

Certification of Grants and Returns 2020-21 – Flintshire County Council

Audit year: 2020-21

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Summary of certification work outcomes

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or another grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:
 - ‘Does Flintshire County Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?’
- 3 We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2020-21 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2021-22.
- 4 For 2020-21, we certified three grant claims totalling a grant value of £108.6 million (2019-20: three claims totalling £106.6 million). All three claims were received by us by their due date.
- 5 We would like to acknowledge the assistance and co-operation received from officers during the audit.

<p>Introduction and background</p>	<p>This report summarises the results of work on the certification of the Authority’s 2020-21 grant claims and returns</p> <ul style="list-style-type: none"> • As appointed auditors of the Authority, we are asked on behalf of the Auditor General to certify grant claims made by the Authority. • For 2020-21, we certified three grants and returns with a total value of £108.6 million. • We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.
<p>Timely receipt of claims and returns</p>	<p>All three grants and returns were received on time</p> <ul style="list-style-type: none"> • Our analysis shows that all claims and returns were received by the Authority’s deadline. This represents an improvement from 2019-20 when only one claim was received on time.
<p>Certification results</p>	<p>All three grants and returns were qualified.</p> <ul style="list-style-type: none"> • The reasons for qualifying the grants are detailed on pages 7 to 9 of this report.
<p>Audit adjustments</p>	<p>Adjustments were necessary to one claim as a result of our auditor certification work this year.</p> <ul style="list-style-type: none"> • This is an improvement from 2019-20, where adjustments were necessary to all claims and returns submitted for audit. • There were no significant adjustments (ie, over £10,000). An adjustment of £120 was made on the Housing Benefit Subsidy Return.
<p>The Authority’s arrangements</p>	<p>The Authority has adequate arrangements for preparing its grants and supporting our certification work, but some improvements are required as detailed on pages 7 to 9 of this report.</p>

- 6 Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2020-21 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.
- 7 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.

Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)
Housing Benefit and Authority Tax Subsidy	30.04	22.04	No	Yes	No	£120
Non-Domestic Rates Return	31.05	28.05	No	Yes	No	No
Teachers' Pensions	31.05	21.05	No	Yes	No	No
Total				3	£0	£120

8 This table summarises the key issues behind each of the adjustments or qualifications.

Ref	Summary observations	Amendment
1	<p>Housing Benefit and Authority Tax Subsidy</p> <p>Non-HRA rent rebates</p> <ul style="list-style-type: none"> • Current year overpayment misclassification – our testing identified two cases where overpayments had been incorrectly classified as eligible overpayments. • Incorrect start date – testing identified one case where the claim had been started from the wrong date, resulting in an underpayment to the claimant. • A further claim was unable to be fully reconciled due to issues identified with the Civica system, which were referred to the software provider for investigation. <p>HRA Rent Rebates</p> <ul style="list-style-type: none"> • Benefits cap – we identified one case where the Council had applied the benefit cap as notified by the Department for Work & Pensions (DWP). Officers later found information which indicated that the benefit cap should not have been applied by DWP. This was raised with the Department and the benefit cap was removed, which resulted in an underpayment to the claimant. <p>Rent Allowances</p> <ul style="list-style-type: none"> • Incorrect annuity income – testing identified one case where the value of annuity income included was incorrect. • Incorrect student loan income – testing identified one case where the value of student loan income included was incorrect. 	<p>Our qualification letter to the Department for Work and Pensions (DWP) reported extrapolated errors totalling £41,253.</p> <p>The Department is currently considering our findings and is proceeding to decide on the potential recovery of any overpaid subsidy.</p>

	<ul style="list-style-type: none"> • Missing tenancy agreements – testing identified two cases where the claimant’s tenancy agreements were no longer retained by the Council. We understand these were removed due to the application of the Council’s GDPR document retention policy. <p>Modified scheme subsidy</p> <ul style="list-style-type: none"> • As reported last year, there remain six modified scheme cases where supporting documentation to demonstrate that claimants were in receipt of war pension income was no longer retained by the Council. We understand this was removed due to the application of the Council’s GDPR document retention policy. <p>The claim was amended as our audit identified errors that affected a number of cells within the return. The net effect of these amendments was to decrease the amount payable by the Authority to DWP by £120.</p>	
2	<p>Non-Domestic Rates Return</p> <ul style="list-style-type: none"> • Testing of prior-year transitional relief in Line 4.1 of the return identified one case where relief had been awarded, despite the property not being eligible to receive such relief. We understand this to be the result of an issue with the Civica system. • Officers have raised this issue with Civica for investigation. Once a response is received, we will work with officers to identify any other cases potentially affected by this issue and will review how these are resolved. • This matter was reported to the Welsh Government as required by the certification instruction. • Contributions to the Pool in Line 27 of the NDR3 form of £62,066,913 were £7,896 less than shown in the Council’s general ledger. • Testing of empty premises relief under Line 12 identified that relief was awarded for Deeside Leisure Centre for two days before the property became empty on 20 March 2020. The value of the relief incorrectly awarded was £293. 	None

