

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certification of Grants and Returns 2013/14 and 2014/15

City & County of Swansea

Audit year: 2013/14 and 2014/15

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This document was produced by PricewaterhouseCoopers LLP ('PwC') on behalf of the Appointed Auditor

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Summary

1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
2. We undertook our work in both 2013/14 and 2014/15 with the aim of certifying 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. We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of both its 2013/14 and 2014/15 grant claims, there is scope for improvement. Our conclusion is based on the following overall findings:
 - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of grants was in place for both financial years; and
 - there is scope to further improve the Authority's arrangements for production of its grant claims.
4. The Authority submitted 80 per cent of its claims to us on time in 2013/14. One claim did not have a specified deadline date. The Authority submitted 82 per cent of its claims to us on time in 2014/15. We confirm that we have certified all of the claims, at a total audit cost of £106,615 (2013/14) and £87,411 (2014/15). Overall, the audits resulted in reduction in the grants and returns claimed of £535,221 by the Authority in respect of 2013/14 and a reduction of £468,642 in respect of 2014/15.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2013/14 and 2014/15 grant claims and returns

- As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.
- For 2013-14, we certified 30 grants and returns with a total value of £257,227,719.
- For 2014-15, we certified 22 grants and returns with a total value of £352,447,239.
- The Authority has assigned the responsibility for grants to a key officer within the Finance department (Kathryn Boyle) who has continued to work closely with us to ensure that an accurate and up to date schedule of grants and returns was in place.
- We have produced this report so that we can provide feedback to those officers having responsibility for grant management to facilitate the identification of further improvements to the processes in place at the Authority.

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Timely receipt of claims

- For 2013-14, our analysis shows that 80 per cent of grants received during the year were received by the Authority's deadline. One claim did not have a specified deadline per the certification instructions. The remaining 4 claims submitted late for audit had minimal delays (up to one week) in submission.
- For 2014-15, our analysis shows that 82 per cent of grants received during the year were received by the Authority's deadline. The remaining 18 per cent (4 claims) submitted late for audit had minimal delays (up to one week) in submission. The grant co-ordinator should ensure that all grant claims are submitted by the deadlines and, importantly, that replies to audit queries are typically provided within no more than two working days. We acknowledge that audit queries that relate to third parties' expenditure are likely to take longer to address. But it is imperative that queries are answered in a timely manner in order for the auditor certification deadline to be met.

Pages 7 - 12

Certification results	<ul style="list-style-type: none"> For 2013-14, we issued unqualified certificates for eight grants and returns and a further ten were amended with no qualification. Qualification, with amendment, was necessary in five cases and a further seven qualifications without amendments. For 2014-15, we issued unqualified certificates for 13 grants and returns and a further three were amended with no qualification. Qualification, with amendment, was necessary in three cases and a further three qualifications without amendments. 	Pages 8 - 12
Audit adjustments	<ul style="list-style-type: none"> For 2013-14, adjustments were necessary to 15 of the Authority's grants and returns as a result of our audit certification work. There was one significant adjustment (i.e. over £10,000) required in relation to NNDR for £527,234. The net adjustment (below 10,000) for the other 14 grants is a reduction of £7,987 in funds payable to the Authority. For five of the grants amended, the amendment required had no impact on the funds payable to the Authority. For 2014-15, adjustments were necessary to six of the Authority's grants and returns as a result of our auditor certification work. There were three grants with significant adjustments (i.e. over £10,000) required in relation to Swansea Joint Venture (Felindre), Housing Benefit Subsidy and Communities First (North West Swansea cluster). The net adjustment for the three grants is a reduction of £458,993 in funds payable to the Authority. The net adjustment (below £10,000) for two grants is a decrease of £9,649 in funds payable to the Authority. For the remaining grant amended, the amendment required had no impact on the funds payable to the Authority. 	Pages 13 - 23
The Authority's arrangements	<ul style="list-style-type: none"> The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas. Extra procedures should be put in place to ensure that individual grant scheme rules, completion requirements and submission deadlines are always adhered to throughout the Authority. 	Pages 24 - 26
Fees	<ul style="list-style-type: none"> Our overall fee for certification of grants and returns for 2013-14 is £106,615. Our overall fee has decreased for 2014-15 with a total fee of £87,411 charged for our auditor certification work. This reflects the reduction in the number of grants audited. 	Pages 27 - 30

