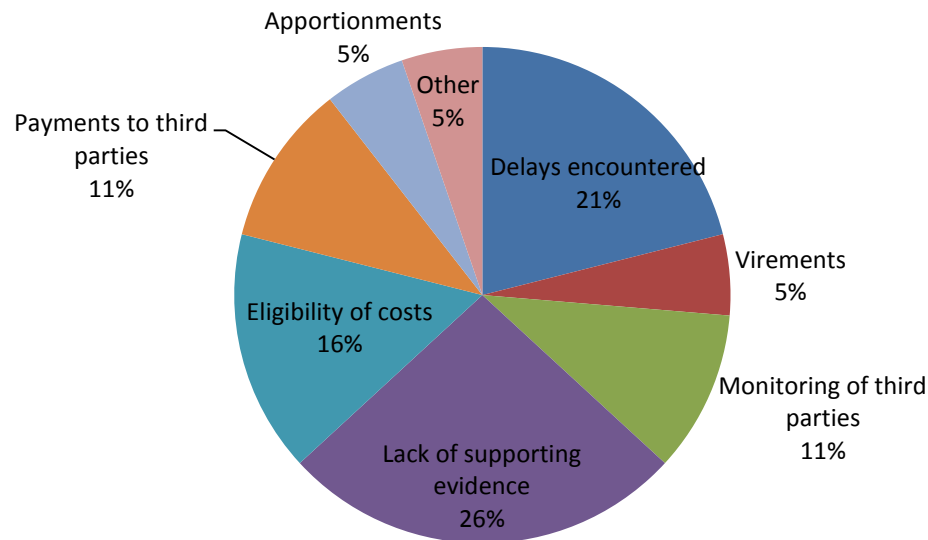
6. The chart below summarises the results of our audit:



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

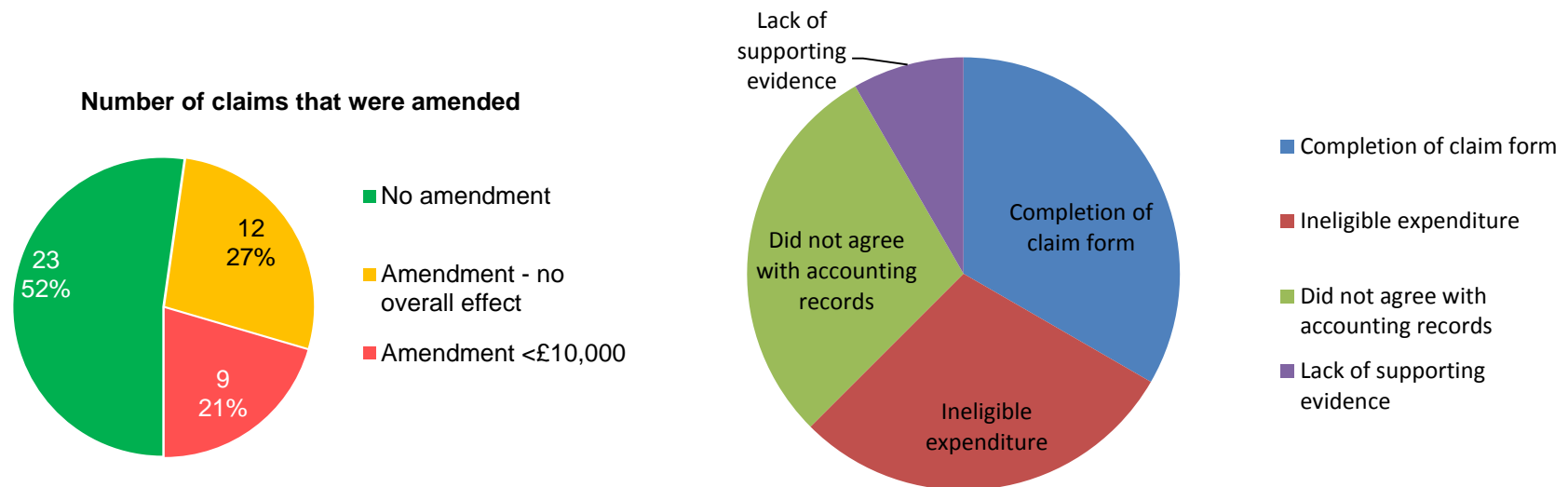
-
- Update of benefit parameters and allowances on the Northgate system to reflect the annual uprating of benefit entitlement and subsidy claimed - some of the rates included within the parameters had not been included by the Authority however, a reasonable explanation for this non-inclusion was obtained 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% <small>This increase is attributed to the additional testing required for errors noted.</small> |
| 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> | <p>(£4,744.63)</p> <p>A</p> | - | - |

| 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>Agreed.</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>Grant Coordinators</p> <p>December 2014</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"> <li data-bbox="607 432 831 458">• Mislaidd invoices <li data-bbox="607 475 860 625">• 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) |



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