

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Private Sector Housing Grants
TO: Head of Housing & Property Services **DATE:** 31 December 2012
C.C. Chief Executive
Head of Finance
Housing Strategy Manager

1. Introduction

- 1.1 In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in January 2010.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2. Background

- 2.1 Private Sector Housing grants are available to eligible owner / occupiers and tenants in order to improve the quality of the private housing stock in the district.
- 2.2 Mandatory grants are available, subject to a maximum of £30,000, to disabled applicants to enable them to make adaptations to their home e.g. to improve access or safety, to provide more suitable washing and showering facilities or to improve living conditions generally.
- 2.3 There are also a number of discretionary grants and loans offered by the council, such as Energy Efficiency Grants, Home Repairs Assistance and Decent Homes Grants.
- 2.4 Grants are administered by the Private Sector Housing Team in Housing Strategy which in turn forms part of Housing and Property Services.
- 2.5 The budget for grants in 2012/13 is £680,000.

3. Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- Policies

- Publicity
- Grant processing
- Performance monitoring
- Budget monitoring

3.3 The audit programme identified the expected controls. The control objectives examined were:

- Grant processes comply with statutory requirements, regulations and best practice
- Time is not wasted by staff and potential applicants in dealing with applications that will not be approved due to ineligibility
- Grants are adequately and equitably publicised
- Evidence is maintained to support the awarding of grants
- Applicants are given timely decisions as to whether their application has been successful
- Grants are only awarded to those that are eligible to receive them
- Work undertaken at properties is in accordance with the agreed schedules of works
- Payments are appropriately made following the completion of approved works
- Grant conditions are complied with
- Management are aware of any issues affecting the awarding of grants and the ongoing administration of them
- Obligations to the county council, with regards to reporting the grants awarded, are met
- Management are aware of grant funding that remains available for awards.

4. Findings

4.1 Policies

- 4.1.1 The main piece of legislation relevant to the awarding of grants is the Housing Grants, Construction and Regeneration Act of 1996. This sets out that the only mandatory grant is the Disabled Facilities Grant, which must be approved, subject to applicants meeting specified criteria. All other grants available are discretionary.
- 4.1.2 There is a council policy for the awarding of discretionary grants, although this was approved in 2006 and it is in need of review and amendment. A temporary Divisional Environmental Health Officer (DEHO) has been appointed and the review of this policy is on his work programme. Therefore, as this is in hand to be dealt with, no formal recommendation is to be made.

4.2 Publicity

- 4.2.1 The council's website includes information on the types of housing grants available and provides a request form which can be completed in order for someone to contact the enquirer. The Principal Environmental Health Officer (PEHO) advised that some minor changes were required, although these had been placed on hold until new processes were introduced (i.e. the formation of a Housing Assessment Team).
- 4.2.2 There is also a county-wide website in operation which was set up to provide information of different types of grants available. This is maintained by the county council. However, the PEHO advised that, approximately 18 months ago, the majority of the pages were removed.
- 4.2.3 A brief review was performed of the leaflets available in Reception at Riverside House. It was noted that there was little in the way of advice in this area. Only one 'relevant' document was found and this was produced by First Stop Warwickshire. The leaflet was aimed at older people and did not go into great detail about the grants available, suggesting that, if help was needed, to contact the relevant local authority.
- 4.2.4 Staff on Reception at the time of the review advised that, if someone asked if assistance was available, they would look on the internet and print off the relevant pages for the customer.
- 4.2.5 The PEHO advised that some other general leaflets were available which were provided when asked, and the county council also provides batches of certain leaflets to libraries etc.
- 4.2.6 The previous audit in 2010 suggested that 'Consideration should be given to publicising the availability of grants in an effort to improve take-up' due to previous low levels of take-up of the grants. However, levels of take-up are not considered to be an issue at present.

4.3 Grant Processing

- 4.3.1 All grant applications, successful or otherwise, are allocated a unique reference number and a file is created which contains all of the forms,

correspondence, notifications and notes relating to the case. Details are also recorded on the Flare system (formally known as APP Civica).

- 4.3.2 A sample of twenty grant files was examined to ensure that adequate records were being maintained to support all cases. There was generally a high level of detail within the files examined, although a few documents could not be located (see below). Flare was not examined in great detail, although the PEHO provided an overview of the level of detail recorded on the system for each case.
- 4.3.3 One issue raised at the time of the previous audit was that nothing was being maintained to support the fees charged by the council for administering the individual grants and this is still the case.
- 4.3.4 The PEHO advised that the fees are intended to reflect work done by a council officer that could have been done by an architect or surveyor acting on behalf of the client. The fees are nominal, not a fixed percentage, and are generally higher for bigger grant jobs (extensions) than for simple jobs (e.g. stair lifts). He further highlighted that the fees are never invoiced, and are never paid by the client, with them either being covered the grant payment or are waived if the full available grant is needed to pay for grant works.
- 4.3.5 However, Internal Audit suggest that a formal method for calculating the fees should be established, with the calculations for each grant being recorded in the files, as the fees 'paid' affects the total amounts available to pay out in grants.

Risk

Grant funding is unnecessarily tied up in internal fees charged.