Summary of certification work outcomes

5. Detailed on the following pages is a summary of the key outcomes from our certification work on the Authority's 2013/14 and 2014/15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
6. A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2013-14

Overall, we certified 30 grants and returns:

- 8 were unqualified with no amendment
- 11 were unqualified but required some amendment to the final figures
- 4 were qualified and required some amendment to the final figures
- 7 were qualified with no amendments.

Key information for 2014-15

Overall, we certified 22 grants and returns:

- 13 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 3 were qualified and required some amendment to the final figures
- 3 were qualified with no amendments

Grants and returns: 2013/14

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Pooled Budget – Community Equipment	09/05/2014	09/05/2014	No				
2	Housing Benefit Subsidy	30/04/2014	28/04/2014	No			£3,791	
3	NNDR	30/05/2014	10/06/2014	Yes		(£527,234)		
4	Teachers' Pension Return	30/06/2014	18/07/2014	Yes				
5	HRA Subsidy	30/09/2014	30/09/2014	No			£1	
6	Communities First - North West Swansea	30/07/2014	29/07/2014	No				
7	Communities First - West Swansea	30/07/2014	29/07/2014	No			£619	
8	Communities First - South Swansea	30/07/2014	29/07/2014	No				
9	Communities First - East Swansea	30/07/2014	29/07/2014	No			(£1)	
10	Communities First - North East Swansea	30/07/2014	29/07/2014	No				
11	School Effectiveness & Pupil Deprivation Grant	30/09/2014	30/09/2014	No				
12	Transitional SBIG	30/09/2014	01/09/2014	No			£0	
13	Welsh in Education	30/09/2014	29/09/2014	No			£0	

14	Flying Start - Revenue	30/09/2014	18/09/2014	No			(£8,419)	
15	Flying Start - Capital	30/09/2014	23/09/2014	No				
16	Families First	30/09/2014	18/09/2014	No				
17	Sustainable Waste Management	30/09/2014	25/07/2014	No				
18	Regional Transport Consortia Grant	30/09/2014	23/09/2014	No			£0	
19	Swansea Land Development Joint Venture	30/09/2014	30/09/2014	No				
20	Learning Pathways 14-19	30/09/2014	30/09/2014	No				
21	Social Care Workforce Development Programme	26/09/2014	18/08/2014	No				
22	SRA: Waterfront Centre of Excellence	30/09/2014	30/09/2014	No			£0	
23	Structural Funds: Felindre	21/08/2014	20/08/2014	No				
24	Structural Funds: Quadrant - Final	12/05/2014	22/05/2014	Yes				
25	Structural Funds: Coastal - Final	21/01/2015	02/03/2015	Yes			(£648)	
26	Structural Funds: Waterfront City	21/11/2014	21/11/2014	No			(£3,318)	
27	Structural Funds: Regional Essential Skills - Final	26/09/2014	26/09/2014	No			(£3)	

28	Communities 2.0	No deadline stated on CI	03/03/2015	n/a			(£9)	
29	Free Concessionary Travel	30/09/2014	28/10/2014	Yes				
30	21st Century Schools	30/09/2014	01/09/2014	No			£0	
Total							(£527,234)	(£7,987)

