



# Pupil Development Grant – LAC allocation

September 2020

## Internal Audit Final Report

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## 1 INTRODUCTION

The Welsh Government (WG) introduced the Pupil Development Grant (PDG) to make a lasting impact on outcomes for disadvantaged learners, to help them overcome the additional barriers that prevent learners from disadvantaged backgrounds achieving their full potential.

The WG allocates a separate element of PDG funding for looked after children (LAC) and formerly looked after children in education.

The WG makes annual allocations to educational consortia on a regional basis using data on the numbers of looked after children within the local authority area (which in 2019-20 related to the 2018 Wales Children Receiving Care and Support Census).

GwE, the regional school effectiveness and improvement consortium for North Wales, coordinates and administers the LAC element of the PDG.

The Council's overall budget for the Pupil Development Grant for the period 1 April 2019 to 31 March 2020 was £102,575.

Expenditure incurred directly by the Isle of Anglesey County Council in the period is £86,473; with additional expenditure of £16,100 made and recorded centrally by GwE.

## 2 SCOPE

The review was limited to the Pupil Development Grant (LAC allocation) allocated to the Council via GwE in the period 1 April 2019 - 31 March 2020 and was undertaken with the following further limitations to scope:

- Limited testing on a sample basis of recorded expenditure was undertaken to provide assurance that expenditure claimed was eligible and fairly stated.
- The work does not provide absolute assurance that material errors, loss or fraud do not exist.

## 3 SUMMARY OF TESTING

### 3.1 STATEMENT OF REVENUE EXPENDITURE 2019/20 – EXPENDITURE CORRECTLY RECORDS ACTUAL AMOUNTS INCURRED

Allocation of LAC PDG (from GwE):	
Local Clusters (approved by GwE)	£76,931.75
Local elements: bursary, networking and learners outside Wales	£25,643.75
Total allocation	£102,575.50
Less expenditure incurred directly by GwE	£16,100.00
Balance	£86,475.00 <sup>1</sup>
Actual Eligible Expenditure Incurred	£86,473.00 <sup>2</sup>
Total Grant Claimed	£86,473.00
Grant Entitlement	£86,473.00
Variance	Nil

The Finance Service maintains a spreadsheet detailing expenditure incurred in relation to the grant. The Council separately records activity under the grant on the financial ledger against

<sup>1</sup> Income on the ledger for 2019-20 reduced by £144.10 due to an adjustment to the 2018-19 grant allocation

<sup>2</sup> Grant claimed adjusted by £2 due to variance in Denbighshire County Council invoice (2018-19 accrual)

cost centre code AD799, coding the grant income allocated to LAC to detail code S0004 and separately identifying grant expenditure under various other detail codes, covering payments to local clusters, bursaries, services and materials.

We verified that the figure stated for actual expenditure incurred, totalling £86,473.00, corresponds to the total expenditure figure for this grant on the financial ledger in the period 2019/20 (with a minor variance because of a difference of £2 relating to an invoice from Denbighshire County Council).

To provide assurance that the recorded expenditure correctly represents actual amounts incurred by the Council in relation to the purposes of grant, we reviewed a sample of expenditure items listed on the 'AD799 monitoring LAC' spreadsheet maintained by the Finance Service and conducted reconciliations to the financial ledger and the Council's creditor payment system, and to supporting documents. Testing as follows:

Part of the grant covers cluster bids, which are applications over £1,150. Schools send these applications directly to GwE, to the regional Supporting Improvement Adviser (SIA) for Wellbeing. A panel at GwE reviews each application and obtains input from the Council's LACE Coordinator and Senior Welfare Manager (Education) before approving or rejecting each application. GwE informs the Council of successful applications and relevant amounts to pay. Our testing included a review of a cluster bid of £18,750, identified from the 'AD799 monitoring LAC' spreadsheet, which we reconciled to the financial ledger and verified by reviewing the grant application form and correspondence from GwE detailing instructions to pay the agreed amount following a successful application.

The grant also covers local bids up to £1,150. These applications are sent by schools to the Council's Looked After Children in Education (LACE) Coordinator, and discussed in a local panel. The local panel comprises of the LACE Coordinator, Senior Welfare Manager (Education) and Education Finance Coordinator. Our testing included a local bid from a secondary school to develop their Pupil Support Centre. We reviewed the grant application, which at £8,900 is in excess of the £1,150 limit. We verified that the panel approved grant of £5,000 in respect of this application and received evidence that GwE's SIA for Wellbeing was involved in reviewing the application and approving the grant payment.

