

Certification of Grants and Returns 2022-23 – Flintshire County Council

Audit year: 2022-23

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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 other 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 2022-23 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2023-24.
- 4 For 2022-23 we certified three grant claims totalling a grant value of £106.9 million (2021-22: 3 claims totalling £110.4m).
- 5 We would like to acknowledge the assistance and co-operation received from officers during the audit.
- 6 Detailed on the following pages is a summary of the key outcomes from our certification work on the Authority's 2022-23 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.

Introduction and background	<p>This report summarises the results of work on the certification of the Authority’s 2022-23 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 2022-23, we certified three grants and returns with a total value of £106.9 million. – This report provides feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements to you processes for preparing and co-ordinating the accurate, timely completion of grant claims and returns.
Timely receipt of claims and returns	<p>All of the grant claims and returns were received on time.</p> <ul style="list-style-type: none"> – Our analysis shows that all of the claims were received on time. This represents an improvement from 2021-22 where two out of the three claims were received by the Auditor’s deadline. – Two of the three claims were certified after the relevant certification dates. All grant paying bodies were kept up-to-date throughout the audits.
Certification results	<p>Two of the three claims and returns were qualified.</p> <ul style="list-style-type: none"> – This is a deterioration from 2021-22, where one claim was qualified. – The reasons for qualifying the returns are detailed on pages 7 to 9 of this report.
Audit adjustments	<p>Adjustments were necessary to one return as a result of our work this year.</p> <ul style="list-style-type: none"> – This is an improvement from 2021-22, where adjustments were necessary to two claims and returns submitted for audit. – Adjustments totalling £1,955 were made on the Housing Benefit Subsidy Return.
The Authority’s arrangements	<p>The Authority has adequate arrangements for preparing its grants and supporting our certification work, but some improvements are required as detailed on pages 10 to 13 of this report.</p>

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 – Amended and Qualified</p> <p>Non-HRA rent rebates</p> <ul style="list-style-type: none"> – System issue – testing identified one claim where a period of benefit had been incorrectly duplicated. The Council has already corrected the claim for this issue. – System issue – testing identified six claims where duplicate benefit payments had been created in error. The Council is proposing to remedy the affected claims during the 2024-25 claim. – Overpayment misclassification – initial testing identified three cases where overpayments had been misclassified as eligible overpayments. The Council tested all remaining cases and a further 42 errors were identified, with the subsidy claim being amended to correct the expenditure classification. – Expenditure misclassification – testing identified nine claims where non self-contained accommodation expenditure had been classified within the incorrect subsidy cell. The Council amended the subsidy claim to correct the expenditure classification. <p>HRA Rent Rebates</p> <ul style="list-style-type: none"> – Overpayment misclassification – testing identified one case where an overpayment had been incorrectly classified as LA error and administrative delay. The extrapolated error was reported to DWP. 	<p>Our qualification letter to the Department for Work and Pensions (DWP) also reported extrapolated errors totalling £6,597.</p> <p>The DWP is currently considering our findings and is proceeding to decide on the potential recovery of any overpaid subsidy.</p>

- Overpayment misclassification – testing identified six cases where overpayments had been incorrectly classified as eligible overpayments. The extrapolated error was reported to DWP.

Rent Allowances

- Incorrect private pension – testing identified three cases where the private pension was recorded at an incorrect amount, resulting in an overpayment of benefit. The extrapolated error was reported to DWP.
- Incorrect earned income – testing identified seven cases where the value of earned income used on the claims was incorrect, three resulted in an underpayment of benefit and four resulted in an overpayment. The extrapolated error was reported to DWP.
- Incorrect tariff income – testing identified two cases where the tariff income was incorrect on the claim, the errors had no impact on the benefit awarded.

Civica System issues

- There are still five unresolved issues with the Council's housing benefit subsidy software supplier, relating to errors identified by audit testing going back to 2018-19. Whilst this is largely outside the Council's control, the Council needs to continue to escalate these issues with Civica for timely resolution.

The claim was amended as our audit identified errors that affected several cells within the return. The net effect of these amendments was to increase the amount payable to the Department for Work and Pensions by the Authority by £1,955.

£1,955

2	<p>Non-Domestic Rates Return – Qualified</p> <ul style="list-style-type: none"> – Testing of empty property relief identified two cases where the Council relied upon certification from the occupier that the property was empty. This does not comply with Welsh Government requirements for Councils to undertake spot-checks or inspections, and to retain supporting evidence of inspection, where properties are reported to be empty. This had no effect on the claim. 	None
3	<p>Teachers’ Pensions Return</p> <ul style="list-style-type: none"> – No issues were noted during the audit of the return. 	None
	Total effect of amendments to the Authority	£1,955

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
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.

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing Benefit and Authority Tax Subsidy</p> <p>Errors in the housing subsidy claim, particularly:</p> <ul style="list-style-type: none"> • housing subsidy overpayments misclassified; and • incorrect earned income in benefit calculation 	<p>Claim may be qualified.</p>	<p>R1 Continue to 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 remain at the forefront of our quality assurance plans for 2024/25. We have already invested significant coaching and QA work in this area within 2023/24 which we hope will see future accuracy increase.</p> <p>In the meantime, whilst we accept the issues as identified, our audited Local Authority Error (LA Error) within subsidy stands at more than 99.52% accuracy.</p>	<p>Ben Steventon/ Anna Friend</p> <p>Ongoing in 2024-25</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
<p>Housing Benefit and Authority Tax Subsidy</p> <p>Housing benefit system issues resulting in the benefit awarded not able to be fully reconciled.</p>	<p>Claim may be qualified.</p>	<p>R2 Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as soon as possible.</p>	<p>1</p>	<p>We will continue to engage with Civica regarding ongoing system issues. The resolutions to these issues are out of our control but we do our best and will continue to escalate outstanding issues.</p>	<p>Ben Steventon/ Anna Friend</p> <p>Ongoing in 2024-25</p>
<p>Non-Domestic Rates Return</p> <p>Testing identified some empty properties were not inspected or spot-checked in accordance with Welsh Government requirements.</p>	<p>Claim may be qualified.</p>	<p>R3 Ensure that inspections/spot-checks are completed where properties are reported to be empty and retain supporting evidence.</p>	<p>1</p>	<p>Inspections are carried out on a risk-based approach to validate occupation or vacation, particularly where there are concerns in relation to the reliability of written evidence from the ratepayer. Current regulations relating to rateable occupation enables</p>	<p>David Barnes/ Vicki Hankin</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
				<p>ratepayers to claim occupation for very limited use of a property equating to 0.2% of the floorspace of a property, as was found in the Macro case. The bar has been lowered to such a degree that owners are able to lawfully satisfy occupation rules with de minimis occupation and the inspection of such properties is purely a paper-exercise that has no real benefit.</p>	

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