Grants and returns: 2014/15

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
31	Pooled Budget – Community Equipment	01/05/2015	27/05/2015	Yes				
32	Housing Benefit Subsidy	30/04/2015	29/04/2015	No		(£11,409)		
33	Teachers' Pension Return	29/05/2015	02/06/2015	Yes				
34	Communities First – North West Swansea	31/07/2015	29/07/2015	No		(10,584)		
35	Communities First – West Swansea	31/07/2015	29/07/2015	No				
36	Communities First – South Swansea	31/07/2015	29/07/2015	No				
37	Communities First – East Swansea	31/07/2015	29/07/2015	No				
38	Communities First – North East Swansea	31/07/2015	29/07/2015	No				
39	HRA Subsidy	30/09/2015	29/05/2015	No			(£6,450)	
40	21 st Century Schools	30/09/2015	25/09/2015	No				
41	Flying Start Revenue	30/09/2015	29/09/2015	No				
42	Flying Start Capital	30/09/2015	29/09/2015	No				
43	Families First	30/09/2015	09/09/2015	No				

44	Sustainable Waste Management	30/09/2015	29/09/2015	No				
45	Local Transport Grant	30/09/2015	23/09/2015	No			£0	
46	Free Concessionary Travel	30/09/2015	09/10/2015	Yes				
47	Swansea Joint Venture – Land Development	30/09/2015	25/09/2015	No				
48	Swansea Joint Venture – Felindre	30/09/2015	25/09/2015	No		(£437,000)		
49	Social Care Workforce Development Programme	25/09/2015	25/09/2015	No				
50	Structural Funds: Waterfront City (Final)	21/07/2015	23/07/2015	Yes			(£3,199)	
51	Structural Funds: Felindre (Final)	21/08/2015	18/08/2015	No				
52	NNDR	29/05/2015	01/05/2015	No				
	Total					(£458,993)	(£9,649)	

7. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 8 to 11.

Ref	Summary observations	Amendment
2	<p>Housing Benefit Subsidy</p> <p>A number of amendments were identified during the course of our certification of this claim. We have identified these in detail in the letter accompanying the certified claim.</p>	£3,791
3	<p>NNDR</p> <p>Three amendments were required to the claim form (1) deferred payments had been deducted from line 2 rather than line 1, (2) amendment to line 2 to reflect deferred payments error hence showing the payment rather than the movement in deferred payments and (3) not all losses in collection had been included on line 25. The impact of these amendments was a reduction in the contribution to the pool. (Recommendation 1)</p>	(£527,234)
5	<p>HRA Subsidy</p> <p>Two amendments were required to the claim form (1) decrease of £12 to cell 0320 as the incorrect amount of capital receipts had been included in the calculation and (2) an increase of £262,516 to cell 0445 as the calculation used did not comply with the notes for completion. Due to the calculations required in the return, the impact of these amendments was an increase in subsidy of £1. (Recommendation 1)</p>	£1
6	<p>Communities First - North West Swansea</p> <p>A qualification point was raised regarding the award for Community Involvement Budget for the Cluster. A virement into the budget line has increased the award above the permitted maximum (£25,000). No confirmation had been received from the Welsh Government that this change to the budget line is acceptable. (Recommendation 3)</p>	-

Ref	Summary observations	Amendment
7	<p>Communities First - West Swansea</p> <p>An amendment of £2,314 was required to salaries due to incorrect calculations for maternity pay. The impact of this amendment was an increase in the amount payable by the Authority to WG of £618.85. (Recommendation 1)</p>	£619
8	<p>Communities First - South Swansea</p> <p>A qualification point was raised regarding the award for Community Involvement Budget for the Cluster. A virement into the budget line has increased the award above the permitted maximum (£25,000). No confirmation had been received from the Welsh Government that this change to the budget line is acceptable. (Recommendation 3)</p>	-
9	<p>Communities First - East Swansea</p> <ul style="list-style-type: none"> Amendments were required to four of the category lines as the entries included by the Authority did not reconcile to the tracker documents as issued by the WG. The lines impacted were Bonymaen Family Centre Posts, Premises costs, Community Involvement Plan and Cluster Delivery Plan Activities. (Recommendation 1) A qualification point was raised regarding the award for Community Involvement Budget for the Cluster. A virement into the budget line has increased the award above the permitted maximum (£25,000). No confirmation had been received from the Welsh Government that this change to the budget line is acceptable. (Recommendation 3) 	(£1)
10	<p>Communities First - North East Swansea</p> <p>A qualification point was raised regarding the award for Community Involvement Budget for the Cluster. A virement into the budget line has increased the award above the permitted maximum (£25,000). No confirmation had been received from the Welsh Government that this change to the budget line is acceptable. (Recommendation 3)</p>	-

