



Internal Audit Report

Disabled Facilities Grant Certification 2020/2021

Issued by the Head of Internal Audit, February 2022

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 Tucker Principal Environmental Health Officer, 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 Ernst & Young (External Auditor), T Poynton

Grant Condition Compliance

Grant Condition Summary	Opinion
(1) Grants may only be used for capital expenditure.	Full compliance ¹
(2) Grants are required to be spent in accordance with the Better Care Fund spending plan.	No opinion provided ²
(3) The amount paid by Suffolk County Council (£2,398,432) must be passed in full to East Suffolk Council no later than 28 th June 2020.	Partial compliance ¹
(4) Suffolk County Council may retain part of the grant allocation, with the express permission of East Suffolk Council.	Full compliance
(5) Grants must only be used for the purpose of providing adaptations for disabled people who qualify under the scheme.	Full compliance

¹ Findings have been raised in the action plan.

² Due to Covid-19, no Better Care Fund Policy Framework was completed for 2020/21.

1. Executive Summary

- 1.1 The objective of the audit was to verify that Disabled Facilities Grants (DFGs) paid in 2020/2021 were administered in accordance with the grant conditions set by the Ministry of Housing, Communities and Local Government. The overall assurance of Reasonable has been made on the basis of compliance with the grant conditions.
- 1.2 No High or Medium level corporate risks were identified during this audit. Low level corporate risks were identified, which have been included in the Service and Operational Risks action plan below.
- 1.3 East Suffolk Council received £2,398,432 from Suffolk County Council (SCC) for 2020/2021.
- 1.4 Suffolk County Council is required to provide an assurance declaration to the Ministry of Housing, Communities and Local Government that DFG grant conditions have been met. The Head of Internal Audit has used the results of the audit to provide assurance to SCC in support of their declaration.

ACTION PLAN FOR SERVICE AND OPERATIONAL RISKS

All identified control weaknesses have been risk assessed, with potential High and Medium corporate risks reported in the Actions Relevant to Potential Corporate Risks above. The following action plan sets out control improvements relevant to the service area where the internal audit assessment using the corporate risk toolkit has concluded the potential corporate risk is Low. The definition of each priority level is given in the Council’s Audit Framework.

1. COMPLIANCE WITH FUNDING CONDITIONS					
REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
1.1	Of the 25 applications reviewed, 8 were awarded to the internal ESC Maintenance Team without evidence of another supplier involved to demonstrate competitive price.	Reputational risk as it is good practice for the Council to obtain multiple quotes to demonstrate competitive price and to evidence the best value quote has been selected. Negative public perception that the Council has awarded itself contracts without demonstrating market value.	Guidance will be produced detailing when multiple quotes are and are not required. Where multiple quotes are not required or obtained, the decision-making process will be documented on the case file.	3	Responsibility: Principal Environmental Health Officer, Private Sector Housing Target Date: 30 April 2022
1.2	Discrepancies exist between Navision and Uniform for three works and three fees funded by DFG monies.	Financial errors may occur, that could result in the Council misreporting or overspending DFG money available.	The Principal Environmental Health Officer and Business Support Officer will monitor DFG payments quarterly to identify any differences between Navision and Uniform.	3	Responsibility: Principal Environmental Health Officer, Private Sector Housing Target Date: 30 April 2022
1.3	The eligibility of including removal costs for equipment (once the equipment is no longer needed by the individual) within the DFG funds of £30,000 has not been confirmed.	If ineligible, then the Council may have attributed costs to the DFG fund that should not have been claimed. This could result in financial loss.	In future an alternative budget, generated from repaid DFGs, will be used for removal costs.	3	Responsibility: Principal Environmental Health Officer, Private Sector Housing Target Date: 30 April 2022

2. RECEIPT OF FUNDS

REC No.	FINDING	RISKS AND IMPLICATIONS	AGREED ACTION	PRIORITY	MANAGEMENT ACTION
2.1	The grant to ESC was received from SCC 4 months after the expected due date (28 th June 2020) as specified in the grant conditions. No legitimate reason was provided by SCC for the delay.	If the grant is received late, this could affect payments to contractors who need to complete the adaptations. This then affects the applicants as their required works may be delayed.	<p>This should not be an issue going forward as SCC no longer retain a portion of the grant for the equipment fund.</p> <p>Ensure that the grant is received no later than the date specified in the grant conditions, and satisfactory reasons are provided by SCC for any delay in payments.</p>	3	<p>Responsibility: Principal Environmental Health Officer, Private Sector Housing</p> <p>Target Date: 30 April 2022</p>

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 administer Disabled Facilities Grants in accordance with the grant conditions.
- East Suffolk Business Plan – Enabling Communities, Growing Our Economy, and Remaining Financially Sustainable.
- Corporate Risk Register – Failure to deliver Housing Development Programme.

2.2 Scope of Internal Audit Activity

Internal Audit assessed the following control areas during the course of the audit:

- Compliance with finding conditions
- Receipt of funds

This audit assessed systems and records in place from 1 April 2020 to 31 March 2021.

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 2020/21, approved by the East Suffolk Council Audit and Governance Committee on 22 September 2020.

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. 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:

- All sampled cases were, in all significant respects, for the use of capital expenditure and to provide adaptations for qualifying disabled people.
- Payments were authorised by officers with sufficient authorisation limits.
- East Suffolk Council received the correct amount of grant funding (£2,398,432) from Suffolk County Council.

2.5 Audit Team

The audit team for this review comprised

Audit Manager	L Fuller
Senior Auditor	S Potter
Apprentice Auditor	L Maton

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.