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Auditor General for Wales



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Certification of Grants and Returns 2014-15

Carmarthenshire County Council

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Status of report

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The team who delivered the work comprised Richard Harries, Geraint Norman, Jason Blewitt, Leanne Malough, Andrea Williams, Michelle Davies, Derek Jenkins, Neall Hollis, Eleanor Bowdler, Jonathan Mather and Katie Queenan.

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Summary report

1. Carmarthenshire County Council (the Council) is responsible for submitting the claims and returns to which it is entitled and for ensuring that they are:
 - completed accurately and in accordance with schemes' terms and conditions;
 - completed in a timely fashion so that deadlines are met;
 - supported by systems of internal control, including systems of internal financial control and internal audit;
 - supported by adequate working papers; and
 - subject to proper supervision and review.
2. For 2014-15, we certified grant claims with an aggregate value of £191 million. These claims can be split between those relating to European Funding and those claims and returns required by Welsh Government and other agencies. We have provided 26 grant certificates during 2014-15 and have also reviewed the grants management arrangements within the Council by documenting and walking through the system and key controls as part of our financial audit work.
3. In auditing these grant claims we have reached one of the following conclusions:
 - provided an unqualified certificate
 - provided an unqualified certificate following agreed amendments to the claim
 - provided a certificate which is accompanied by a qualification letter
 - provided a certificate following agreed adjustments to the claim which is accompanied by a qualification letter
4. We have reported previously issues we have encountered on European Funding claims and this programme of work has now concluded and we will no longer be auditing these claims. As such, this report has not repeated findings relating to these schemes and we understand the Director of Corporate Services will be providing members with a report on the closure of these European Funded projects at the September meeting of the Audit Committee. In excluding these EU claims, we audited 16 Non EU funding claims in 2014-15 (compared with 18 in 2013-14) and our findings from these audits are set out below.
5. We have completed our work and conclude that whilst there have been improvements in the Council's arrangements for the production and submission of grant claims in 2014-15, there are some areas where further improvements can still be made.
6. Our conclusion is based on the following overall findings:
 - the majority of claims were submitted on time;
 - there were no significant amendments made to any of the claims (28% amended last year);
 - there has been a reduction in the proportion of claims requiring qualification in 2014-15 (50% this year compared with 61% qualified last year);
 - given these improvements, our fee for certification of non EU funding grants and returns for 2014-15 has decreased from £97,200 in 2013-14 to £81,700 in 2014-15.

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7. The Council has taken a number of steps to improve grants management over a number of years and some of these actions are now delivering improvements. There remain some areas where the Council needs to improve its grant certification arrangements and these are shown in Exhibit 1 below.
 8. These issues were not encountered on every grant claim audit but have been seen on some grant claim audits in previous years. Where we have encountered these issues we have issued qualification letters on specific grant claims to the relevant paying department.
 9. A qualification letter reports any identified issue concerning the Council's compliance with a scheme's requirements. In these circumstances, it is possible that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate. There is a risk that a grant paying bodies could reclaim funding from the Council.
 10. The issues we have encountered that have been reported in some qualification letters during 2014-15 can be grouped in the following areas:

Exhibit 1 – Issues that required qualification letters to be issued on individual grant claims

- Non-compliance with the Council's own procurement rules (2 claims);
- The awarding of funding to third parties and the subsequent checks that the grant funding has been spent in accordance with the scheme's terms and conditions (3 claims);
- Justification of internal charges and apportionments included in grant claims as eligible costs for grant funding (3 claims); and
- Supporting evidence to confirm eligible expenditure items in the claim (3 claims)

11. A detailed action plan has been prepared by management to respond to the issues we have reported and we will follow up the progress made on these issues as part of our 2015-16 grant claim audits.
12. Detailed below is a summary of the key outcomes from our certification work on the Council's 2014-15 grants and returns.

Exhibit 2– Summary Certification work outcomes

Overall we certified 16 Non EU Funding grants and returns:

- 8 were unqualified with no amendment; and
- 8 required a qualification to our audit certificate which referred to some of the issues referred to in Exhibit 1.

13. Appendix 1 outlines the fees charged for these grant claims in 2014-15. This appendix also shows the cost for each claim for 2013-14 as a comparison.

Appendices

Audit fees

Breakdown of fee by claim	2014-15 (£)	2013-14 (£)
Non – EU funded claims		
BEN01 – Housing and Council Tax Benefits Scheme	11,543	19,137
EDU15 – Schools Effectiveness Grant	N/A	10,123
EDU18 – Transitional School Building Improvements Grant (2 claims)	5,270	7,694
EDU43 – Learning Pathways	N/A	2,577
EDU44 – Welsh in Education	N/A	3,854
EYC01 – Flying Start Revenue	6,158	6,230
EYC02 – Flying Start Capital	2,734	4,004
EYC14 – Families First	4,463	3,481
HLG01 – Section 33 NHS (Wales) Act 2006 Pooled Budgets	3,457	3,770
HLG03 – Section 34/194 NHS (Wales) Act 2006 Money Transfers	2,356	3,058
HOU03 – HRA Subsidy	4,025	2,827
LA01 – NNDR Final Contribution	5,847	4,128
LA12 – Sustainable Waste Management	4,732	3,393
LD03 – Coastal Protection	2,483	N/A

PEN05 – Teachers Pensions	1,976	1,998
SOC07 – Social Care Workforce Development Programme	2,810	3,140
TRA15 – Transport Grant	3,530	N/A
TRA23 – Free Concessionary Travel	2,687	2,976
Grants supervision, control and reporting	17,629	14,810
Total Fee	81,700	97,200

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