Ref	Summary observations	Amendment
11	<p>School Effectiveness (SEG) and Pupil Deprivation Grant (PDG)</p> <ul style="list-style-type: none"> A qualification point was raised regarding the reconciliation of the ledger codes and the claim form. The Authority was unable to reconcile the codes to the supporting working papers used to populate the claim form. (Recommendation 1) A qualification point was raised regarding the delegation of SEG expenditure to schools. Supporting documentation was available for £2,025,999 of the total delegated. The Authority did not provide any information for the remaining £302,151 of this delegated expenditure therefore we were unable to confirm, for these transactions, that the grant has been used for the purposes for which it was awarded. (Recommendation 2). A qualification point was raised regarding the submission of expenditure plans, by schools, for the Pupil Deprivation Grant. The spend plans are reviewed by the School Improvement Officer to ensure that planned expenditure is in line with the terms and conditions of the grant. There is no requirement imposed by the Authority for schools to provide certified returns detailing what the grant has been spent on and, therefore, no confirmation that the grant has been used for the purposes for which it was awarded. (Recommendation 2) Testing of prime documents included a sample of 10 transactions relating to SEG and 10 to PDG. The Authority was unable to provide supporting documentation for six of the transactions within the SEG sample and for any of the transactions within the PDG sample. (Recommendation 2) 	-
12	<p>Transitional SBIG</p> <p>An amendment was required to show the actual expenditure incurred for Morriston Comprehensive School. The amendment had no impact on entitlement. (Recommendation 1)</p>	-

Ref	Summary observations	Amendment
13	<p>Welsh in Education</p> <ul style="list-style-type: none"> An amendment was required to the administration costs disclosed as they did not equate to 4% of the approved allocation as per the completion guidelines for the claim form. The amendment had no impact on the grant entitlement. (Recommendation 1) Two qualification points were raised regarding (1) the availability of further supporting documentation for the school claim forms to confirm eligibility of costs; and (2) the inclusion of eligible expenditure costs which relate to waste disposal recharges (£394). (Recommendation 2) 	-
14	<p>Flying Start – Revenue</p> <ul style="list-style-type: none"> An amendment was required to remove ineligible contract costs (child care) relating to Clase Primary School. (Recommendation 2) Two qualification points were raised regarding (1) supporting documentation for the apportionment of time based on hours charged to confirm whether the staff costs were charged on a fair basis and (2) confirmation of approval for any significant changes to budget or virements. Two changes were noted relating to staff costs (Early Language Development) and running costs (overheads and support services). The Authority confirmed that verbal approval received from the WG regarding a total £191k underspend. However, no written confirmation of this change was provided. (Recommendation 1 & 3) 	(£8,419)
18	<p>Regional Transport Consortia Grant</p> <p>An amendment was required to column B to cap eligible expenditure to the grant received and an amendment was required to column C as the total included for grant received did not reconcile to the total of the remittance. The amendment had no impact on the funding received. (Recommendation 1)</p>	-

Ref	Summary observations	Amendment
19	<p>Swansea Land Development Joint Venture</p> <ul style="list-style-type: none"> • A qualification point was raised regarding the inclusion of an audit fee (£2,358.50) as eligible expenditure. Whilst correctly claimed, the cost has been incorrectly classified as capital expenditure rather than revenue expenditure (Recommendation 1) • A qualification point was raised regarding the payroll costs for two members of staff from the Estates department (£41,353) included as eligible expenditure. We have been able to confirm the calculation of the hourly rate applied to payroll records for the two individuals. However, the Authority was unable to provide timesheets to support the hours charged to the Joint Venture scheme (Recommendation 2) • A qualification point was raised regarding payroll costs for staff from the Legal department (£1,392) included as eligible expenditure. The Authority was unable to provide supporting documentation for the calculation of the hourly rate applied nor authorised timesheets for the hours that had been allocated to the Joint Venture scheme (Recommendation 2) • A qualification point was raised regarding maintenance costs (£33,390.08) incurred by the Culture and Tourism Parks Service included as eligible expenditure. The Authority was unable to provide appropriate evidence to support the calculation of the maintenance costs that have been applied to the scheme; however, the Authority could provide signed confirmation that the eligible works had been completed. (Recommendation 2) 	-