Other expenditure, (i.e. expenditure that does not relate directly to schools), is separately coded, covering services and materials and including for example room hire and hospitality for local networking events. Our testing included review of a sample of two transactions from other expenditure as follows:

The first, for £452.50 relates to a debtor accrual from last year (2018-19). The accrual covers the net value of the transaction, £377.08, (not including VAT) and relates to a networking event held in March 2019. The Council paid the invoice, dated 25/03/2019, via the creditor payment system on 08/04/2019, reclaiming the VAT element. We verified the amounts (coded across various codes) to source documentation and found satisfactory evidence for the expenditure.

The second transaction in the amount £257.49 (excluding VAT) is accrued expenditure for 2019/20, relating to an application for grant assistance to purchase a laptop to enable a looked after child to continue schoolwork at home after the date of national coronavirus 'lockdown' (23/03/2020). We saw that the LACE Coordinator possesses evidence of the purchase and arranged for reimbursement via the creditor payment system, the payment processed on 14/05/2020, including the VAT element. Due to the circumstances, there was no formal panel but the LACE coordinator confirmed that she discussed and agreed the payment with the Senior Welfare Manager (Education).

From the sample testing undertaken, we can provide assurance that the Statement of Revenue Expenditure correctly reflects actual eligible expenditure incurred in relation to the Pupil Development Grant - LAC element in the 2019/20 financial year.

### **3.2 EXPENDITURE IN ACCORDANCE WITH THE TERMS AND CONDITIONS / PURPOSE OF THE GRANT**

GwE has developed grant guidance for the PDG for children who are / have been looked after across the region. GwE has circulated the guidance to senior officers, LACE Coordinators within the six local authorities, schools and senior officers within GwE as well as members of the Regional Strategic Quality Assurance group. The guidance covers criteria schools need to meet in their applications including demonstrating how they will use the funding to positively impact learners' attainment and engagement.

We conclude from our sample testing of individual transactions relating to this grant that the expenditure complies with the grant terms and conditions. Expenditure incurred appeared reasonable to meet the aims of the grant as stated by GwE.

### 3.3 PROPER CONTROLS AND RECORDS MAINTAINED TO ENSURE GRANT CORRECTLY IMPLEMENTED

We evidenced that the Finance Service maintains spreadsheet records of grant expenditure on an ongoing basis for each year of grant and that the Council separately identifies income and expenditure for the grant on the ledger. The Education Finance Coordinator attends panel meetings, along with the LACE Coordinator, Senior Welfare Manager (Education) and GwE's SIA for Wellbeing. There is an application process (see 3.1 above) and the LACE Coordinator maintains informal minutes for the panels in which the officers discuss applications and make decisions on whether to approve or reject applications in accordance with approved criteria.

As evidenced by our sample testing, both the LACE Coordinator and Education Finance Coordinator were able to provide evidence of approval to make payments in respect of cluster applications and bursaries and for other expenditure, the LACE Coordinator provided supporting evidence for the transactions.

We are satisfied that the Council maintains proper records for activity under the grant and proper controls and monitoring systems to ensure the grant is correctly implemented.

## 4 ASSURANCE OPINION

From our review of the grant controls and records, we can provide assurance that the Council has maintained adequate and proper controls and records in relation to the Pupil Development Grant - LAC element for the period 1 April 2019- 31 March 2020.

We can also confirm that our testing provides assurance that the expenditure claimed was eligible in line with the terms and conditions of the grant, and has been fairly stated in the Council's accounts.

We have not identified any risks for management attention.

Level of Assurance	Definition
<b>SUBSTANTIAL ASSURANCE</b>	<p>Arrangements for governance, risk management and internal control are <b>good</b>.</p> <p><b>We found no significant or material Issues/Risks</b></p>

## DISTRIBUTION LIST & KEY DATES

<b>Final Report</b>
• Marc Jones - Director of Function (Resources) & S151 Officer
• Rhys H Hughes - Director of Education, Skills and Young People
• Llio Jones - Finance Manager, Resources
• Heulwen Owen - LACE Coordinator
• Gareth J Roberts - Senior Accountant - Education, Resources
• Cllr Robin Wyn Williams, Finance Portfolio Holder
• Cllr R Meirion Jones, Education, Libraries, Culture and Youth Portfolio Holder
• Audit and Governance Committee
• Gwion Elis Jones - Senior Accountant (Gwynedd Council) via Finance

<b>Key Dates</b>	
Review commenced	September 2020
Review completed	September 2020
Reported to Audit and Governance Committee	December 2020
Proposed date for follow up review	Not Applicable