Recommendation

A formal method should be established for the charging of fees for each grant, with documentation being subsequently included in grant files to show how the figure for each grant has been calculated.

- 4.3.6 Details on the files generally highlighted that contact was being made with the client in a timely manner after the initial contact or referral from the Occupational Therapists. However, there was evidence in a few cases that some delays had been experienced in the ongoing processes, with senior managers having to get involved in order to ensure that the case officers made progress.
- 4.3.7 This tended to be relevant to some of the older cases sampled. Internal Audit were advised that there had been some issues over workloads and relevant staff being off sick (this was covered in the previous audit undertaken). The relevant staff were already aware of these issues and the feeling was that they had now generally been resolved. No further recommendation was therefore thought to be warranted.
- 4.3.8 The majority of grants are awarded subject to eligibility criteria being met by the applicants. Documents held on the files examined confirmed that eligibility checks had been performed for each grant although in one case, where a significant period of time had elapsed between the original check and the awarding of the grant, there was no evidence held to confirm that a

further check had been performed to confirm continuing eligibility.

- 4.3.9 Testing was also undertaken on the files examined to ensure that there was evidence that the works being performed at each property were in line with the agreed works and there were no ineligible works being performed. The majority of files included notes and photographs to confirm that these site visits were being performed, but there was no evidence on file in four cases.
- 4.3.10 The PEHO advised that specific notes regarding the site visits may not always be written up, but advised that payments would not be made without an inspection of the works undertaken being performed.

Risk

Staff picking up the work of other officers will not know whether specific tasks have already been undertaken.

Recommendation

Efforts should be made to ensure that all relevant documentation is placed on file.

- 4.3.11 The files also contained details of the payments made to contractors and other relevant agencies. Testing confirmed that payments were made in accordance with grants awarded and the successful quote received, with some additional works being authorised as appropriate in a number of cases. The payments made had been appropriately authorised and had been made in a timely manner.
- 4.3.12 A number of the grants awarded have repayment conditions attached to them (e.g. grants over a specific amount may have to be repaid if the ownership of the property is transferred within a certain amount of time). Testing on the files confirmed that grant conditions were included as appropriate.
- 4.3.13 The PEHO advised that, in terms of monitoring the compliance with grant conditions, there is little in the way of proactive monitoring that is possible although he advised that lists are received from the Registrars detailing deaths within the district and this will be reviewed to see if any names or addresses are relevant in terms of grants paid.
- 4.3.14 He also advised that Land Charges will be notified of relevant conditions and they will flag up cases should a search be performed relating to the relevant properties.

4.4 Performance Monitoring

- 4.4.1 The PEHO advised that 'one-to-one' staff meetings are generally held fairly regularly, although there had been a few gaps whilst responsibility for them has passed between different senior staff. He suggested that they were not generally documented, but would include reviews of case loads and queries over long standing cases.

4.5 Budget Monitoring

- 4.5.1 The SEHO advised that he produces budget reports using exports from the FLARE system. He advised that he used to be more involved in the budget

monitoring when he was acting Divisional EHO although, whilst the formal responsibility for monitoring the budgets now lies with the Housing Strategy Manager (HSM), he still generally produces the reports.

- 4.5.2 He advised that he initially gets the expenditure totals for each code from TOTAL and then looks on FLARE to highlight any approved grants to show the total amount committed.
- 4.5.3 Upon review of the latest position it was confirmed that one of the grant budgets was already overspent although the SEHO advised that the discretionary grants can be moved around between different budget headings.
- 4.5.4 The relevant Principal Accountant advised that regular meetings are held with the HSM and grant budgets are covered during these reviews. He provided notes from the last meeting (29 November 2012) which confirmed that the budgets had generally been discussed and potential virements were to be considered. However, the notes did not cover the code that is currently over committed.
- 4.5.5 The HSM advised that, at the time of the meeting, the budget was not over committed. She indicated that the notes are produced to highlight action points and, as no immediate action was required, the minutes did not reflect the discussions that had taken place regarding this budget line. However, she confirmed that this overspend has now been highlighted and will be actioned accordingly.

5. Summary & Conclusion

- 5.1 Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place for the management of Private Sector Housing Grants are appropriate and are working effectively.
- 5.2 Minor issues were identified relating to the charging of fees and the retention of certain file documents.

6. Management Action

- 6.1 Recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Private Sector Housing Grants – January 2013

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
4.3.5	A formal method should be established for the charging of fees for each grant, with documentation being subsequently included in grant files to show how the figure for each grant has been calculated.	Grant funding is unnecessarily tied up in internal fees charged.	Low	Divisional Environmental Health Officer	A formal review of the charging policy on all grant and loan programmes is planned for January to May 2013.	June 2013
4.3.10	Efforts should be made to ensure that all relevant documentation is placed on file.	Staff picking up the work of other officers will not know whether specific tasks have already been undertaken.	Low	Divisional Environmental Health Officer	The importance of file documentation and management will be emphasised in writing to all staff and monitored by random quality assurance checks.	January 2013

* Risk Ratings are defined as follows:

- Low - Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
- Medium - Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
- High - Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.