Ref	Summary observations	Amendment
20	<p>Learning Pathways 14-19</p> <ul style="list-style-type: none"> A qualification point was raised regarding an award to Ysgol Gyfun Gwyr of £26,000 included as eligible expenditure. This amount was awarded to the school in two tranches, with the second tranche to be subject to the receipt of a quality monitoring report. The Authority was unable to provide evidence that this report had been received. (Recommendation 2). Further, an award to Ysgol Gyfun Gwyr of £8,500 has been included as eligible expenditure and relates to the staff costs associated with the provision of Applied Health & Social Care A-level. The staff costs relate to one individual. However, the calculation for two of the months related to payroll costs from 2012 rather from the 2013/14 financial year. The Authority was unable to provide evidence to confirm that the individual was assigned to teach the subject for which the grant had been awarded. (Recommendation 1 & 2) A qualification point was raised regarding two items of expenditure relating to Gowerton Comprehensive School. The expenditure relates to the payment of salary costs for 'Post 16 Personal Guidance and Support' (£4,093.93) and an award of £15,000 in relation to Public Services KS4. At the date of the certification of this grant claim form, the Authority had been unable to obtain appropriate supporting documentation from the school for the amounts claimed. (Recommendation 2) A qualification point was raised regarding apportionments. Salary costs of (£33,961) relating to the responsible accountant at the Authority have been included as eligible expenditure. This amount represents 20% of the salary costs as the Authority has assessed that one day per week is spent the grant claim. The Authority was unable to provide evidence to support this basis of apportionment (Recommendation 1) 	-
21	<p>Social Care Workforce Development Programme</p> <ul style="list-style-type: none"> A qualification point was raised regarding one item of expenditure (£150) where supporting documentation was a credit card payment and not an invoice. (Recommendation 1) A qualification point was raised regarding hotel costs of £6,158 which were claimed for attendance at a course, which took place in April 2014, which is outside of the claim period. (Recommendation 1) 	-

Ref	Summary observations	Amendment
22	<p>SRA: Waterfront Centre of Excellence</p> <p>An amendment to claim form to reflect the correct grant that has been awarded for this scheme. (Recommendation 1)</p>	-
25	<p>Structural Funds: Coastal – Final</p> <ul style="list-style-type: none"> An amendment was required relating to a duplicate payment within the sub category of administration in the claim. (Recommendation 2) A qualification point was raised regarding staff costs incurred on the project by members of Authority staff (£23,157.42). We were able to confirm the amounts claimed to the Authority's payroll system without exception. However, we were unable to confirm the amounts to further source documentation as required by the certification instruction EUR01. The Authority did not provide the summary BACS reports, for the month reviewed, and the supporting bank statements by the certification deadline. (Recommendation 2) 	(£648)
26	<p>Structural Funds: Waterfront City</p> <p>An amendment was required relating to one transaction. The amount included in the transaction listing was £5k compared with the value of the invoice of £1,748. The Authority has over-claimed by £3,252. Given this over-claim, there is an impact on the indirect costs included in the claim reducing the amount of overheads claimed by £66. (Recommendation 2)</p>	(£3,318)
27	<p>Structural Funds: Regional Essential Skills – Final</p> <p>The water rates apportionment had been calculated using an approved methodology but an error in the April 2013 calculation was made. (Recommendation 1)</p>	(£3)
28	<p>Communities 2.0</p> <p>Testing of staff travel and expense claims which supported the amounts included in the grant claim identified three transactions where the VAT had been incorrectly included in the claim (Recommendation 2)</p>	(£9)