3	<p>Teachers' Pensions Return</p> <ul style="list-style-type: none"> • Our testing of a sample of teachers paid by the Council identified one individual had the incorrect status when checked on the Teachers' Pension employer portal. The teachers had a status of 'Opted out' on the employer portal, despite being an active member. • Testing confirmed that teachers' contributions had been deducted at the correct rate by the Council, and that both the teacher's and employer's contributions have been appropriately paid over to Teachers' Pensions. • The matter has been reported to Teachers' Pensions as required by the certification instruction. 	None
	Total effect of amendments to the Authority	£120

Recommendations

- 9 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
<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>Errors in housing subsidy claim, including:</p> <ul style="list-style-type: none"> • housing subsidy overpayments misclassified; • incorrect start date applied; and • instances identified where annuity income and student loan income found to be incorrect. 	<p>Claims may be qualified.</p>	<p>R1 Review the existing quality assurance arrangements for housing benefit overpayments, awards and deductions to determine whether they can be strengthened to reduce the number of errors in the housing subsidy claim.</p>	<p>1</p>	<p>These areas will form part of our quality assurance process in 2022/23.</p> <p>Our pre-audit Local Authority Error allocation was in excess of 99.5% accuracy.</p> <p>Training in respect of incorrect start date will be considered dependant on the</p>	<p>Ben Steventon / Anna Friend</p> <p>March 2023</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				<p>outcome of future testing.</p> <p>All claims within rent allowance with annuity as an income type have been tested as part of the audit process. Subsequently, no further work in this area can be undertaken.</p>	

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Housing benefit system issues resulting in the benefit awarded not being able to be fully reconciled	Claims may be qualified.	R2 Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as appropriate to ensure they fully reconcile to the system.	1	This is due to system issues with our software provider. This issue will be monitored for a resolution throughout 2022/23.	Ben Steventon / Anna Friend March 2023

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Supporting documentation for housing benefit claims no longer being retained by the Council due to application of the GDPR document retention policy.	Insufficient supporting documentation leading to claim being qualified.	R3 Continue to engage with DWP to obtain clarification of their requirements for document retention in the context of GDPR.	2	We are awaiting official guidance from DWP in this regard.	Ben Steventon / Anna Friend N/a – awaiting DWP
Contributions to the pool not fully reconciled to the Authority's financial ledger.	Any variance in contribution may need to be recovered by the Welsh Government.	R4 Fully reconcile contributions to pool to the financial ledger prior to submission to the Welsh Government.	1	The minor variances are within the acceptance threshold that are accepted by Welsh Government and do not require additional	David Barnes 30/04/2022

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				contributions into or from the National Collection Pool	
Prior-year transitional relief incorrectly awarded.	Claims may be qualified.	R5 Engage with the Authority's software supplier (Civica) to resolve the issues and correct affected cases as appropriate.	2	Since conducting the audit, the transitional relief issues have been resolved by Civica - the anomaly only impacted on four records, all of low	David Barnes 31/03/2022

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				value and which have been corrected during 2021-22 for inclusion in the NDR3 for 2021-22.	
Testing identified that one of the teachers sampled had the incorrect status when checked on the Teachers' Pension employer portal. The teacher had a status of 'Opted out' on the employer portal, despite being an active member.	Teachers' Pension records may be incorrect. If not resolved, this could result in an inaccurate pension being paid on retirement.	R6 Liaise with Teachers' Pensions to ensure the membership record for the teacher is corrected.	3	This issue relates to an opt in form not being logged/ received by Teachers' Pensions prior to 2007, before the regulations changed.	Paul Jones N/a

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				<p>Unless we have reason to download an employee salary and service record we would not identify this issue.</p> <p>Usually, the employee will query this, or at retirement TP will ask if the member has been contributing and a back dated election form can be completed and supporting</p>	

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				evidence provided by the employer to change the service to be reckonable.	

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