

AUDIT COMMITTEE

Date of Meeting	Wednesday, 20 th November 2019
Report Subject	Submission of Certified Grants and Returns 2018/19
Cabinet Member	Cabinet Member for Finance
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of the report is 1) to advise Members on the current progress for the submission of grant claims requiring grant certification from Wales Audit Office for the year ended 31st March, 2019, 2) to report on the progress made on the Action Plan arising from the 2017/18 certification process, and 3) to summarise the changes made to the Grant External Audit Process from 2019/20.

RECOMMENDATIONS

1	To note the progress of the Grant Claim Certification progress for 2018/19.
2	To note the progress on actions arising from the 2017/18 report.
3	To note the changes made to the Grant External Audit Process from 2019/20.

REPORT DETAILS

1.00	EXPLAINING GRANT CERTIFICATION SUBMISSIONS FOR 2018/19
1.01	The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grant claims and returns and a report on the grant claim certification process for 2017/18 was considered by Audit Committee in March where a progress report on the process for 2018/19 was requested.
1.02	For 2018/19 there are 11 grant claims required to be submitted for external audit which are summarised in Appendix A. All grant claims have been submitted to Wales Audit Office by the specified deadline.
1.03	Wales Audit Office are currently auditing the 2018/19 grant claims and their annual report of findings and recommendations are scheduled to be submitted to Audit Committee in March 2020.
	Progress on actions arising from 2017/18 Report
1.04	The Finance Management Team and the services concerned have considered the 2017/18 report in detail and have addressed the specific findings contained in the report as required. Responses by each responsible officer are provided in the comment section of the table in blue type (see Appendix B).
1.05	<p>The issues raised in the report were each given a risk rating.</p> <p>Priority 1: Issues that are fundamental and material to the overall arrangements for managing grants and returns or compliance with scheme requirements.</p> <p>Priority 2: Issues that have an important effect on the arrangements for managing grants and returns or complying with scheme requirements but do not need immediate actions.</p> <p>Within the WAO Report four recommendations received a Risk Rating of Priority 1 and five received a Risk Rating of Priority 2.</p>
	Changes to the grant external audit process from 2019/20
1.06	<p>A pilot has been undertaken by the Welsh Government in conjunction with Wales Audit Office, to trial new audit arrangements for grant schemes to Local Authorities.</p> <p>The pilot's objective was to consider the value of a move away from extensive financial transactional testing, to consider what activities were delivered through grants and concentrating the audit focus on whether outcomes had been achieved.</p>

	<p>Following a review of the findings, the decision has now been taken to remove the need for Welsh Government to seek external audit scrutiny by Wales Audit Office in respect of these grant schemes. This decision was taken due to the small volume of observations across the schemes involved and the low financial values of the transactions involved. Therefore, from 2019/20 onwards, Local Authority grant schemes will no longer be audited by Wales Audit Office, however, for grants over £100,000, an Annual Statement of Expenditure will need to be completed and submitted to the Welsh Government official identified in the grant award letter.</p> <p>If the funding is under £100,000, an Annual Statement of Expenditure will not be required and Welsh Government will be taking assurance from the information that is provided within the grant claim forms. Therefore, it is important that this information is accurate and verified before being submitted.</p> <p>Appropriate internal arrangements will be considered in conjunction with Internal Audit and included in the Audit Plan for 2020/21.</p>
--	---

2.00	RESOURCE IMPLICATIONS
2.01	This report reflects the recommendations as set out in the Audit Report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The report reflects the categories of risks covered in the main section of the report. These are risks that poor grant management arrangements result in grant claims that maybe qualified.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None required.

5.00	APPENDICES
5.01	Appendix 1: List of Grants submitted to Wales Audit Office Appendix 2: Wales Audit Office Recommendations & Action Plan – updated position

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	-

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Gary Ferguson (Corporate Finance Manager)</p> <p>Telephone: 01352 702271</p> <p>E-mail: gary.ferguson@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>Grant: a financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.</p> <p>Certification: a statement, signed by the applicant or grantee as a prerequisite for receiving funds, that it (1) meets or will adhere to certain conditions and/or (2) will undertake or not undertake certain actions.</p> <p>Qualification: where issues were identified concerning compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the Grant Paying body will require further information to satisfy itself that the full amounts of grant claimed are appropriate.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p>