Ref	Summary observations	Amendment
30	<p>21st Century Schools</p> <ul style="list-style-type: none"> An amendment was required to the claim form to reflect actual expenditure incurred on Newton & Glyncollen Primary School. The amendment had no impact on entitlement. (Recommendation 1) A qualification point was raised due to lack of supporting documentation available when completing testing of prime documents relating to DLO charges, expenditure on planning application fee and timesheets to support caretaker costs incurred. (Recommendation 2) 	-
32	<p>Housing Benefit Subsidy</p> <p>A number of amendments were identified during the course of our certification of this claim. We have identified these in detail in the letter accompanying the certified claim.</p>	(£11,409)
34	<p>Communities First - North West Swansea</p> <ul style="list-style-type: none"> Amendments were required to reconcile entries to working papers (1) Decrease of £12,899 to salaries; and (2) increase of £14.12 to Spark Posts so reconcile to working papers.(Recommendation 1) An amendment was required to correct the calculation in balance owed/due column for TWH projects (Recommendation 1) 	(£10,584)
35	<p>Communities First – West Swansea</p> <p>A qualification point was raised regarding the tracker document received from Welsh Government which stated that the virements included on the claim form were not correct. Our audit work on these amounts has confirmed the amounts and sub categories to the approval forms sent to by the Authority to the WG and the subsequent confirmation received. (Recommendation 1)</p>	-

Ref	Summary observations	Amendment
36	<p>Communities First - South Swansea</p> <p>A qualification point was raised regarding the tracker document received from Welsh Government which stated that the virements included on the claim form were not correct. Our audit work on these amounts has confirmed the amounts and sub categories to the approval forms sent to by the Authority to the WG and the subsequent confirmation received. (Recommendation 1)</p>	-
39	<p>HRA Subsidy</p> <p>Two amendments were required to the claim form. (1) decrease of £12 in cell 0240 due to a difference noted in cell 0320 on HRAS 13/14 from the prior period; and (2) decrease of £1,305,878 in cell 0445 as the calculation of the capital financing requirements was not in line with issued guidance. The overall impact on the subsidy of these amendments was a decrease in entitlement of £6,450 (Recommendation 1)</p>	(£6,450)
45	<p>Local Transport Grant</p> <ul style="list-style-type: none"> • A qualification point was raised regarding the expenditure on the claim form relating to the Morfa Distributor Road. The amount does not relate to 2014/15. A balance of £1,203.93 relates to 2013/14 and a balance of £57,287.47 relates to 2015/16. The authority has not amended the grant claim form for these amounts. The latter amount has been recognised as payment in advance met by unused allocation from 2014/15. If this cost is not included within the 2014/15 claim it will be included within the 2015/16 claim. (Recommendation 1) • A qualification point was raised regarding the expenditure on the claim form relating to the Urban Cycle Network. The amount does not relate to 2014/15. A balance of £4,925.47 relates to 2013/14. The authority has not amended the grant claim form for this amount. (Recommendation 1) • A qualification point was raised regarding agreement to authority working papers / records. The claim includes expenditure of £10,135.35 less than that recorded on the ledger This amount relates to internal salary charges for work undertaken on the Morfa Distributor Road (£1,579.80) and the Urban Cycle Network (£8,555.55). (Recommendation 2) 	-

Ref	Summary observations	Amendment
47	<p>Swansea Joint Venture - Land Development</p> <ul style="list-style-type: none"> A qualification point was raised regarding expenditure of £21,458.95 relating to the payroll costs for three members of staff from the Estates department. We have been able to confirm the calculation of the hourly rate applied to payroll records for these individuals. However, the Authority was unable to provide timesheets to support the hours charged to the Joint Venture scheme. (Recommendation 2) A qualification point was raised regarding expenditure of £413 relating to payroll costs for staff from the Legal department. The Authority was unable to provide supporting documentation for the calculation of the hourly rate applied nor authorised timesheets to evidence the hours that had been allocated to the Joint Venture scheme (Recommendation 2) A qualification point was raised regarding expenditure of £28,810.36 relating to maintenance costs incurred by the Culture and Tourism Parks Service. The Authority provided an internal record to support the costs charged including signed confirmation that the works had been completed. However, the record did not provide appropriate evidence to support the calculation of the maintenance costs that have been applied to the Joint Venture scheme. (Recommendation 2) 	-

