

**WAO Recommendations and Action Plan**

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	Pri- o- ri- ty	Comment	Responsible officer and target date
Claim not prepared correctly.	The Authority has not complied with the terms and conditions of grant.	R1 A lead should be nominated for the Single Summary of Grants with responsibility for compiling the return and ensuring it is completed in accordance with Welsh Government guidance.	1	A nominated grant co-ordinator lead is being incorporated into the new finance operating model.  Response: <a href="#">A Principal Accountant has been the nominated lead for the Single Summary of Grants for the 2018/19 submission.</a>	Dave Ledsham – Finance Manager  1 June 2019
Lack of effective monitoring of third party expenditure to ensure grant has been used for the intended purpose.	The Authority has not complied with the terms and conditions of grant.	R2 The Authority must have adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim.	2	Revised and more robust monitoring arrangements have been put in place for the Bus Services Grant to evidence eligible expenditure for third parties.  Response: <a href="#">The Transportation service have implemented the required new monitoring arrangements.</a>	Dave Ledsham – Finance Manager  31 March 2019

**APPENDIX B**

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Contracts not awarded in accordance with procurement procedures.	The Authority has not complied with the terms and conditions of grant.	R3 Ensure evidence is retained to demonstrate contract procedure rules have been complied with and that this evidence is available for audit.	1	Service and Finance leads will be reminded of their responsibilities around contract procedure rules and the need to provide evidence for audit.  Response: <a href="#">Raised within Portfolio Senior Management Team meetings by Finance Leads.</a>	Sara Dulson – Finance Manager  1 June 2019
Welsh Government approval not sought for virements.	The Authority has not complied with the terms and conditions of grant.	R4 Approval to be sought in a timely manner from the grant-paying body for all virements, and evidence of the approval is retained.	2	The virement issue within the Communities First Grant was within the agreed 5% threshold and verbal approval received. It is noted the need to obtain better formal evidence.  Response: <a href="#">Written formal evidence when required will be sought in future.</a>	Lynne O Reilly –  31 March 2019
Housing subsidy overpayments misclassified.	Claims may be qualified.	R5 Review the existing quality assurance arrangements around housing benefit overpayments to determine whether they can be strengthened to reduce the number of errors in the housing subsidy claim.	2	A review of current arrangements will be undertaken.  Response: <a href="#">Due to the complexity of the assessment of overpayments this continues to be an area for focussed Quality Assurance review each year</a>	Jen Griffiths –  1 June 2019

**APPENDIX B**

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Housing benefit system issues resulting in errors in the housing subsidy claim.	Claims may be qualified.	R6 Continue to engage with the Authority's software supplier (Civica) to resolve all issues and correct affected claims as appropriate.	1	Response:  These issues have now been resolved and claims corrected. The Authority will continue to work with the software supplier (Civica) to identify and resolve system issues.	Jen Griffiths –  1 June 2019
Earned income being incorrectly assessed for housing benefit claims.	Claims may be qualified.	R7 Review the effectiveness of quality assurance arrangements in place for checking earned income claims as errors are still being identified in the housing subsidy claim.	2	A review of current arrangements will be undertaken.  Response: Earned income continues to be a high priority focus for testing during the year. WAO are satisfied with this process and review as part of the annual subsidy audit.	Jen Griffiths –  1 June 2019
Claim expenditure not fully reconciled to the Authority's financial ledger.	Any over claim may need to be recovered by the Welsh Government.	R8 Fully reconcile all claim expenditure to the financial ledger prior to submission to the Welsh Government.	1	This related to the NDR claim which is complex and historically difficult to reconcile. However, a full reconciliation will be undertaken prior to Welsh Government submission.  Response: Neither issue had a financial or material impact on the grant claim for 2017/18 and the overall claim did not require an adjustment on what we were required to contribute into the national collection pool. The claim expenditure for the 2018/19 claim has been going	David Barnes – Revenues Manager  31 March 2019

**APPENDIX B**

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				through WAO review over recent weeks and the reconciliation in point 1 is currently within an acceptable audit threshold/tolerance which would not require repeated qualification by WAO.	
Bad debts not written off in accordance with the Authority's policies.	Claims may be qualified.	R9 Ensure the Corporate Debt Recovery policy is followed when debts are written off and evidence is retained to demonstrate this.	2	<p>A reminder of the process to be followed when considering potential debt write offs to be provided to all relevant officers.</p> <p>Response:            In terms of the write off procedures, during 2017/18, WAO identified one write off in excess of £25k that was written off prior to Cabinet approval. WAO accepted the case required write off as the company had entered into liquidation and had been subsequently dissolved by Companies House.</p> <p>WAO fully accepted the validity of the write off and did not adjust the NDR3 claim in 2017-18, but nevertheless qualified the claim to confirm that all write offs should be approved correctly.</p> <p>The current audit for the 2018-19 claim has not identified any further issues around write offs.</p>	David Barnes – Revenues Manager  31 March 2019