



Internal Audit Report

Home Improvement Agency Governance 2022/23

Issued by the Head of Internal Audit, March 2023

Audit Assurance Opinion	Effective	Evaluated controls are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives are being met.
	Reasonable	Some specific control weaknesses were noted, and some improvement is needed; evaluated controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
	Limited	Evaluated controls are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
	Ineffective	Evaluated controls are not adequate, appropriate, or effective. Internal Audit cannot provide reasonable assurance that risks are being managed.

Distribution List	Accountable Officers:	Head of Housing, H Fisk Strategic Lead – Private Sector Housing, T Howarth
	For Information:	Strategic Management Team Cabinet Member with responsibility for Housing, R Kerry Audit and Governance Committee Chief Finance Officer and Section 151 Officer, B Mew External Auditor, M Russell

Adequacy of Individual Control Areas

Audit Scope by Control Area	Findings with a Potential Corporate Risk Level of:			Control Adequacy
	High	Medium	Low	
Roles and Responsibility	-	-	-	Effective
Decision Making in Supplier Selection	-	-	-	Effective
Monitoring and Completion of Works	-	-	-	Effective
Budget Monitoring	-	-	-	Effective
OVERALL				Effective

1. Executive Summary

- 1.1 The East Suffolk Independent Living Agency supports clients with Disabled Facilities Grant (DFG) applications through to completion of the building works. ESC's DFG allocation for 2022/23 is £2,721,389.
- 1.2 The objective of the audit was to evaluate the operation of controls within the East Suffolk Council Home Improvement Agency (HIA), and assess their effectiveness in mitigating risks to the business objective.
- 1.3 The overall assurance of **Effective** has been made on the basis of the control framework in place and supporting risk management. No high or medium level findings have been raised, however, low level advice regarding internal guidance notes has been provided to the service area.

2. Supporting Details

2.1 Links to Council Service Delivery

This review considered achievement of the organisation's strategic objectives and risks, specifically this audit contributes towards:

- Business Objective – To act as an agent in supporting vulnerable residents with housing related issues.
- East Suffolk Business Plan – Enabling our communities, and remaining financially sustainable.
- Corporate Risk Register – Failure to produce and deliver sustainable Medium Term Financial Strategy (MTFS) including delivery of balances Annual Budget due to uncertainty over Government funding.

2.2 Scope of Internal Audit Activity

This audit assessed systems and records in place from 1 April 2022 to 31 August 2022, and the following control areas were assessed:

- Roles and responsibility
- Decision making in supplier selection¹
- Monitoring and completion of works
- Budget monitoring

Internal Audit will seek to enhance and protect organisational value by providing risk based and objective assurance. The work performed by Internal Audit provides an opportunity to make significant improvements to governance arrangements, risk management and control processes.

This audit has been undertaken as part of the Annual Audit Plan 2022/23, approved by the East Suffolk Council Audit and Governance Committee on 14 March 2022.

This audit has been conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, and the UK's current Public Sector Internal Audit Standards.

2.3 Definitions of Risk and Control

This audit uses the definition of Risk set out in the Council's Risk Management Strategy.

The definition of Control is taken from the Chartered Institute of Internal Audit:

“Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

¹ Internal Audit testing focussed on whether the best value quote had been selected for the applications reviewed. A full review of the 'Intend' Dynamic Purchasing System (DPS) was not undertaken by Internal Audit as part of this audit.

Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.”

In addition to a risk assessment using the corporate risk matrix, each agreed action is allocated a priority level for use within the service area. The allocation of each priority level is based on:

Priority 1	Findings indicate a significant control weakness that could mean objectives fundamental to the operation of the service may not be met. Urgent attention is required from strategic management.
Priority 2	Findings indicate an important control weakness could mean that objectives central to the operation of the service may not be met. Prompt management attention is required.
Priority 3	Findings indicate a control weakness that could mean service objectives may not be met. Management attention is required.
Priority 4	Findings indicate a minor control weakness that, although not essential to an effective control framework, would benefit from low-cost improvements. Any Priority 4 issues identified during the course of this audit have been reported to the relevant Service team prior to the issue of this report, and are available from the Internal Audit team upon request.

2.4 Effectively Functioning Controls

We would like to draw management attention to the controls in operation over processes and procedures that were confirmed via audit testing as operating effectively and efficiently:

- There is a Service Level Agreement in place which outlines the role of the HIA and confirms independence between the administrative functions and HIA functions.
- Performance and budgets are monitored regularly by appropriate officers.
- Customer guidance is easy to understand and correctly reflects government guidance.
- Suppliers are selected via the Procurement DPS, and for the samples reviewed, the best value quote was selected.
- For the cases reviewed, inspections were completed at the completion of works by appropriate officers, and any issues were rectified to the clients’ satisfaction.

2.5 Audit Team

The audit team for this review comprised

Audit Manager	L Fuller
Senior Auditor	S Potter
Auditor	J Irvine

2.6 Acknowledgements

We would like to thank the management and staff of Private Sector Housing contacted for their co-operation and time during the course of this audit.



This audit has been undertaken in accordance with the Internal Audit Partnership arrangements between East Suffolk Council and Ipswich Borough Council.