Ref	Summary observations	Amendment
48	<p>Swansea Joint Venture – Felindre</p> <ul style="list-style-type: none"> Two amendments were made to the claim form which did not have an impact on the balance carried forward. Both related to the balances held on trust and the incorrect calculation of percentage rates applied by the Authority. One was a decrease of £1k on 13/14 revenue and the other a decrease of £58k on 14/15 revenue. One further amendment did impact the balance carried forward was the incorrect inclusion of £437k of notional interest relating to ERDF / TMF. (Recommendation 1) A qualification point was raised regarding the 2008/09 claim and the inclusion of rental income of £25,000. This relates to the DVLA ‘Park & Ride’ scheme from Felindre and the rental paid for use of the land. The Estates system at the Authority which records the income was implemented during the latter stages of the 2008/09 financial year; only £5,200 of the 2008/09 rental income balance could be reconciled to supporting evidence (Recommendation 2) A qualification point was raised regarding the 2008/09 claim and the inclusion of revenue expenditure for maintenance costs of £4,000. Due to the time that has elapsed between incurring the expenditure and presenting the statement for audit, Authority staff were unable to provide supporting documentation to substantiate this transaction (Recommendation 2) A qualification point was raised regarding the 2013/14 and 2014/15 claims and the inclusion of revenue expenditure for legal / consultancy costs of £16,000. Of this balance, £15,000 relates to work undertaken by the in house legal team on the Felindre scheme. However, we have been unable to confirm that the rates applied have been charged on a basis that is consistent with those applicable to non-grant earning activities (Recommendation 2) 	(£437,000)
50	<p>Structural Funds: Waterfront City (Final)</p> <p>An amendment was required as the Authority had included eligible expenditure in the claim report inclusive of VAT. The adjustment is to remove the VAT element from the claim within the sub category (site works) where the error was identified. (Recommendation 2)</p>	(£3,199)
	Total effect of amendments to the Authority 2013/14	(£535,221)
	Total effect of amendments to the Authority 2014/15	(£468,642)

Recommendations

8. We have given each recommendation a risk rating and agreed what action management will need to take.

Priority 1	Priority 2	Priority 3
<p>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.</p>	<p>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.</p>	<p>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.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Claim not prepared correctly</p> <p>Eg:</p> <ul style="list-style-type: none"> Compliance with notes for completion Apportionment rates used 	<ul style="list-style-type: none"> Claims may be qualified Grant may be reclaimed by the Welsh Government If qualified any over claim will need to be recovered by the Welsh Government The Authority may not have claimed its full entitlement The Authority has not complied with the terms and conditions of grant 	<p>R1 In order to confirm that claim forms are completed in full and in accordance with the guidance, all completed forms should be independently checked to supporting documentation to minimise the risk that an error will remain undetected.</p>	<p>2</p>	<p>Agreed</p>	<p>Nominated officers</p> <p>31 December 2016</p>
<p>Unapproved/ ineligible expenditure included</p> <p>Eg:</p> <ul style="list-style-type: none"> Activity outside the claim period 	<ul style="list-style-type: none"> Claims may be qualified Grant may be reclaimed by the Welsh Government The Authority has not complied with the terms and conditions of grant Suspended payment 	<p>R2 Only eligible expenditure, and that incurred within the claim period, should be included within the claim. Welsh Government advice should be sought prior to claim completion if there is any doubt about the eligibility of expenditure.</p>	<p>2</p>	<p>Agreed</p>	<p>Nominated officers</p> <p>31 December 2016</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Welsh Government approval not sought Eg: <ul style="list-style-type: none"> • Virement 	<ul style="list-style-type: none"> • The Authority has not complied with the terms and conditions of grant 	R3 Approval from the grant-paying body is sought prior to audit for all required changes to action plans/proposals.	2	Agreed	Nominated officers 31 December 2016
Overall grant claim good practice requirements not met E.g. <ul style="list-style-type: none"> • Delay in receipt of claims 	<ul style="list-style-type: none"> • The Authority has not complied with the submission deadlines specified in the terms and conditions of the grant. 	R4 Claim forms should be submitted on a timely basis to allow claims to be certified within the deadline set.	2	Agreed	Nominated officers 31 December 2016

Fees

9. Our overall fee for the certification of grants and returns is in line with the expectation as stated within the regulatory plans.

Breakdown of fee by grant/return	2014/15	2013-14	2012-13
Pooled Budget	£2,470	£2,048	£2,168
Housing Benefit Subsidy	£26,261	£30,583	£37,234
NNDR	£4,312	£4,620	£3,876
Teachers' Pension Return	£2,606	£2,237	£2,439
HRA Subsidy	£3,935	£2,859	£2,764
Communities First - North West Swansea	£2,178	£2,403	-
Communities First - West Swansea	£2,366	£2,797	-
Communities First - South Swansea	£2,366	£3,059	-
Communities First - East Swansea	£2,084	£1,767	-
Communities First - North East Swansea	£2,178	£1,841	-
School Effectiveness & Pupil Deprivation Grant	-	£3,870	£4,656
Transitional SBIG	-	£2,591	£2,466
Welsh in Education	-	£3,266	£3,283

Flying Start - Revenue	£2,189	£2,235	£3,047
Flying Start - Capital	£3,032	£1,888	-
Families First	£3,595	£3,734	£2,230
Sustainable Waste Management	£3,632	£2,647	£3,090
Regional Transport Consortia Grant	£2,630	£2,282	£3,520
Swansea Land Development Joint Venture	£3,220	£2,207	£2,359
Learning Pathways 14-19	-	£3,182	£3,643
Social Care Workforce Development Programme	£2,442	£2,638	£3,176
SRA: Waterfront Centre of Excellence	-	£1,907	-
Structural Funds: Felindre	£2,830	£2,558	£2,911
Structural Funds: Quadrant	-	£2,256	£2,816
Structural Funds: Coastal	-	£2,408	£4,625
Structural Funds: Waterfront City	£2,428	£2,689	£3,470
Structural Funds: Regional Essential Skills	-	£2,651	£3,814
Communities 2.0	-	£3,275	-

Free Concessionary Travel	£3,192	£1,784	£2,168
Swansea Joint Venture - Felindre	£4,377	-	-
21st Century Schools	£3,088	£2,338	-
Substance Misuse Action Fund			£5,369
Learning Disabilities: Resettlement			£2,918
SRA: Waterfront Public Realm			£1,953
SRA: River Tawe Bridges			£1,953
Derelict Land – Unifloc			£3,243
SRA: Regional Learning Partnership E-Portal Pilot			£2,445
SRA: Arbed Energy Efficiency Scheme			£1,695
SRA: Acquisition in Oldway House			£633
SRA: Hafod & Morfa Copperworks			£2,144
Communities First Programme: Core – BKPI			£1,456
Communities First Programme: Core – Castle Targeted Intervention			£1,456
Communities First Programme: Core – Clase / Caemawr			£1,093

Communities First Programme: Core – Penlan			£1,391
Communities First Programme: Core – Townhill TOPIC			£1,542
Communities First Programme: Core – Sketty			£1,305
Communities First Programme: Core – St Thomas			£1,115
Communities First Programme: Core – Swansea Central			£1,904
Communities First Programme: Core – Morriston			£1,241
Communities First Programme: Core – Bonymaen			£1,391
Communities First Programme: Core – Townhill			£1,284
Communities First Programme: Outcomes – Swansea Family Centres			£2,377
Communities First Programme: Outcomes – CVS Supporting Families			£1,370
Communities First Programme: Outcomes – Swansea Youth			£2,958
Total	£87,411	£106,615	£143,991

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